

SOI BULLETIN

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Inside this Issue

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

by Kevin Pierce and Jon Gober

This article presents data from Form W-2 for Tax Years 2008 through 2010. It includes data on wage income, participation in employer-sponsored retirement plans, and retirement contributions.

For Tax Year 2008, some 140.7 million individual income taxpayers earned approximately \$5.7 trillion in wages, tips, and other compensation, as reported on Form W-2. Both the total number of taxpayers and amount of wages declined 2 percent over the next 2 years to 136.8 million taxpayers with total earnings of approximately \$5.6 trillion. However, average individual W-2 earnings rose slightly from \$40,532 in 2008 to \$40,892 in 2010. When comparing the wages of men and women, men on average earned more. However, between 2008 and 2010, women reported an increase in their average W-2 earnings, whereas men reported a decline during this period.

Form W-2 also provides information on individual participation in employer-sponsored retirement plans. In 2010, almost half (65.8 million) of all taxpayers with W-2 income participated in an employer-sponsored retirement savings plan. Individuals who made a direct contribution to employer-sponsored retirement plan contributed \$209.2 billion, a decline of 4.5 percent from 2008. Among those who contributed, taxpayers filing jointly participated at higher levels, and on average, contributed higher amounts than their counterparts filing nonjoint returns.

Sole Proprietorship Returns, 2011

by Adrian Dungan

For Tax Year 2011, there were approximately 23.4 million individual income tax returns that reported nonfarm sole proprietorship activity, a 1.8-percent increase from 2010. Profits reported on these returns rose to \$282.6 billion in 2011, a 5.6-percent increase over 2010. The professional, scientific, and technical services sector, reporting \$72.4 billion in profits, accounting for 25.6 percent of total profits for all nonfarm sole proprietorship industries—the largest percentage of total profits reported for any sector.

Total receipts increased 5.9 percent from 2010, ending at \$1.3 trillion for 2011. The largest sole proprietorship industrial sector, based on business receipts, was retail trade, which accounted for 15.0 percent of total business receipts. The transportation and warehousing sector showed the largest percentage increase in receipts, 17.3 percent. The real estate and rental and leasing sector reported the only decrease in receipts, declining by 0.5 percent from \$53.5 billion in 2010 to \$53.3 billion in 2011.

Foreign Recipients of U.S. Income, 2010

by Scott Luttrell

During Calendar Year 2010, foreign persons received \$557.8 billion in U.S.-source income, as reported on Form 1042-S. This amount represents a 2.1-percent increase over the amount paid to foreign recipients in 2009. Some \$499.8 billion (89.6 percent) of this income was exempt from withholding taxes, up 1.3 percent from the previous year. On the remaining \$58.0 billion paid to foreign persons, a total of \$10.1 billion in taxes was withheld. Interest payments accounted for the largest portion of the income paid to foreign recipients, \$261.2 billion (46.8 percent). Dividends made up the next largest share, \$111.4 billion (20.0 percent), followed by notional principal contract income, \$86.2 billion (15.4 percent). Combined, residents of the United Kingdom, Japan, Germany, Cayman Islands, Switzerland, France, Luxembourg, Canada, the Netherlands, and Belgium accounted for 74.2 percent of the U.S. income paid to foreign persons in 2010.

Foreign-Controlled Domestic Corporations, 2010

by James R. Hobbs

Foreign-controlled domestic corporations (FCDCs) accounted for only 1.3 percent of all U.S. corporation income tax returns filed for Tax Year 2010. However, FCDCs generated \$4.1 trillion of total receipts with \$11.2 trillion of total assets, accounting for 15.5 percent of the receipts and 14.1 percent of the assets reported on all U.S. corporation income tax returns during the year.

All FCDCs reported combined profits (i.e., net income less deficit) of \$99.2 billion for 2010. More than 4 out of 10 (43 percent) FCDCs reported positive profits totaling \$174.3 billion. These profitable companies also reported taxable income totaling \$127.2 billion and a total U.S. tax liability of \$33.2 billion for 2010.

Manufacturers accounted for the largest share of total receipts produced by FCDCs, \$1.8 trillion. Wholesalers accounted for \$1.0 trillion and finance and insurance companies reported \$0.4 trillion.

Foreign-controlled domestic corporations owned by persons (including individuals, corporations, partnerships, estates, and trusts) located in the United Kingdom reported total receipts of \$0.9 trillion, accounting for 21.8 percent of FCDC receipts for 2010. Significant shares of aggregate total receipts were also reported for domestic corporations with owners resident in Japan (15.1 percent of the total), Germany (10.0 percent), Canada (8.5 percent), Switzerland (7.1 percent), the Netherlands (6.6 percent), and France (6.3 percent).

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For 2010, corporations with dates of incorporation prior to 2008 accounted for 80 percent of the total 73,210 FCDCs. These older corporations accounted for 94 percent of both the FCDC receipts and assets, and, thus, tended to be larger than newer corporations, those incorporated in 2008 or later.

Corporate Foreign Tax Credit, 2009

by Nuria E. McGrath

For Tax Year 2009, corporations reported over \$93 billion in foreign tax credits, a decrease of 6.5 percent over 2008 (in constant 2009 dollars). Foreign-source taxable income from corporations claiming the foreign tax credit grew 1.2 percent to \$417 billion, while the current foreign taxes paid decreased 13.5 percent to \$104 billion. Firms in the manufacturing industry accounted for more than two-thirds of the foreign-source taxable income. Together, income earned in the Netherlands, United Kingdom, Luxembourg, Canada, and Bermuda represented 40 percent of the total foreign-source taxable income for 2009.

Unrelated Business Income Tax Returns, 2009

by Jael Jackson

For Tax Year 2009, over 42,000 tax-exempt organizations filed Form 990-T to report unrelated business income, nearly 1 percent more than in 2008. The \$9.7 billion in gross unrelated business income reported by tax-exempt organizations represented a 6-percent decrease from the previous year. Total unrelated business income tax liability decreased even more, 22 percent, to \$266.4 million. As in prior years, charitable organizations, tax exempt under section 501(c)(3), were the most common Form 990-T filers, representing nearly one-third of all organizations that filed the return for Tax Year 2009.

Use of the Empowerment Zone and Renewal Community Employment Credit, Tax Years 1998–2010

by Craig E. Johnson

Federal empowerment zones (EZ) and renewal communities (RC) are economically distressed geographic areas eligible for temporary tax incentives and other Federal assistance to encourage economic development within

those areas. This article examines in detail the use of one such incentive, the empowerment zone and renewal community (EZ/RC) employment credit for Tax Years 1998 through 2010.

The amount of allowable EZ/RC employment credit claimed on individual and corporate tax returns increased from \$41.7 million in 1998, to a high of \$277.1 million in 2005, before declining to \$172.9 million in 2010. This pattern of increase and subsequent decrease in the credit amount claimed annually corresponds to the number of designated zones and communities for these years, though other factors make an impact as well.

Corporations (excluding those that file Forms 1120 S) accounted for more than half (53 percent) of the \$2.2 billion in total credit claimed for 1998 through 2010. Larger corporations, those with assets greater than \$500 million, accounted for approximately two-thirds of the allowable credit claimed. Corporate use of the EZ/RC employment credit was more heavily concentrated in the manufacturing sector and less concentrated in most service sectors (especially healthcare and education), compared to national employment shares.

For any given tax year, a substantial portion of the tentative credit was not claimed in that tax year due to insufficient tax liability of the taxpayer. Calculations in this article indicate to what extent the allowable credit would have changed in a given year if the tax liability restrictions were made more or less restrictive. In particular, rules regarding the extent Alternative Minimum Tax (AMT) liability could be offset by the credit were found to have significant impact on the amount of allowable credit in a given year for individual taxpayers.

In the Next Issue

Articles on the following topics are tentatively planned for inclusion in the Fall 2013 issue of the *Statistics of Income Bulletin*, scheduled to be published in November 2013:

- Individual Income Tax Returns, Tax Year 2011;
- Partnership Returns for 2011; and
- Accumulation and Distribution of Individual Retirement Arrangements, 2010.

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

by Kevin Pierce and Jon Gober

For Tax Year 2008, some 140.7 million individual income taxpayers earned approximately \$5.7 trillion in wages, tips, and other compensation, as reported on Form W-2, *Wage and Tax Statement* (Figure A).¹ Both the total number of taxpayers and amount of wages declined 2 percent over the next 2 years to 136.8 million taxpayers with total earnings of approximately \$5.6 trillion. However, average W-2 earnings rose slightly from \$40,532 in 2008 to \$40,892 in 2010.

When comparing the wages of men and women, men, on average, earned more. However, between 2008 and 2010, women reported an increase in their average W-2 earnings, a continuing trend reflected in statistics going back to 1969, the first year the Statistics of Income (SOI) Division published data from Form W-2.² By comparison, men reported a decline in their average wage amount during this period.

Figure A

Taxpayers with Wage Income, by Gender of Taxpayer, Tax Years 2008 and 2010

[Money amounts are in thousands of dollars, and average amounts are in whole dollars]

Gender of taxpayer	2008		
	Number of taxpayers	Wages	Average wages
	(1)	(2)	(3)
Total	140,684,661	5,702,258,960	40,532
Men	71,523,806	3,576,401,602	50,003
Women	69,160,855	2,125,857,358	30,738
Gender of taxpayer	2010		
	Number of taxpayers	Wages	Average wages
	(4)	(5)	(6)
Total	136,789,811	5,593,648,880	40,892
Men	69,621,728	3,459,707,651	49,693
Women	67,168,082	2,133,941,230	31,770

Kevin Pierce and Jon Gober are economists with the Individual Special Projects Section. The article was prepared under the direction of Michael Strudler, Chief, of Individual Research Section.

Form W-2 also provides information on individual participation in employer-sponsored retirement plans. In 2010, almost half (48 percent) of all taxpayers with Form W-2 participated in some form of an employer-sponsored plan, either through direct or employer contributions.³ Taxpayer participation in a retirement plan varied by age, gender, income, and filing status (Figure B). In general,

Figure B

Employer-Sponsored Retirement Plan, by Age, Return and Earner Type, and Gender of Taxpayer, Tax Year 2010

Age of taxpayer	All taxpayers		Nonjoint return, wage earner [1]	
	Women	Men	Women	Men
	(1)	(2)	(3)	(4)
Total	48.0	48.2	40.1	35.9
Under 26	18.9	22.6	17.6	20.7
26 under 35	46.5	44.9	41.1	38.0
35 under 45	54.2	54.8	49.1	43.5
45 under 55	58.4	59.4	53.1	47.5
55 under 60	61.4	61.7	57.7	49.3
60 under 65	57.2	56.4	56.9	50.9
65 under 75	40.8	38.2	41.1	32.5
75 and over	24.1	20.2	24.4	15.7

Age of taxpayer	Joint return, one wage earner [2]		Joint return, two wage earners [3]		
	Women	Men	Women	Men	Couples [4]
	(5)	(6)	(7)	(8)	(9)
Total	54.1	52.9	57.9	62.3	78.6
Under 26	28.9	38.7	28.5	40.8	52.5
26 under 35	44.4	47.1	55.3	57.4	74.3
35 under 45	53.5	54.2	59.1	64.9	80.4
45 under 55	58.8	60.9	63.1	67.3	82.6
55 under 60	64.4	64.2	64.0	68.2	84.5
60 under 65	56.8	57.7	57.7	58.5	78.7
65 under 75	41.8	39.1	38.8	40.5	63.4
75 and over	26.3	21.1	15.5	23.8	41.4

[1] Includes taxpayers filing single, married filing separately, head of household, or surviving spouse.

[2] Includes taxpayers filing jointly; one taxpayer reported W-2 wage income.

[3] Includes taxpayers filing jointly; both taxpayers reported W-2 wage income.

[4] Couples include married filing joint returns with two working individuals and at least one individual participated in an employer-sponsored retirement plan. For this column, the data were categorized by the age of the primary taxpayer.

¹ Throughout this study, individual income taxpayers with a Form W-2, refers only to primary taxpayers and/or secondary taxpayers who filed an individual income tax return. Dependents who did not file an individual income tax return and other individuals who did not file an individual income tax return are not included.

² See Sailer, Yau, and Gurka listed in the Reference section.

³ Taxpayers that participated in an employer-sponsored retirement plan were identified as having the retirement plan indicator checked on box 13 of Form W-2 or as having contributed to any one of the following retirement savings plans: 401(k), 403(b), 408(k)(6) SEP and 408(p) SIMPLEs, 457(b), 501(c)(18)(D), Roth 401(k), and Roth 403(b).

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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as incomes and ages rose, more workers participated in a retirement plan of some form. A majority (78.6 percent) of taxpayers who filed a joint return, particularly tax returns with both spouses working, participated in a retirement plan either directly or through a spouse. Taxpayers filing nonjoint returns exhibited lower levels of participation (38 percent). About 36 percent of male and 40 percent of female wage earners who did not file a joint tax return participated in an employer-sponsored retirement plan. As a whole, taxpayers contributed approximately 7 percent of their gross earnings⁴ to a retirement plan, the bulk of which (77 percent) went to 401(k) plans (not shown in figure).

Wage Income

Men earned 61.9 percent (\$3.5 trillion) of the total wage income (\$5.6 trillion) reported on Form W-2, while women earned 38.1 percent (\$2.1 trillion) (Figure C). On average, in 2010, men reported earning \$49,693 in wages; women reported earning \$31,770. Men in the 45-under-55 age category reported the highest average wages (\$67,730), compared to both men and women in all other age categories. Women in the 45-under-55 age category reported the highest average amount of W-2 income (\$39,742), compared to men under age 35, men age 75 and over, and women in all other age categories.

Some 136.8 million taxpayers reported earned income on Form W-2 in 2010. Taxpayers earning at least \$50,000 and under \$75,000 represented the largest group of wage earners, both in number of taxpayers and amount of wages (Figure D). Taxpayers in this wage category comprised 13.4 percent of taxpayers and earned 20 percent of total wages reported for 2010. Nearly 90 percent of all taxpayers with a Form W-2 had wages at or below this level, and their wages made up the largest portion (approximately 60 percent) of the total W-2 wages earned.

Taxpayers who filed a nonjoint return, or those with filing statuses of single, married filing separately, head of household, or surviving spouse, comprised about half of all taxpayers with W-2 earnings from 2008 to 2010 (Figure E). Married couples filing joint returns with two wage earners made up the largest share of joint filers (around 37 percent), while married couples filing joint returns with one wage earner made up the remainder (around 13 percent).

Married couples filing jointly (even if only one had income) made up the largest share (about 64 percent) of the total wage amount for all three years. Among all taxpayers, married filing jointly individuals with two wage earners accounted for the largest share of W-2 earnings (42 to 43 percent), followed by taxpayers filing a nonjoint return (around 36 percent).

Figure C

Taxpayers with Wage Income, by Age and Gender of Taxpayer, Tax Year 2010

[Money amounts are in thousands of dollars, and average amounts are in whole dollars]

Age of taxpayer	All taxpayers			Women			Men		
	Number of taxpayers	Wages	Average wages	Number of taxpayers	Wages	Average wages	Number of taxpayers	Wages	Average wages
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	136,789,811	5,593,648,880	40,892	67,168,083	2,133,941,229	31,770	69,621,728	3,459,707,651	49,693
Under 26	22,330,519	325,948,928	14,597	11,055,251	145,556,763	13,166	11,275,268	180,392,165	15,999
26 under 35	27,120,177	940,591,432	34,682	13,092,118	394,017,428	30,096	14,028,059	546,574,004	38,963
35 under 45	28,765,203	1,403,421,387	48,789	14,025,940	526,234,988	37,519	14,739,263	877,186,399	59,514
45 under 55	30,335,303	1,630,266,871	53,742	15,161,391	602,538,431	39,742	15,173,912	1,027,728,440	67,730
55 under 60	12,598,808	663,724,106	52,682	6,388,819	250,862,282	39,266	6,209,989	412,861,824	66,484
60 under 65	8,746,945	406,404,966	46,463	4,359,907	147,635,997	33,862	4,387,038	258,768,969	58,985
65 under 75	5,661,878	196,272,942	34,666	2,592,655	59,758,050	23,049	3,069,223	136,514,892	44,479
75 and over	1,230,977	27,018,249	21,949	492,001	7,337,291	14,913	738,976	19,680,958	26,633

⁴ Contribution rates are calculated by using Form W-2 box 5, Medicare wages, and tips, as a proxy for gross earnings.

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Figure D

Taxpayers with Wage Income, by Size of Wage Income and Gender of Taxpayer, Tax Year 2010

[Money amounts are in thousands of dollars]

Size of wage income	All taxpayers		Women		Men	
	Number of taxpayers	Wages	Number of taxpayers	Wages	Number of taxpayers	Wages
	(1)	(2)	(3)	(4)	(5)	(6)
Total	136,789,811	5,593,648,880	67,168,083	2,133,941,229	69,621,728	3,459,707,651
\$1 under \$5,000	14,787,390	34,895,305	8,203,461	19,807,816	6,583,929	15,087,489
\$5,000 under \$10,000	12,745,608	95,122,070	7,280,445	54,442,970	5,465,163	40,679,100
\$10,000 under \$15,000	12,070,397	150,316,678	6,843,730	85,353,188	5,226,667	64,963,490
\$15,000 under \$20,000	11,582,668	202,390,392	6,519,428	113,866,566	5,063,240	88,523,826
\$20,000 under \$25,000	10,824,752	243,062,956	5,976,899	134,044,516	4,847,853	109,018,440
\$25,000 under \$30,000	9,941,671	272,690,276	5,400,308	147,999,329	4,541,363	124,690,947
\$30,000 under \$40,000	17,541,520	610,150,466	8,901,314	308,937,340	8,640,206	301,213,126
\$40,000 under \$50,000	13,105,924	586,840,784	6,003,181	268,508,341	7,102,743	318,332,443
\$50,000 under \$75,000	18,397,684	1,116,335,436	7,484,442	451,093,256	10,913,242	665,242,180
\$75,000 under \$100,000	7,574,561	649,449,413	2,527,282	215,864,393	5,047,279	433,585,020
\$100,000 under \$200,000	6,427,843	840,626,777	1,706,280	218,828,879	4,721,563	621,797,898
\$200,000 under \$500,000	1,478,625	424,226,578	285,844	78,718,035	1,192,781	345,508,543
\$500,000 under \$1,000,000	222,523	149,510,680	26,476	17,585,186	196,047	131,925,494
\$1,000,000 under \$1,500,000	43,167	51,894,168	4,602	5,528,184	38,565	46,365,984
\$1,500,000 under \$2,000,000	16,712	28,729,850	1,911	3,282,039	14,801	25,447,811
\$2,000,000 under \$5,000,000	22,098	64,619,452	2,039	5,801,751	20,059	58,817,701
\$5,000,000 under \$10,000,000	4,586	31,090,492	330	2,219,329	4,256	28,871,163
\$10,000,000 and over	2,080	41,697,104	110	2,060,109	1,970	39,636,995

Taxpayers filing jointly had higher average wages than those filing nonjoint returns (Figure F). Couples with two wage earners exhibited the highest average W-2 wage amount (\$94,960) on a tax-return level in 2010. Individuals filing jointly had average wages of \$52,192, an amount over 75 percent higher than the average amount of earned income reported by taxpayers filing a nonjoint return (\$29,727). On an individual basis, taxpayers who were the sole earner on a joint return had higher average W-2 income (\$64,650) than taxpayers filing a joint return with two wage earners (\$47,480).

Another way of analyzing taxpayers with W-2 earnings is by looking at the percentage each spouse contributed to the total wage income on joint tax returns. In 2010, just over 2 million taxpayers—1.6 million women and 0.5 million men—had some wage income, but contributed less than 5 percent to the total wage income reported on a joint tax return (Figure G).

The largest category of women were those whose W-2 earnings made up at least 25 percent, but less than 50 percent (25 percent under 50 percent) of the total wage income on a joint tax return. Women in this category

accounted for about a third of all women with W-2 earnings reported on a joint return. For men, the largest category was the 100-percent category; namely, a third of all men who filed jointly and had earnings on a W-2, were the sole wage earner on their individual income tax return. Overall, among the 43.3 million taxpayers with W-2 income and filing jointly in 2010, women were the higher earner (earning over 50 percent of the total wage income) in about one third of all the cases, and men accounted for the remaining two-thirds of this total.

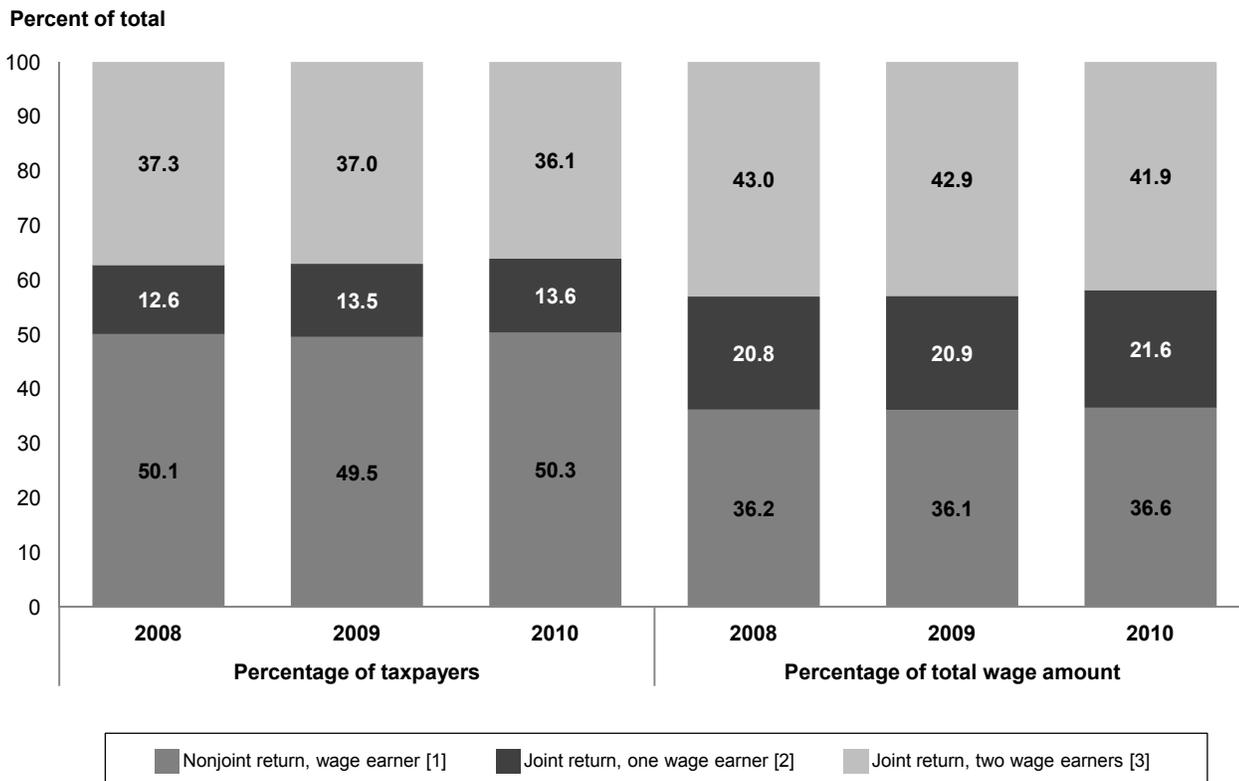
The average wage income was \$85,364 for all taxpayers whose W-2 wages made up 75 to under 100 percent of the total wage income reported on a joint tax return (not shown in figure). This was more than two times the average wage amount for all taxpayers with W-2 income in 2010. For the 2 million women in the 75-under-100-percent category, their total wage income of \$126.6 billion resulted in the highest average wage amount (\$62,097) earned by women filing a joint tax return. The 6.8 million men in this same category also had the highest average wage amount (\$92,360) among all men filing a joint tax return for Tax Year 2010.

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Figure E

Taxpayers with Wage Income, by Return and Earner Type, Tax Years 2008–2010



[1] Includes taxpayers filing single, married filing separately, head of household, or surviving spouse.

[2] Includes taxpayers filing jointly; one taxpayer reported W-2 wage income.

[3] Includes taxpayers filing jointly; both taxpayers reported W-2 wage income.

NOTE: Detail may not add to 100 percent because of rounding.

Elective Retirement Contributions

Form W-2 also provides information on individual participation in employer-sponsored retirement plans. Employer-based retirement plans fall into two main groups: defined benefit plans and defined contribution plans. Defined benefit plans, also referred to as traditional pension plans, promise individuals a specified benefit paid upon retirement, which is based on an employee's income, age, and/or length of service. For defined benefit plans, typically only the employer contributes on behalf of the employee. For defined contribution plans, benefits are paid out of contributions made by the employee and/or employer to the employee's retirement savings account, and any investment gains/losses within the account. Employers can contribute to a defined contribution plan regardless of employee participation.

Because employers can contribute to one or both of these retirement plans without employee participation, it is not possible to use the data in this study to distinguish fully between these two main groups. What can be distinguished, however, are individuals who participated in an employer-sponsored retirement plan through direct contributions and individuals who participated in a plan based only on contributions made by the employer.

In Tax Year 2010, almost half (or 65.8 million) of all taxpayers with W-2 income participated in an employer-sponsored retirement savings plan (not shown in figure). Of these taxpayers, 70 percent made a direct contribution to a retirement savings account and accounted for about a third (or 45.8 million) of all taxpayers who had earnings on Form W-2. The remaining 30 percent (or 20 million) of taxpayers who participated in an employer-based plan,

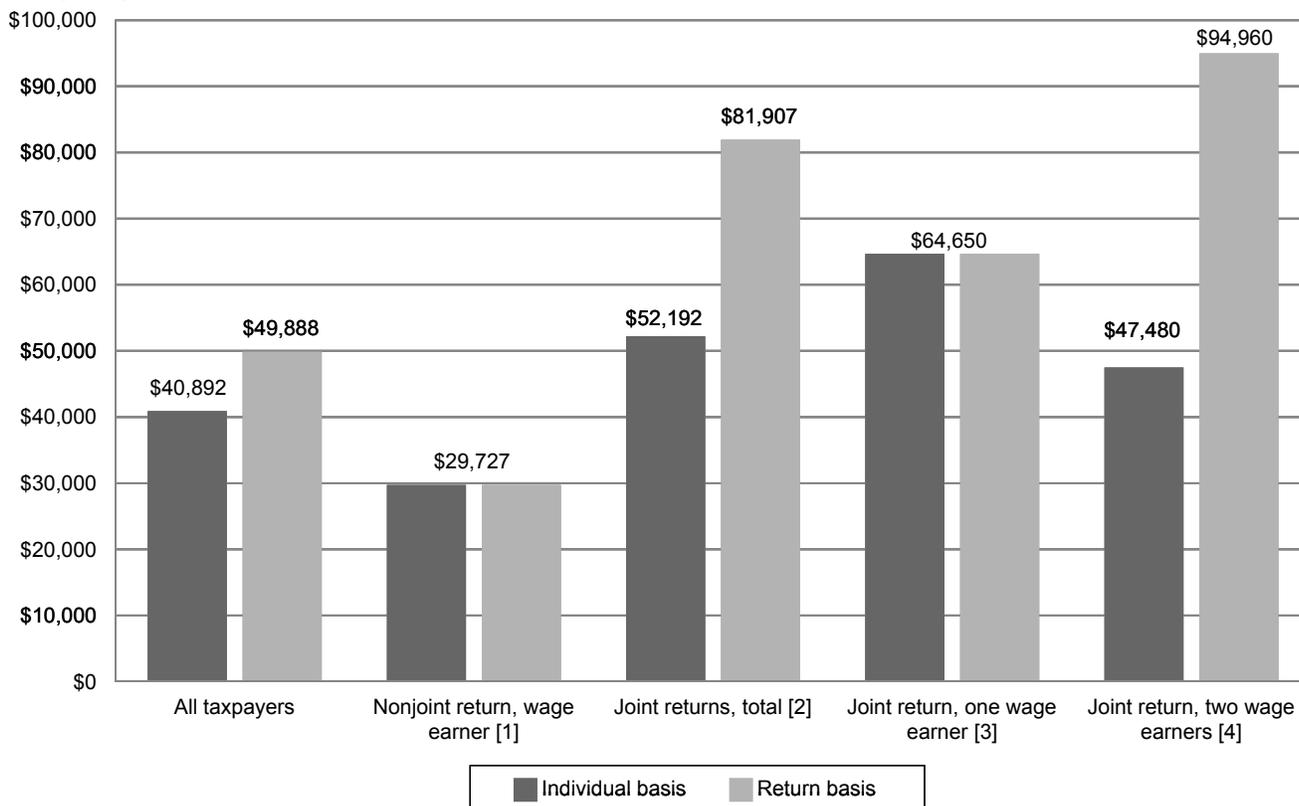
Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Figure F

Average Wage Income, by Return and Earner Type, Tax Year 2010

Average wage income



- [1] Includes taxpayers filing single, married filing separately, head of household, or surviving spouse.
- [2] Includes all taxpayers filing jointly; returns with one wage earner and two wage earners.
- [3] Includes taxpayers filing jointly; one taxpayer reported W-2 wage income.
- [4] Includes taxpayers filing jointly; both taxpayers reported W-2 wage income.

Figure G

Joint Return Taxpayers with Wage Income, by Size of the Percentage Contribution of the Total Wage Amount, by Gender of Taxpayer, Tax Year 2010

[Money amounts are in thousands of dollars, and average amounts are in whole dollars]

Size of percentage contribution	Women			Men		
	Number of taxpayers	Wages	Average wages	Number of taxpayers	Wages	Average wages
	(1)	(2)	(3)	(4)	(5)	(6)
Total	30,987,441	1,124,168,050	36,278	36,999,245	2,424,166,124	65,519
Greater than 0 percent under 5 percent	1,552,013	3,843,113	2,476	522,038	673,784	1,291
5 percent under 25 percent	5,223,626	79,380,463	15,196	1,514,941	18,215,344	12,024
25 percent under 50 percent	10,088,979	366,764,730	36,353	5,646,667	209,493,003	37,100
50 percent under 75 percent	5,761,719	312,593,924	54,254	10,200,018	598,293,154	58,656
75 percent under 100 percent	2,038,958	126,614,102	62,097	6,781,631	626,350,058	92,360
100 percent	6,322,147	234,971,717	37,166	12,333,951	971,140,782	78,737

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

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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A Brief History of Taxpayers with W-2 Earnings, by Gender, 1969–2009

During the 4-decade period spanning from 1969 to 2009, the number of women with W-2 earnings increased by over 100 percent, from 32.3 million in 1969 to 67.3 million in 2009 (Figure H). As more women entered the workforce, their share of the total number of wage earners grew along with their total W-2 earnings. Women made up nearly half (49.3 percent) of all taxpayers with W-2 earnings in 2009, up from 38.4 percent in 1969. Earnings for women increased to 38.3 percent of the total wage amount in 2009, up from 22.7 percent in 1969. By comparison, the number of men with W-2 earnings increased 34 percent during this period. However, men made up a smaller portion of taxpayers with W-2 earnings in 2009 (50.7 percent) than in 1969 (61.6 percent).

Using 2009 as the base year, the average wage amount in constant dollars for all taxpayers in 1969 was \$34,263 (Figure I).⁵ Between 1969 and 2009, this figure steadily increased by at least

2 percent for each 10-year period, with the largest increase for all taxpayers (9.9 percent) between 1989 and 1999. Women saw about a 10-percent increase in average wages during the decades of 1969 to 1979 and 1999 to 2009, with a rise as high as 12.9 percent during the decades of 1979 to 1989 and 1989 to 1999. Men reported their highest percentage increase in average wages from 1989 to 1999 and their lowest percentage change was actually a decline of 1.6 percent between 1999 and 2009. Over the 40-year period, the average inflation-adjusted wage amount for women increased 54.7 percent, rising from \$20,202 in 1969 to \$31,251 in 2009. For men, the average inflation-adjusted wage amount increased 13.4 percent, from \$43,046 in 1969 to \$48,829 in 2009. On average, in 1969, women earned about 47 percent of what men earned. By 2009, the average wage amount for women had risen to 64 percent of the average wage amount for men.

Figure H

Taxpayers with Wage Income, by Gender of Taxpayer for Selected Tax Years 1969–2009

[Money amounts are in thousands of dollars, and average amounts are in whole dollars]

Tax year	All taxpayers			Women				Men			
	Number of taxpayers	Wages	Average wages	Number of taxpayers	Wages	Percent of total amount	Average wages	Number of taxpayers	Wages	Percent of total amount	Average wages
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1969	84,008,982	492,389,580	5,861	32,301,390	111,626,905	22.7	3,456	51,707,592	380,762,675	77.3	7,364
1979	102,417,741	1,212,059,280	11,834	43,317,220	325,616,596	26.9	7,517	59,100,521	886,442,684	73.1	14,999
1989	118,045,180	2,434,212,175	20,621	54,941,521	796,595,721	32.7	14,499	63,103,659	1,637,616,454	67.3	25,951
1999	131,393,926	4,001,270,558	30,452	64,113,488	1,409,410,760	35.2	21,983	67,280,438	2,591,859,798	64.8	38,523
2009	136,586,244	5,486,794,783	40,171	67,277,179	2,102,510,196	38.3	31,251	69,309,065	3,384,284,586	61.7	48,829

Figure I

Taxpayers with Wage Income in Constant Dollars, by Gender of Taxpayer for Selected Tax Years 1969–2009

[Money amounts are in thousands of dollars, and average amounts are in whole dollars]

Tax year	Wages			Average wages				Percentage change in average wages		
	All taxpayers	Women	Men	All taxpayers	Women	Men	Women as a percent of men	All taxpayers	Women	Men
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1969	2,878,359,219	652,536,821	2,225,822,398	34,263	20,202	43,046	46.9	N/A	N/A	N/A
1979	3,581,701,953	962,214,981	2,619,486,971	34,971	22,213	44,323	50.1	2.1	10.0	3.0
1989	4,211,520,785	1,378,219,808	2,833,300,977	35,677	25,085	44,899	55.9	2.0	12.9	1.3
1999	5,152,584,524	1,814,950,518	3,337,634,007	39,215	28,308	49,608	57.1	9.9	12.8	10.5
2009	5,486,794,783	2,102,510,196	3,384,284,586	40,171	31,251	48,829	64.0	2.4	10.4	-1.6

⁵ Inflation-adjusted constant dollars are based on the Consumer Price Index for all Urban Consumers (CPI-U) reported by the U.S. Department of Labor, Bureau of Labor Statistics. The Consumer Price Index approximates the buying patterns of typical urban consumers and is based on 2009 = 100 when 1969 CPI-U = 36.7; 1979 CPI-U = 72.6; 1989 CPI-U = 124.0; 1999 CPI-U = 166.6.

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but did not make a direct contribution will be discussed in the retirement plan indicator section of this report.

Individuals who made a direct retirement contribution were denoted by a code identifying the defined contribution type, on boxes 12a -12d of Form W-2, and the corresponding amount for each type. The following are the six main defined contribution plans⁶ used to identify an elective retirement contribution: 401(k), 403(b), 457(b), SIMPLE (Savings Incentive Match Plan for Employees),⁷ Roth 401(k), and Roth 403(b) plans. The 401(k), 403(b), 457(b), and SIMPLE plans are generally referred to as traditional 401(k)-type plans. For these particular plans, employees can defer a portion of their salary, pretax, to a retirement savings account, and both contributions and gains are tax exempt until withdrawn. Roth 401(k) and Roth 403(b) plans operate somewhat differently. Beginning in 2006, employers with 401(k) and 403(b) sponsored plans were able to create qualified retirement accounts where employees could make contributions using after-tax income. In an employer-sponsored Roth retirement plan, contributions are kept separate from pretax contributions to a traditional 401(k)-type plan. Withdrawals from a Roth-type plan are generally tax free, if the taxpayer meets the applicable distribution requirements.

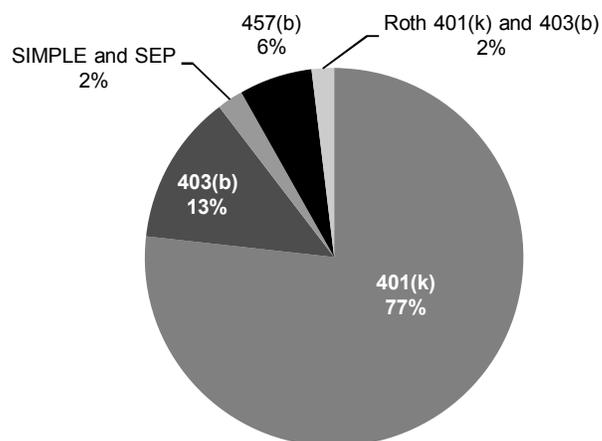
In Tax Year 2010, employee contributions to the primary employer-sponsored retirement plans, (401(k), 403(b), SIMPLE and SEP, 457(b), and Roth (401(k) and 403(b), amounted to \$209.2 billion (Figure J). The largest plan, in terms of contribution amount and number of participants, was the 401(k) plan. In 2010, about 77 percent (35.2 million) of all taxpayers who contributed to an employer-based plan did so to a 401(k) plan, contributing a total amount of \$160.6 billion (Figure K). The second largest plan, based on the contribution amount, was the 403(b) plan with \$26.8 billion in contributions, followed by 457(b) plans (\$13.1 billion in contributions), and SIMPLE and SEP plans (\$4.7 billion in contributions). The Roth 401(k) and 403(b) plans had total contributions of approximately \$4 billion in 2010, up 73 percent from \$2.3 billion in 2008. These two plans were the only retirement plans that experienced both a rise in total contributions and the number of participants from 2008 to 2010.

Taxpayers were generally more likely to contribute to a retirement plan, contribute greater percentages of their gross income, and save higher amounts as they aged (Figure L). In 2010, only about 12 percent of taxpayers under age 26 with W-2 earnings participated in a retirement plan. On average, taxpayers in this age category contributed both the lowest percentage of gross wages (4.2 percent) and average contributions (\$1,162). Taxpayers in the 55-under-60-age category exhibited the highest participation rate of any age group (44.4 percent). Although taxpayers in the 65-under-75-age category had a lower participation rate (24.3 percent), they contributed the highest percentage (8.9 percent of gross wages) and average amount (\$6,335) to a retirement plan compared to taxpayers in all other age categories.

On average, women contributed a higher percentage of their gross income to a retirement plan (7.0 percent) than men (6.3 percent), but they reported lower average contributions (women \$3,766; men \$5,293). Women in

Figure J

Share of Total Retirement Contributions by Plan Type, Tax Year 2010



NOTE: Percentages are based on an estimated total contribution amount of \$209.2 billion. 501(c)(18)(D) plans have been omitted from this chart. In Tax Year 2010, there were \$53.3 million of contributions to 501(c)(18)(D) plans.

⁶ 501(c)(18)(D) plans have also been included. However, because of the small number of participants they have been omitted from the discussion. In TY2010, there were approximately 26 thousand employees who made a total \$53 million in 501(c)(18)(D) contributions.

⁷ For simplicity, 408(k)(6) Simplified Employee Pension (SEP) plans have been combined with 408(p) SIMPLEs. Both plans are for small business employees. For TY2010, there were 87 thousand employees with a SEP plan and 1.2 million employees with a SIMPLE. Individuals within these plans had total contribution amounts of \$370 million and \$4.3 billion, respectively.

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Figure K

Taxpayers with Elective Retirement Contributions, by Contribution Plan Type, Tax Years 2008–2010

[Money amounts are in thousands of dollars]

Contribution plan type	Number of taxpayers				Contribution amount			
	2008	2009	2010	Percentage change from 2008–2010	2008	2009	2010	Percentage change from 2008–2010
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total [1]	48,864,676	46,138,427	45,785,836	-6.3	219,087,678	205,707,194	209,214,507	-4.5
401(k) elective deferrals	37,846,216	35,581,883	35,226,098	-6.9	170,334,754	158,062,556	160,567,747	-5.7
403(b) elective deferrals	6,548,793	6,093,096	6,106,328	-6.8	27,985,842	26,654,540	26,847,329	-4.1
408(k)(6) SEP elective deferrals	118,460	100,401	87,041	-26.5	495,672	479,268	369,500	-25.5
457(b) elective deferrals and employer contributions	3,259,583	3,236,594	3,173,647	-2.6	13,097,677	13,087,921	13,106,687	0.1
501(c)(18)(D) elective deferrals	25,699	24,966	23,712	-7.7	59,571	35,221	53,320	-10.5
408(p) SIMPLE employee salary reduction contributions	1,448,736	1,305,630	1,249,157	-13.8	4,818,006	4,349,799	4,294,642	-10.9
Designated Roth 401(k) contributions	685,344	832,419	1,113,734	62.5	2,113,080	2,787,168	3,632,234	71.9
Designated Roth 403(b) contributions	51,694	83,408	102,469	98.2	183,076	250,722	343,049	87.4

[1] Number of taxpayers from the types does not add up to total because taxpayers can have more than one type.

Figure L

Taxpayers with Elective Retirement Contributions, by Age and Gender of Taxpayer, Tax Year 2010

[Average amounts are in whole dollars]

Age of taxpayer	All taxpayers			Women			Men		
	Participation rate (percentage)	Contributions as a percentage of Medicare wages [1]	Average contributions	Participation rate (percentage)	Contributions as a percentage of Medicare wages [1]	Average contributions	Participation rate (percentage)	Contributions as a percentage of Medicare wages [1]	Average contributions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	33.5	6.5	4,569	32.3	7.0	3,766	34.6	6.3	5,293
Under 26	11.8	4.2	1,162	10.5	3.8	951	13.1	4.4	1,328
26 under 35	31.6	5.2	2,761	31.4	5.3	2,452	31.7	5.2	3,047
35 under 45	39.0	5.8	4,271	37.1	6.0	3,491	40.9	5.6	4,944
45 under 55	42.4	6.5	5,367	40.2	7.3	4,436	44.6	6.1	6,207
55 under 60	44.4	7.9	6,208	42.9	8.4	4,970	45.9	7.6	7,399
60 under 65	38.8	8.5	6,321	38.2	9.6	5,010	39.5	8.0	7,581
65 under 75	24.3	8.9	6,335	24.9	10.9	4,766	23.8	8.2	7,720
75 and over	10.6	8.7	4,571	12.3	11.0	3,565	9.4	7.8	5,449

[1] Medicare wages and tips (Form W-2, box 5) is used as a proxy for gross earnings.

the age 60-under-65 category contributed the highest average amount (\$5,010) to a retirement plan, compared to women in all other age categories and to men under age 35. Men in the age 65-under-75 category reported the highest average contribution amount (\$7,720), compared to men in all other age categories and to women in all age categories in 2010.

Taxpayers filing jointly participated in a retirement plan at higher levels, and on average, contributed

higher amounts than taxpayers filing nonjoint tax returns (Figure M). About 42 percent (41.7 percent) of taxpayers filing joint returns contributed, on average, \$5,357 to a retirement plan. In comparison, about a quarter (25.4 percent) of all wage earners filing nonjoint returns contributed, on average, \$3,291 to a retirement plan in 2010.

In 2010, taxpayers filing joint returns with one wage earner participated in retirement plans at lower levels (37.4 percent) than those filing joint returns with two

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Figure M

Taxpayers with Elective Retirement Contributions, by Size of Adjusted Gross Income and Return and Earner Type, Tax Year 2010

[Average amounts are in whole dollars]

Size of adjusted gross income	All taxpayers		Nonjoint return, wage earner [1]		Joint returns, total [2]	
	Participation rate (percentage)	Average contributions	Participation rate (percentage)	Average contributions	Participation rate (percentage)	Average contributions
	(1)	(2)	(3)	(4)	(5)	(6)
Total	33.5	4,569	25.4	3,291	41.7	5,357
No adjusted gross income	13.6	4,928	8.0	3,483	19.1	5,520
\$1 under \$5,000	2.5	798	2.3	591	6.9	2,243
\$5,000 under \$10,000	4.4	401	4.3	341	5.0	993
\$10,000 under \$15,000	7.2	479	7.4	439	6.2	793
\$15,000 under \$20,000	12.9	752	13.1	711	11.9	958
\$20,000 under \$25,000	19.3	1,034	21.3	1,006	12.7	1,191
\$25,000 under \$30,000	24.7	1,190	27.5	1,171	17.4	1,270
\$30,000 under \$40,000	30.2	1,675	34.8	1,717	21.7	1,549
\$40,000 under \$50,000	35.7	2,274	43.7	2,483	26.4	1,875
\$50,000 under \$75,000	42.5	3,199	52.4	4,146	37.4	2,516
\$75,000 under \$100,000	50.2	4,285	60.4	6,416	48.1	3,732
\$100,000 under \$200,000	57.9	6,887	65.7	9,880	57.1	6,546
\$200,000 under \$500,000	63.5	12,620	61.9	14,537	63.6	12,471
\$500,000 under \$1,000,000	61.6	15,971	56.0	16,993	62.2	15,885
\$1,000,000 under \$1,500,000	59.5	16,210	53.4	15,782	60.2	16,249
\$1,500,000 under \$2,000,000	59.8	15,989	53.6	15,640	60.5	16,024
\$2,000,000 under \$5,000,000	57.5	15,889	49.3	15,875	58.5	15,891
\$5,000,000 under \$10,000,000	56.3	16,278	52.3	16,442	56.9	16,255
\$10,000,000 and over	55.1	16,364	48.6	16,442	56.2	16,353

Size of adjusted gross income	Joint return, one wage earner [3]		Joint return, two wage earners [4]	
	Participation rate (percentage)	Average contributions	Participation rate (percentage)	Average contributions
	(7)	(8)	(9)	(10)
Total	37.4	6,122	43.3	5,107
No adjusted gross income	18.6	5,330	19.8	5,730
\$1 under \$5,000	6.0	2,120	10.3	2,501
\$5,000 under \$10,000	5.2	906	4.4	1,227
\$10,000 under \$15,000	6.8	797	5.1	786
\$15,000 under \$20,000	13.1	834	9.7	1,257
\$20,000 under \$25,000	16.1	1,228	8.0	1,087
\$25,000 under \$30,000	22.6	1,420	11.6	953
\$30,000 under \$40,000	26.9	1,822	18.0	1,250
\$40,000 under \$50,000	33.6	2,326	22.9	1,545
\$50,000 under \$75,000	42.4	3,455	35.8	2,154
\$75,000 under \$100,000	51.4	5,641	47.3	3,258
\$100,000 under \$200,000	58.0	8,908	57.0	6,096
\$200,000 under \$500,000	61.8	14,413	64.1	11,877
\$500,000 under \$1,000,000	63.7	16,556	61.2	15,461
\$1,000,000 under \$1,500,000	63.4	16,713	57.8	15,871
\$1,500,000 under \$2,000,000	63.4	16,666	58.0	15,431
\$2,000,000 under \$5,000,000	62.9	16,699	54.2	14,948
\$5,000,000 under \$10,000,000	60.5	16,938	51.9	15,160
\$10,000,000 and over	58.9	17,019	51.8	15,103

[1] Includes taxpayers filing single, married filing separately, head of household, or surviving spouse.

[2] Includes all taxpayers filing jointly; returns with one wage earner and two wage earners.

[3] Includes taxpayers filing jointly; one taxpayer reported W-2 wage income.

[4] Includes taxpayers filing jointly; both taxpayers reported W-2 wage income.

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wage earners (43.3 percent). However, the average contribution for taxpayers filing joint tax returns with one wage earner (\$6,122) was approximately 20 percent higher than the average amount for joint filers with two wage earners (\$5,107).

In general, taxpayers made higher retirement contributions as their income rose, regardless of the type of return (joint or nonjoint) or number of wage earners (one or two). Taxpayer participation in a retirement plan peaked at 63.5 percent for those in the \$200,000-under-\$500,000-AGI class, and declined for taxpayers in higher income classes.

Taxpayers with an AGI of \$1 under \$5,000 reported the lowest levels of participation (2.5 percent). In comparison, 13.6 percent of all taxpayers with “no adjusted gross income” participated in a retirement plan. Taxpayers in this AGI class reported higher average contributions because some had relatively high wages, but their income was offset by high losses. The \$4,928 average contribution for taxpayers in this income class was slightly above the average amount for those in the \$75,000-under-\$100,000 category. About 55 percent of taxpayers with an AGI of \$10 million or more participated in a retirement plan. Taxpayers in this income class reported the highest average contributions (\$16,364) for the year.

Because the W-2 can be used to allocate individual earnings for married couples filing joint tax returns, taxpayers can be categorized by their share of income as a percentage of the total wage income reported on the W-2s (Figure N).⁸ For Tax Year 2010, almost 20 million taxpayers filing a joint tax return were the higher earner on their individual tax return and reported \$118.3 billion in elective retirement plan contributions. In comparison, 8.4 million taxpayers were the lower earner on their tax return and reported \$33.5 billion in elective contributions. Taxpayers who were the lower earner on their joint tax return contributed a greater percentage of their gross income to a retirement plan (8.7 percent), compared to the high earner (6.3 percent). However, on average, their total retirement contribution was less (\$3,989) than the high earner’s average contribution (\$5,933).

Taxpayers who made a retirement contribution of \$1,000 under \$2,500 in 2010 made up the largest group of taxpayers (Figure O). This group included 26.4 percent of all taxpayers who made an elective contribution to an

employer-sponsored plan. Taking the top three categories in terms of the number of taxpayers, the majority of individuals (58.5 percent) contributed between \$500 and under \$5,000 to a retirement plan in 2010. Contributions made by taxpayers in the \$15,500-or-more category made up about a third (or \$70.3 million) of all elective contributions (\$209.2 billion) in 2010. However, they represented only 8.1 percent of all taxpayers who contributed to a retirement plan during the year. The second highest category, with 15.4 percent of the total contribution amount, was for taxpayers who contributed \$2,500 and under \$5,000.

Maximum Elective Retirement Contributions

Many taxpayers made the maximum contribution to a retirement plan in 2010, regardless of income class. By law, annual retirement contributions are limited depending on the participant’s age and retirement plan type.⁹ For Tax Year 2010, the annual contribution was generally limited to \$16,500; however, individuals age 50 or older were allowed to make additional or “catch-up” contributions of \$5,500. For this study, individuals were identified as making the maximum contribution if they made the maximum contribution amount for their specific plan type or if their contribution was 100 percent of their total wage income.

In 2010, some 4 million individuals, or 2.9 percent of all taxpayers with a W-2, made the maximum allowable contribution to their retirement plan (Figure P). As a whole, taxpayers contributing the maximum contributed about 9 percent of their gross wage income to a retirement plan in 2010. In general, as taxpayers got older, they were more inclined to contribute the maximum amount to an employer-sponsored plan. Of all taxpayers with W-2 earnings, 6.4 percent of taxpayers age 55 under 60 made the maximum retirement contribution in 2010. Men in the age 55-under-60-age category had the highest participation rate (8.6 percent), compared to women in all age categories and men in all other age categories. While the percentage of gross income used for retirement contributions falls for taxpayers age 60 or over, on average, older individuals made larger contributions. Among all taxpayers, individuals in the 65-under-75-age category set aside the highest maximum amount (\$20,270) of wage income for retirement. When comparing the average

⁸ High earners from married filing joint returns were identified as those with the highest share of total wage income (greater than 50 percent). For joint returns where total wage income is split evenly between spouses, the primary taxpayer was designated as the high earner.

⁹ See IRS, Publication 525, for specific plan limits.

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Figure N

Taxpayers filing Joint Returns, with Elective Retirement Contributions, by Size of Adjusted Gross Income, Tax Year 2010

[Money amounts are in thousands of dollars, and average amounts are in whole dollars]

Size of adjusted gross income	High earner [1]				Low earner [2]			
	Number of taxpayers	Contribution amount	Contributions as a percentage of Medicare wages [3]	Average contributions	Number of taxpayers	Contribution amount	Contributions as a percentage of Medicare wages [3]	Average contributions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	19,941,171	118,305,134	6.3	5,933	8,393,968	33,479,535	8.7	3,989
No adjusted gross income	53,093	291,314	7.2	5,487	10,539	59,915	13.2	5,685
\$1 under \$5,000	18,040	41,214	10.5	2,285	* 2,700	* 5,314	* 7.4	* 1,968
\$5,000 under \$10,000	32,296	32,865	6.3	1,018	* 2,102	* 1,295	* 4.1	* 616
\$10,000 under \$15,000	67,806	54,654	4.9	806	6,574	4,365	15.1	664
\$15,000 under \$20,000	181,503	165,812	5.0	914	17,733	24,982	11.0	1,409
\$20,000 under \$25,000	229,272	280,489	5.4	1,223	14,997	10,409	5.7	694
\$25,000 under \$30,000	341,098	450,293	5.5	1,320	28,536	19,268	5.4	675
\$30,000 under \$40,000	883,480	1,462,098	5.5	1,655	140,934	124,964	7.0	887
\$40,000 under \$50,000	1,114,508	2,269,279	5.6	2,036	219,609	232,533	6.4	1,059
\$50,000 under \$75,000	3,827,289	11,236,540	6.1	2,936	1,360,975	1,817,041	5.6	1,335
\$75,000 under \$100,000	4,163,870	18,390,346	7.0	4,417	1,964,115	4,476,243	6.9	2,279
\$100,000 under \$200,000	6,808,896	51,996,866	7.7	7,637	3,607,812	16,186,546	8.8	4,487
\$200,000 under \$500,000	1,837,341	25,225,930	6.5	13,730	890,136	8,787,910	11.5	9,873
\$500,000 under \$1,000,000	260,928	4,364,946	3.5	16,729	94,335	1,278,364	10.7	13,551
\$1,000,000 under \$1,500,000	57,150	964,174	2.3	16,871	17,140	242,971	9.1	14,176
\$1,500,000 under \$2,000,000	22,677	378,782	1.8	16,703	6,431	87,655	8.2	13,630
\$2,000,000 under \$5,000,000	30,696	510,055	1.1	16,616	7,273	93,297	7.6	12,828
\$5,000,000 under \$10,000,000	7,001	117,770	0.6	16,822	1,302	17,209	5.2	13,217
\$10,000,000 and over	4,226	71,709	0.3	16,969	725	9,254	4.4	12,764

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

[1] High earners from married filing joint returns were identified as those with the highest share of total wage income (greater than 50 percent). For joint returns where total wage income is split evenly between the spouses, the primary taxpayer was designated as the high earner.

[2] Low earners from married filing joint returns were identified as those with the lowest share of total wage income (less than 50 percent). For joint returns where total wage income is split evenly between the spouses, the secondary taxpayer was designated as the low earner.

[3] Medicare wages and tips (Form W-2, box 5) is used as a proxy for gross earnings.

NOTE: Includes taxpayers on joint returns with one wage earner.

elective contribution with the amount for those contributing the maximum, the average maximum contribution deferred to an employer-sponsored plan was nearly four times the contribution amount for the average taxpayer (Figure Q). Among all taxpayers and return types (joint or nonjoint), the highest average maximum contribution amount, for an individual, was \$18,227.

Retirement Plan Indicator

As stated earlier, a subset of the 65.8 million individuals who participated in an employer-sponsored retirement plan did not make a direct contribution to a plan themselves. These individuals were identified as having no elective deferral amounts in boxes 12a–12d on their W-2,

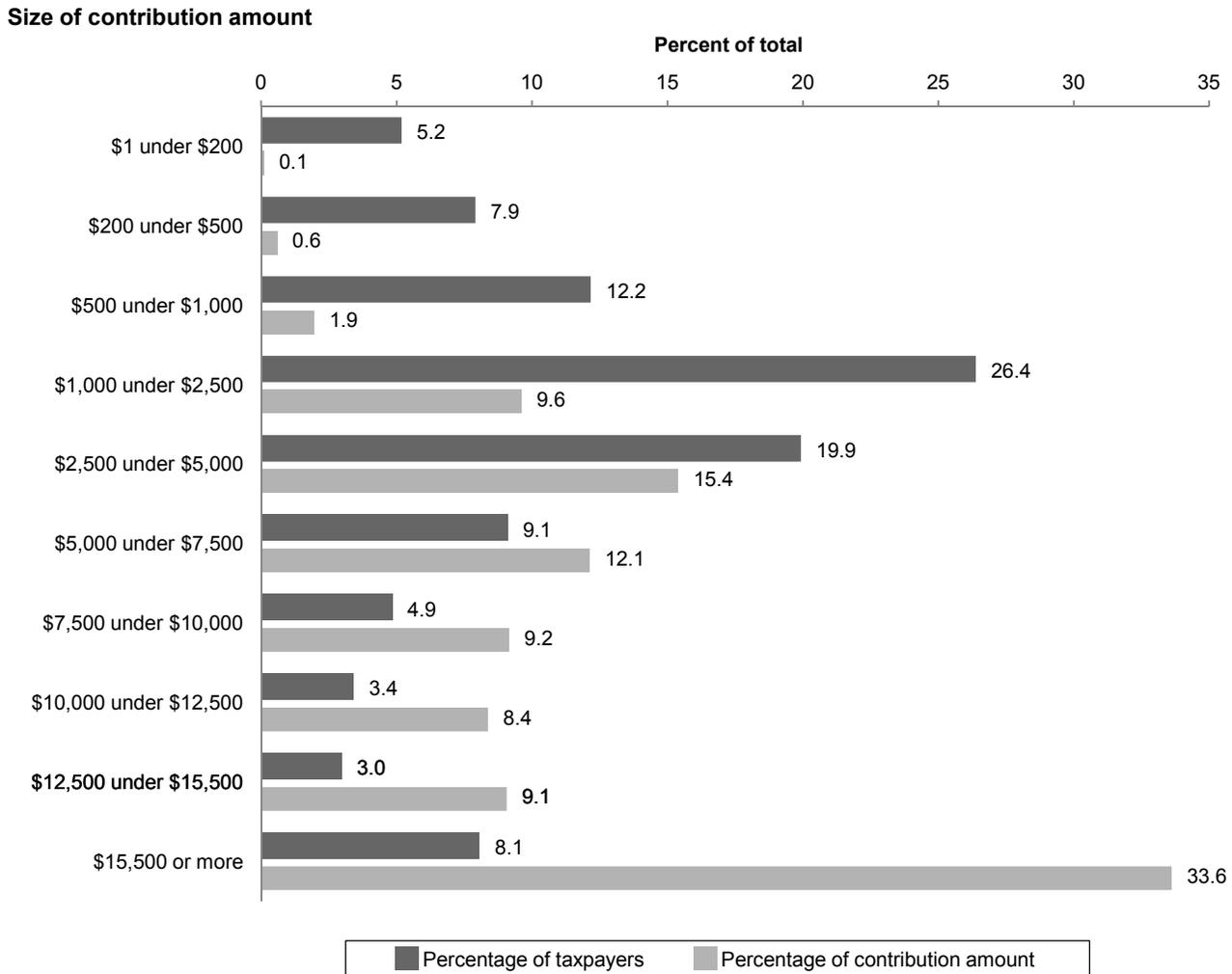
but the retirement plan box, in box 13, was checked. In 2010, there were 20 million such individuals, accounting for 14.6 percent of the total number of taxpayers with W-2 earnings (Figure R). For up to \$50,000 in wages, there were increasing numbers of taxpayers—from each wage income class—that participated in a plan but did not contribute. There were 0.9 million employees, or 5.9 percent of the total, in the \$1-under-\$5,000 category that had the indicator and no contributions. This percentage steadily rose to its highest point (20.2 percent) in the \$40,000-under-\$50,000-wage category. This percentage fell to 16.2 percent for individuals with incomes of \$75,000 under \$100,000. For wage incomes above this level, the percentage of the total number of taxpayers

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Figure 0

Percentage of Taxpayers with Elective Retirement Contributions and Percentage of Total Contribution Amount, by Size of Contribution Amount, Tax Year 2010



NOTE: Percentages are based on 45.8 million taxpayers making \$209.2 billion in elective retirement contributions. Detail may not add to 100 percent because of rounding.

who participated but did not contribute was lower—with participation varying between 10.1 percent (wages between \$200,000 and \$500,000) and 13.7 percent (wages of \$10 million or more). As wage income rose to levels up to \$1 million, an increasing share of the working population was covered by some form of an employer-sponsored retirement plan. Only 9.3 percent of employees in the \$1-under-\$5,000-wage category had coverage, while 86.9 percent of employees making \$500,000 under \$1,000,000 had coverage. Above that wage level, coverage decreased

to 81.4 percent for those taxpayers with W-2 wage income of \$10 million or more.

The number of individuals covered by an employer-based retirement plan increased with age, up to age 60 (Figure S). The total percentage of those covered in the under-26-age category was 20.8 percent in 2010 and increased to 61.6 percent for taxpayers in the age 55-under-60 category. Taxpayers with the retirement plan indicator also rose with age (up to age 65), going from 9 percent for the under 26 category to 18 percent for the 60-under-65

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Figure P

Taxpayers with the Maximum Elective Retirement Contributions, by Age and Gender of Taxpayer, Tax Year 2010

[Average amounts are in whole dollars]

Age of taxpayer	All taxpayers			Women			Men		
	Participation rate (percentage)	Contributions as a percentage of Medicare wages [1]	Average contributions	Participation rate (percentage)	Contributions as a percentage of Medicare wages [1]	Average contributions	Participation rate (percentage)	Contributions as a percentage of Medicare wages [1]	Average contributions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	2.9	9.0	17,524	2.0	12.8	17,348	3.8	7.8	17,614
Under 26	0.1	7.5	8,730	[2]	16.8	7,433	0.1	6.5	9,167
26 under 35	0.8	8.5	14,137	0.6	12.0	14,949	1.0	7.2	13,657
35 under 45	2.7	7.4	15,840	1.8	10.2	15,891	3.6	6.5	15,815
45 under 55	4.7	8.3	17,276	3.3	11.7	17,227	6.1	7.2	17,302
55 under 60	6.4	10.5	18,847	4.3	15.1	18,395	8.6	9.1	19,079
60 under 65	5.9	11.2	19,231	4.1	17.6	18,634	7.7	9.5	19,544
65 under 75	3.8	10.7	20,270	2.4	17.5	19,859	4.9	9.2	20,440
75 and over	1.2	9.8	19,864	0.9	17.1	17,883	1.4	8.5	20,703

[1] Medicare wages and tips (Form W-2, box 5) is used as a proxy for gross earnings.

[2] Less than 0.05 percent.

NOTE: Maximum elective retirement contributions vary depending on participant age and the corresponding contribution type. See IRS Publication 525 for specific dollar limits. Taxpayers whose contribution amount equaled 100 percent of their wage income, were also designated as making a maximum elective contribution.

category, although this increase is less pronounced than the one for those covered by either elective contributions or the indicator.

A majority of married filing jointly taxpayers participated in some form of a retirement plan (Figure T). The participation rate in 2010 for individuals filing joint returns with one wage earner and those filing joint returns with two wage earners was 53.3 percent and 60.1 percent, respectively. For nonjoint wage earners, 38.1 percent of the total number of taxpayers participated in a retirement plan either by the presence of the indicator or through direct contributions. Looking exclusively at two wage earners filing jointly, Figure T only shows the number of individuals either with the elective contributions or the retirement plan indicator. It does not show the extent to which the two wage earners were covered by a plan as a single unit or on a tax-return basis. Figure U however, does show retirement plan coverage based on the activity of at least one spouse on a married filing joint return. For Tax Year 2010, 38.8 million or 78.6 percent of the total 49.3 million joint return two wage earners had some form of retirement plan participation through at least one spouse. The remaining joint returns with two wage earners, 10.6 million taxpayers, had no form of retirement plan participation through elective contributions or the presence of the retirement plan indicator.

Explanation of Selected Terms

Defined benefit plans—Commonly known as traditional pension plans, defined benefit plans are employer-sponsored retirement plans that promise individuals a specified benefit amount paid upon retirement. The promised benefit can be based on an exact dollar amount or determined by a formula that takes into account an employee's income, age, and/or their length of service.

Defined contribution plans—Under these plans, benefits are paid out of contributions made to an individual's retirement savings account by the employee and/or employer, and any investment gains/losses within the account. Employer contributions are either through matching contributions or contributions made on behalf of the employee. The types of defined contribution plans discussed in this article are:

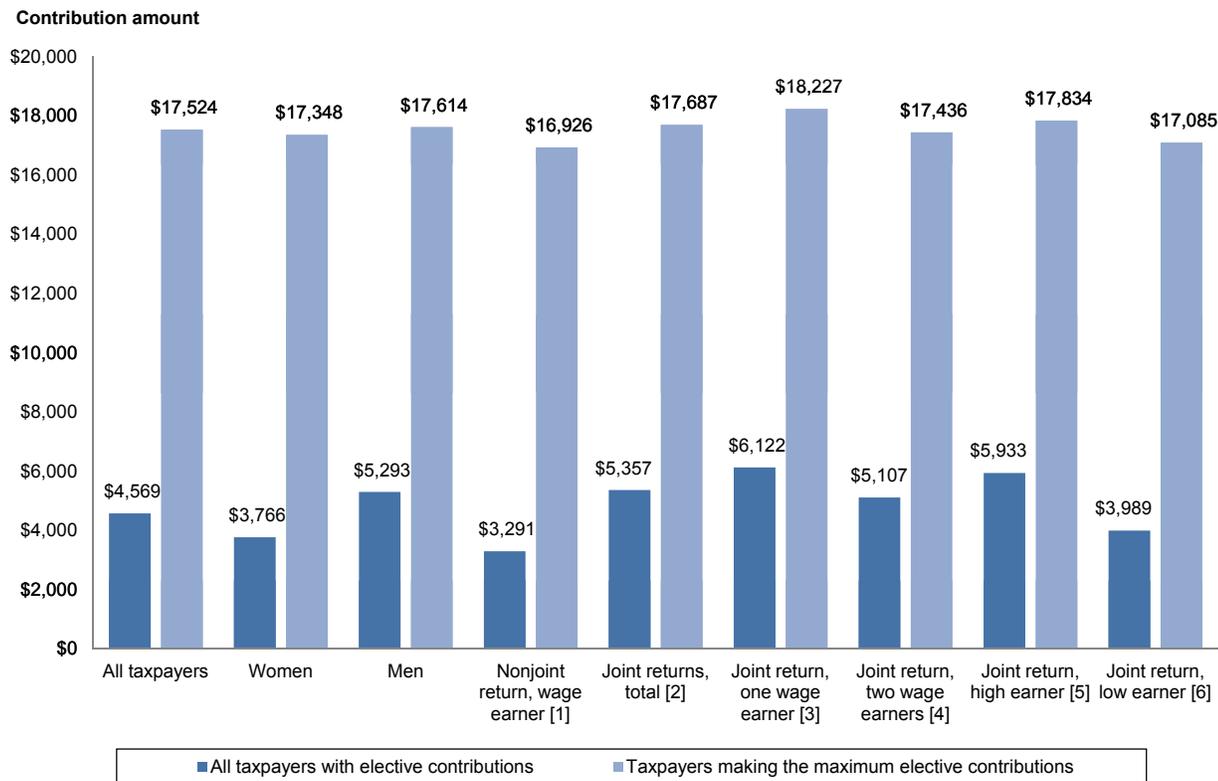
- 401(k) plans, which are common among private-sector employees, but can include government workers, such as the Federal Government Thrift Savings Plan
- 403(b) plans, which are common among employees that work for public education institutions and non-profit organizations
- 457(b) plans, which are common among employees within the State or local government sector

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Figure Q

Average Elective Retirement Contribution Amounts, Tax Year 2010



[1] Includes taxpayers filing single, married filing separately, head of household, or surviving spouse.
 [2] Includes all taxpayers filing jointly; returns with one wage earner and two wage earners.
 [3] Includes taxpayers filing jointly; one taxpayer reported W-2 wage income.
 [4] Includes taxpayers filing jointly; both taxpayers reported W-2 wage income.
 [5] Includes taxpayers filing jointly with the highest share of total wage income (greater than 50 percent). For joint returns where total wage income is split evenly between the spouses, the primary taxpayer was designated as the high earner.
 [6] Includes taxpayers filing jointly with the lowest share of total wage income (less than 50 percent). For joint returns where total wage income is split evenly between the spouses, the secondary taxpayer was designated as the low earner.

- 501(c)(18)(D) plans
- Savings Incentive Match Plan for Employees (SIMPLEs), which are only for small business employees
- 408(k)(6) Simplified Employee Pension (SEP) plans, which are only for small business employees
- Roth 401(k) and Roth 403(b) plans began in 2006 and include retirement accounts where employees contribute part of their income on an after-tax basis. These plans must be kept separate from before-tax contributions to a traditional 401(k) or 403(b) account, but withdrawals are generally tax free upon meeting the necessary distribution requirements.

Elective retirement contributions—For qualified plans, employees can elect to contribute a portion of their income to an employer-sponsored retirement account. Elective retirement contributions, more commonly known as elective deferrals, typically refer to plans where an employee can defer part of their salary to a retirement account before tax; however for this study, elective retirement contributions include both before-and-after-tax plans.

Maximum contributions—There are limitations on how much an employee can contribute to a qualified retirement plan, depending on the plan type. Individuals were denoted as making the maximum contribution if their contribution was equal to the specified plan limit or if their contribution amount was equal to 100 percent of their total W-2 wage income.

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Figure R

Taxpayers with Wage Income, Presence of Elective Retirement Contributions and/or Retirement Plan Indicator, by Size of Wage Income, Tax Year 2010

Size of wage income	Number of taxpayers	Taxpayers with elective retirement contributions or retirement plan indicator checked					
		Number of taxpayers	Percent of total	Taxpayers with elective retirement contributions		Taxpayers with retirement plan indicator only	
				Number of taxpayers	Percent of total	Number of taxpayers	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	136,789,811	65,808,798	48.1	45,785,836	33.5	20,022,964	14.6
\$1 under \$5,000	14,787,390	1,374,248	9.3	508,177	3.4	866,071	5.9
\$5,000 under \$10,000	12,745,608	1,908,066	15.0	867,381	6.8	1,040,685	8.2
\$10,000 under \$15,000	12,070,397	2,764,631	22.9	1,299,725	10.8	1,464,906	12.1
\$15,000 under \$20,000	11,582,668	3,648,562	31.5	2,007,100	17.3	1,641,462	14.2
\$20,000 under \$25,000	10,824,752	4,514,883	41.7	2,803,304	25.9	1,711,579	15.8
\$25,000 under \$30,000	9,941,671	4,973,732	50.0	3,275,115	32.9	1,698,617	17.1
\$30,000 under \$40,000	17,541,520	10,356,529	59.0	7,083,214	40.4	3,273,315	18.7
\$40,000 under \$50,000	13,105,924	9,014,802	68.8	6,365,372	48.6	2,649,430	20.2
\$50,000 under \$75,000	18,397,684	14,055,437	76.4	10,522,762	57.2	3,532,675	19.2
\$75,000 under \$100,000	7,574,561	6,282,973	82.9	5,058,703	66.8	1,224,270	16.2
\$100,000 under \$200,000	6,427,843	5,396,217	84.0	4,660,772	72.5	735,445	11.4
\$200,000 under \$500,000	1,478,625	1,250,230	84.6	1,101,263	74.5	148,967	10.1
\$500,000 under \$1,000,000	222,523	193,435	86.9	167,320	75.2	26,115	11.7
\$1,000,000 under \$1,500,000	43,167	36,944	85.6	32,487	75.3	4,457	10.3
\$1,500,000 under \$2,000,000	16,712	14,210	85.0	12,390	74.1	1,820	10.9
\$2,000,000 under \$5,000,000	22,098	18,375	83.2	16,063	72.7	2,312	10.5
\$5,000,000 under \$10,000,000	4,586	3,831	83.5	3,278	71.5	553	12.1
\$10,000,000 and over	2,080	1,693	81.4	1,408	67.7	285	13.7

Figure S

Taxpayers with Wage Income, Presence of Elective Retirement Contributions and/or Retirement Plan Indicator, by Age of Taxpayer, Tax Year 2010

Age of taxpayer	Number of taxpayers	Taxpayers with elective retirement contributions or retirement plan indicator checked					
		Number of taxpayers	Percent of total	Taxpayers with elective retirement contributions		Taxpayers with retirement plan indicator only	
				Number of taxpayers	Percent of total	Number of taxpayers	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	136,789,811	65,808,798	48.1	45,785,836	33.5	20,022,964	14.6
Under 26	22,330,520	4,642,485	20.8	2,636,770	11.8	2,005,715	9.0
26 under 35	27,120,176	12,387,352	45.7	8,556,671	31.6	3,830,681	14.1
35 under 45	28,765,204	15,681,233	54.5	11,232,486	39.0	4,448,747	15.5
45 under 55	30,335,303	17,878,493	58.9	12,864,308	42.4	5,014,185	16.5
55 under 60	12,598,809	7,755,696	61.6	5,593,379	44.4	2,162,317	17.2
60 under 65	8,746,945	4,967,551	56.8	3,396,706	38.8	1,570,845	18.0
65 under 75	5,661,878	2,228,059	39.4	1,375,100	24.3	852,959	15.1
75 and over	1,230,976	267,930	21.8	130,417	10.6	137,513	11.2

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Figure T

Taxpayers with Wage Income, Presence of Elective Retirement Contributions and/or Retirement Plan Indicator, by Return and Earner Type, Tax Year 2010

Return and earner type	Number of taxpayers	Taxpayers with elective retirement contributions or retirement plan indicator checked					
		Number of taxpayers	Percent of total	Taxpayers with elective retirement contributions		Taxpayers with retirement plan indicator only	
				Number of taxpayers	Percent of total	Number of taxpayers	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	136,789,811	65,808,798	48.1	45,785,836	33.5	20,022,962	14.6
Nonjoint return, wage earner [1]	68,803,124	26,221,996	38.1	17,450,697	25.4	8,771,299	12.7
Joint returns, total [2]	67,986,687	39,586,803	58.2	28,335,139	41.7	11,251,664	16.5
Joint return, one wage earner [3]	18,656,098	9,943,530	53.3	6,974,142	37.4	2,969,388	15.9
Joint return, two wage earners [4]	49,330,589	29,643,273	60.1	21,360,997	43.3	8,282,276	16.8

[1] Includes taxpayers filing single, married filing separately, head of household, or surviving spouse.

[2] Includes all taxpayers filing jointly; returns with one wage earner and two wage earners.

[3] Includes taxpayers filing jointly; one taxpayer reported W-2 wage income.

[4] Includes taxpayers filing jointly; both taxpayers reported W-2 wage income.

Figure U

Joint Return and Two Wage Earner Taxpayers, by Spousal Presence of Elective Retirement Contributions and/or Presence of Retirement Plan Indicator, Tax Year 2010

Spousal presence of elective retirement contributions and/or retirement plan indicator	Number of taxpayers	Percent of total
Total	49,330,589	100.0
Neither elective retirement contributions nor retirement plan indicator	10,565,518	21.4
At least one spouse has elective retirement contributions or retirement plan indicator	38,765,070	78.6

Catch-up contributions—Employees 50 or older by the end of the calendar year are allowed to make additional, or “catch-up,” contributions to qualified plans. Depending on the plan type, limitations apply on the amount of additional contributions that can be made.

Data Sources and Limitations

The data presented in this article are based on information collected from matched samples of Form 1040, *U.S. Individual Income Tax Return*; and Form W-2, *Wage and Tax Statement*, for Tax Years 2008 through 2010. Data from individual income tax returns (Form 1040) are based on a stratified probability sample. For a general description of the sampling procedures and data limitations of Statistics of Income tabulations, see *Statistics of Income—2008, Individual Income Tax Returns*, *Statistics of Income—2009, Individual Income Tax Returns*, and *Statistics of Income—2010, Individual Income Tax Returns*. Information on wages and retirement

contributions are based on Forms W-2 attached to the sampled individual tax return. The gender and age of a taxpayer were derived from the individual income tax return. This information was obtained by matching the primary and secondary Social Security numbers on the individual income tax return to information from the Social Security Administration (SSA). Detail on the type of retirement plan was transcribed from Form W-2, box 12, and compiled on an individual taxpayer basis.

Additional Tabular Data on Tax Stats Website

For additional Form W-2 data, see the Individual section of the Tax Stats Web pages: www.irs.gov/taxstats/index.html. This site includes a summary and percentiles of selected items on Form W-2, tabulations by the size of adjusted gross income and multiples of the Social Security Administration’s Old-Age, Survivors, and Disability Insurance (OASDI) wage limit, tables by the retirement plan indicator, as well as links to past studies.

Wage Income and Elective Retirement Contributions from Form W-2, 2008–2010

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Sole Proprietorship Returns, 2011

by Adrian Dungan

For Tax Year 2011, there were approximately 23.4 million individual income tax returns that reported nonfarm sole proprietorship activity, a 1.8-percent increase from 2010. Profits reported on these returns rose to \$282.6 billion in 2011, a 5.6-percent improvement over the previous year. In constant dollars, total nonfarm sole proprietorship profits increased 3.4 percent for 2011. Profits as a percent of business receipts dropped by 0.1 percent to 22.3 percent, resulting in the second highest level during the 24-year period, 1988 through 2011. All nonfarm sole proprietorship industries experienced increases in profits for 2011 with two exceptions: retail trade sector (down 2.9 percent) and all other industries (down 1.0 percent). The professional, scientific, and technical services sector reported the largest amount of profits (\$72.4 billion), followed by the healthcare and social assistance sector (\$51.3 billion). Profits in the professional, scientific, and technical services sector rose 2.3 percent in 2011 and this sector accounted for 25.6 percent of the total profits for all industry sectors. The healthcare and social assistance sector realized the largest absolute increase in profits (approximately \$2.6 billion) for the year, and accounted for 18.1 percent of the total profits for all sectors. In comparison, the transportation and warehousing sector reported the largest percentage increase in profits (up 27.4 percent), going from \$9.3 billion in 2010 to \$11.8 billion in 2011.

For sole proprietorships as a whole, receipts increased 5.9 percent, while deductions increased 6.0 percent. The retail trade sector reported the largest percentage of total business receipts (15.0 percent) and total business deductions (18.2 percent). In comparison, the transportation and warehousing sector reported the largest rise in business receipts, up 17.3 percent. Among all industrial sectors, real estate and rental and leasing was the only one to experience a downturn in receipts, losing \$0.2 billion or 0.5 percent for the year. This sector also reported the largest decrease in deductions, declining \$1.2 billion or 2.9 percent in 2011.

Returns and Receipts

The number of individual income tax returns reporting nonfarm sole proprietorship activity for 2011 increased 1.8 percent to 23.4 million returns (Figure A).¹ The largest sector in terms of the number of returns was the professional, scientific, and technical services sector. In this sector, the number of returns rose to over 3.2 million, an increase of 0.6 percent. The second largest sector, the other services sector, was mainly comprised of personal and laundry services. For this sector, the number of returns rose from almost 2.8 million in 2010 to over 3 million in 2011, accounting for the largest percentage increase (up 9.0 percent) in the number of returns among all sectors for the year.

In current dollars, total business receipts (the sum of “income from sales and operations” and “other business income”) for all nonfarm sole proprietorship industries increased 5.9 percent, from \$1,195.5 billion to \$1,265.9 billion.² In constant dollar terms, total business receipts for 2011 increased 3.7 percent to \$1,116.8

Adrian Dungan is an economist with the Individual Returns Analysis Section. This article was prepared under the direction of Jeff Hartzok, Chief.

¹ For 2011, the 23,426,940 nonfarm sole proprietorship returns accounted for an estimated 26,112,473 nonfarm businesses. For purposes of the statistics, if a proprietor owned more than one business, the statistics for each business were combined with those of the proprietor’s dominant business and included in the industrial group for that business activity. When this occurred, the sum of net incomes (for businesses reporting a positive net income) reduced by the sum of net deficits (for businesses reporting a deficit) yielded the profits for a specific industrial group.

The North American Industry Classification System (NAICS) was used to classify data by industries for 2011.

These classifications were applied on a “per business” (rather than on a “per establishment”) basis for Statistics of Income by combining various industry groups, although businesses were further combined as described above.

While the wording of the industry titles used for the sole proprietorship statistics diverge somewhat from those appearing in NAICS, the definitions are consistent.

The North American Industry Classification System for industrial coding was introduced in Tax Year 1998. Due to coding changes, comparisons between data by industries from 1998–2011 with 1997 and prior years may show inconsistencies. A reason for this was that several types of sole proprietorships under the NAICS system were classified in completely different industrial groups, which makes prior-year comparisons inappropriate. For example, in 1997, finance, insurance, and real estate were grouped by Standard Industrial Classification (SIC) codes as one industry, while, under the NAICS system, the group has been split into two industrial sectors. The industrial sectors based on the NAICS codes are reported in Tables 1 and 2.

² Statistics for “business receipts, total” in Table 2 represent the total receipts of the business, mainly gross receipts from sales and operations. Business receipts also include miscellaneous business receipts, such as incidental sales of scrap, shown separately in the statistics as “other business income.” However, business receipts exclude incidental investment income received through the business. Examples of such incidental investment income are interest, dividends, income or loss from rents or royalties, and capital or ordinary gain or loss from the sale of investment and business property. Sole proprietors report incidental investment income, in combination with nonbusiness-related investment income, as part of their total income on their individual income tax returns.

Figure A

Nonfarm Sole Proprietorship Returns, Receipts, and Deductions, by Selected Industrial Sectors, Tax Years 2010 and 2011

[Numbers of returns are in thousands—money amounts are in billions of dollars]

Selected industrial sectors	Number of returns			Total business receipts			Total business deductions [1]		
	2010	2011	Percentage increase	2010	2011	Percentage increase	2010	2011	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All nonfarm industries	23,003.7	23,426.9	1.8	1,195.5	1,265.9	5.9	929.0	984.2	6.0
Construction	2,659.6	2,624.6	-1.3	162.1	170.3	5.0	134.5	141.3	5.0
Specialty trade contractors	2,125.6	2,117.1	-0.4	116.0	122.4	5.5	93.1	98.5	5.8
Wholesale trade (merchant wholesalers)	343.6	358.6	4.4	51.7	54.6	5.7	47.2	50.0	5.8
Retail trade	2,276.4	2,312.5	1.6	181.8	190.1	4.5	171.0	179.6	5.0
Transportation and warehousing	1,066.1	1,145.0	7.4	76.4	89.6	17.3	67.2	77.8	15.8
Finance and insurance	642.3	629.1	-2.1	75.1	83.3	10.9	59.3	65.3	10.2
Real estate and rental and leasing	1,221.1	1,166.8	-4.5	53.5	53.3	-0.5	39.4	38.2	-2.9
Real estate	1,152.7	1,109.1	-3.8	49.5	49.8	0.6	35.3	34.5	-2.1
Professional, scientific, and technical services	3,228.4	3,246.5	0.6	165.2	167.9	1.6	94.7	95.6	1.0
Administrative and support and waste management and remediation services	2,408.3	2,550.1	5.9	61.0	67.3	10.3	42.1	46.7	11.0
Healthcare and social assistance	2,192.0	2,218.6	1.3	120.2	124.8	3.9	71.5	73.7	3.0
Arts, entertainment, and recreation	1,402.9	1,436.0	2.4	31.3	34.1	9.0	23.3	25.0	7.4
Performing arts, spectator sports, and related industries	1,157.5	1,165.5	0.7	23.4	25.3	8.4	15.8	16.9	7.1
Other services	2,778.6	3,029.1	9.0	86.9	94.0	8.2	64.2	70.0	9.0
Personal and laundry services	1,768.7	1,936.0	9.5	44.3	48.8	10.2	29.2	32.8	12.4
All other sectors	2,784.4	2,710.1	-2.7	130.3	136.7	4.9	114.5	121.0	5.7

[1] Total business deductions are calculated before subtraction of nonallowable "passive" activity losses and any "passive loss" carryover from prior years.

NOTES: Detail may not add to totals because of rounding. Percentage increases were calculated before rounding.

billion (Figure B).³ This increase put total business receipts in constant dollar terms just short of the \$1,117.8 billion total for 2002, and just above the 2003 level of \$1,116.0 billion.

In current dollars, the retail sector was the largest sector in terms of business receipts, accounting for 15.0 percent of total business receipts in 2011. For this sector, receipts increased 4.5 percent in 2011, following a 1.5-percent increase in 2010.⁴ In the construction sector, business receipts increased 5.0 percent, from \$162.1 billion to \$170.3 billion. This was the first increase for the

construction sector in the last 5 years, following decreases of 6.1 percent in 2010, 16.4 percent in 2009, 10.5 percent in 2008, and 2.4 percent in 2007. The real estate and rental and leasing sector was the only industry to show a decline in business receipts, down 0.5 percent for the year.

The transportation and warehousing sector reported the largest percentage gain in business receipts (up 17.3 percent), followed by the finance and insurance sector (up 10.9 percent) for 2011. Additionally, transportation and warehousing realized the largest absolute increase

³ Based on the overall implicit price deflator for Gross Domestic Product (GDP). See U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*. Indices used for this article were:

Year	Indices	Year	Indices	Year	Indices	Year	Indices
1988	66.988	1994	79.872	2000	88.647	2006	103.257
1989	69.518	1995	81.536	2001	90.650	2007	106.296
1990	72.201	1996	83.088	2002	92.118	2008	108.619
1991	74.760	1997	84.555	2003	94.100	2009	109.615
1992	76.533	1998	85.511	2004	96.770	2010	110.992
1993	78.224	1999	86.768	2005	100.00	2011	113.359

⁴ Adrian Dungan, "Sole Proprietorship Returns, 2010," *Statistics of Income Bulletin*, Summer 2012, Volume 32, Number 1, pp. 5–70. In 2010, business receipts in the retail trade sector decreased by 9 percent, dropping from \$179.1 billion to \$181.8 billion

Sole Proprietorship Returns, 2011

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Figure B

Nonfarm Sole Proprietorship Receipts, Deductions, and Profits, Tax Years 1988–2011

[Money amounts are in billions of dollars]

Tax year	Total business receipts			Total business deductions [1]			Net income less deficit (profits)		
	Current dollars	Constant dollars [2]		Current dollars	Constant dollars [2]		Current dollars	Constant dollars [2]	
		Amount	Percentage increase		Amount	Percentage increase		Amount	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1988	672.0	1,003.2	[3]	545.7	814.6	[3]	126.3	188.5	[3]
1989	692.8	996.6	-0.7	560.2	805.8	-1.1	132.7	190.9	1.2
1990	730.6	1,011.9	1.5	589.2	816.1	1.3	141.4	195.8	2.6
1991	712.6	953.2	-5.8	571.2	764.0	-6.4	141.5	189.3	-3.4
1992	737.1	963.1	1.0	583.1	761.9	-0.3	154.0	201.2	6.3
1993	757.2	968.0	0.5	600.8	768.0	0.8	156.5	200.0	-0.6
1994	790.6	989.9	2.3	623.8	781.0	1.7	166.8	208.8	4.4
1995	807.4	990.2	[4]	638.1	782.6	0.2	169.3	207.6	-0.6
1996	843.2	1,014.9	2.5	666.5	802.1	2.5	176.8	212.7	2.5
1997	870.4	1,029.4	1.4	683.9	808.8	0.8	186.6	220.7	3.8
1998	918.3	1,073.9	4.3	716.2	837.5	3.6	202.3	236.5	7.2
1999	969.3	1,117.2	4.0	761.4	877.5	4.8	207.9	239.7	1.3
2000	1,021.0	1,151.7	3.1	806.4	909.7	3.7	214.7	242.2	1.1
2001	1,016.8	1,121.7	-2.6	799.6	882.1	-3.0	217.4	239.8	-1.0
2002	1,029.7	1,117.8	-0.3	808.9	878.1	-0.5	221.1	240.0	0.1
2003	1,050.2	1,116.0	-0.2	820.2	871.6	-0.7	230.3	244.7	2.0
2004	1,139.5	1,177.6	5.5	892.4	922.2	5.8	247.6	255.8	4.5
2005	1,222.9	1,222.9	3.8	953.4	953.4	3.4	269.9	269.9	5.5
2006	1,278.4	1,238.0	1.2	1,001.1	969.5	1.7	278.0	269.3	-0.2
2007	1,324.4	1,246.0	0.6	1,044.3	982.5	1.3	280.6	263.9	-2.0
2008	1,317.4	1,212.9	-2.7	1,053.7	970.1	-1.3	264.5	243.5	-7.7
2009	1,178.4	1,075.1	-11.4	934.5	852.6	-12.1	244.8	223.3	-8.3
2010	1,195.5	1,077.1	0.2	929.0	837.0	-1.8	267.7	241.2	8.0
2011	1,265.9	1,116.8	3.7	984.2	868.2	3.7	282.6	249.3	3.4

[1] Total business deductions are calculated before subtraction of nonallowable "passive" activity losses and any "passive loss" carryover from prior years. However, these losses (after subtraction) and any carryover are reflected in net income less deficit. Therefore, total business receipts minus total business deductions may not always equal net income less deficit.

[2] Constant dollars are based on the overall implicit price deflator for gross domestic product computed and reported by the U.S. Department of Commerce, Bureau of Economic Analysis, in the *Survey of Current Business*. The deflator represents the annual average of current-weighted prices, based on 2005 = 100.

[3] Not calculated.

[4] Less than 0.05 percent.

NOTE: Percentage increases were calculated before rounding.

in receipts (up \$13.2 billion), compared to any other industrial sector.

Deductions

Total business deductions ("cost of sales and operations" plus business expenses, including expenses for home office) in current dollars increased 6.0 percent from \$929.0 billion in 2010 to \$984.3 billion in 2011 (Figure

A).^{5,6} In constant dollars, total business deductions increased for the first time in 4 years, rising 3.7 percent from \$837.0 billion in 2010 to \$868.2 billion in 2011. Deductions for the largest sector in terms of total business deductions, the retail trade sector, increased 5.0 percent from \$171.0 billion in 2010 to \$179.6 billion in 2011. The second largest sector, the construction sector, also reported an increase in deductions of 5.0 percent, up to

⁵ Sole proprietors report personal, i.e., nonbusiness, income and expense items apart from business income or loss, which is reported on the attached Schedule C, *Profit or Loss From Business* (or, to a lesser extent, on Schedule C-EZ, *Net Profit From Business*). Salaries paid to owners are neither deducted as wages paid on Schedule C nor included as wages received on the Form 1040. Similarly, sole proprietors deduct charitable contributions made through the business as personal expenses on Schedule A, *Itemized Deductions*. However, the owner of a sole proprietorship may choose to deduct any foreign taxes paid as a business expense, unless the owner elects to claim these taxes as a credit against U.S. income tax.

⁶ Business deductions include the home office business deductions. After 1990, home office expenses were calculated separately on Form 8829, *Expenses for Business Use of Your Home*, and the deductible portion brought forward to the Schedule C. In some cases, these expenses were limited. Prior to 1990, these expenses were not limited and were included with other expenses, such as depreciation deductions, utilities, and "other" expenses on Schedule C.

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\$141.3 billion. The largest percentage increase in business deductions for 2011 occurred within the transportation and warehousing sector, which rose 15.8 percent or \$10.6 billion. The largest percentage decrease occurred within the real estate and rental leasing sector, which dropped by 2.9 percent or \$1.2 billion.

The cost of sales and operations, which represented 40.0 percent of total 2011 business deductions, increased 7.4 percent from the 2010 level to \$393.9 billion (Figure C). Total business “expenses” (total business deductions minus the cost of sales and operations) were \$590.4 billion for 2011, a 5.0-percent increase from the 2010 amount.

Total business expenses for nonfarm sole proprietorships include salaries and wages, car and truck expenses, supplies, utilities, taxes paid, and other business expenses (Figure D). In 2011, car and truck expenses made up the largest business expense (\$83.4 billion) reported by nonfarm sole proprietorships, accounting for 14.1 percent of all expenses reported for the year. This expense item also had the largest percentage gain, increasing 13.9 percent from \$73.3 billion in 2010. Salaries and wages, the next largest business expense, totaled \$77.9 billion (13.2 percent), an increase of 5.7 percent from \$73.7 billion reported the previous year. Rent paid on business property, machinery, and equipment accounted for 7.3 percent of total business expenses, increasing 4.0 percent from \$41.6 billion in 2010 to \$43.2 billion in 2011. Contract labor accounted for 6.4 percent of business expenses, reporting a 9.7-percent increase for the year.

Based on constant dollars, depreciation increased almost every year from 1993 through 2003, before declining in 6 out of the 8 years spanning 2003 to 2011 (Figure E).⁷ Increases observed in 2003 and 2008 coincided with legislative changes to section 179 of the Internal Revenue Code (IRC). These changes substantially increased the amount of certain investment property that could be expensed in a given year (rather than depreciated over time). Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, the maximum allowable section 179 deduction quadrupled, increasing from \$24,000 in 2002 to \$100,000 in 2003. This change to the IRC led to an 11.6-percent increase in depreciation for 2003; the highest growth in depreciation for any year between 1988 and 2011. However, a downward trend followed the initial jump in depreciation. From 2004 through 2007, constant

Figure C

Components of Nonfarm Sole Proprietorship Business Deductions, Tax Years 2010 and 2011

(Money amounts are in millions of dollars)

Business deductions	2010	2011	Percentage increase
	(1)	(2)	(3)
Business deductions, total [1]	928,962.9	984,232.6	5.9
Cost of sales and operations, total	366,788.7	393,867.2	7.4
Inventory, beginning of year	41,814.8	41,450.0	-0.9
Cost of labor	27,162.1	28,135.8	3.6
Purchases	239,643.1	255,734.1	6.7
Materials and supplies	44,701.8	49,038.9	9.7
Other costs	55,019.5	61,589.9	11.9
Inventory, end of year	41,552.6	42,081.6	1.3
Business expenses, total	562,174.2	590,365.4	5.0
Advertising expenses	13,259.2	13,404.5	1.1
Car and truck expenses	73,255.1	83,405.8	13.9
Commissions	12,235.2	12,683.3	3.7
Contract labor	34,439.3	37,782.1	9.7
Depletion	912.3	998.0	9.4
Depreciation [2]	35,124.0	35,615.3	1.4
Employee benefit programs	3,009.8	2,950.4	-2.0
Home office business deductions [2]	10,419.9	10,004.9	-4.0
Depreciation, Form 8829	1,390.5	1,345.4	-3.2
Insurance	16,300.2	16,630.2	2.0
Legal and professional services	10,159.9	10,884.1	7.1
Meals and entertainment deducted	7,996.6	8,413.8	5.2
Mortgage interest	4,928.5	4,430.2	-10.1
Other interest paid on business indebtedness	6,209.5	5,925.9	-4.6
Office expenses	11,677.5	11,594.9	-0.7
Pension and profit-sharing plans	1,044.5	1,056.5	1.1
Rent paid on machinery and equipment	8,185.1	8,481.4	3.6
Rent paid on other business property	33,365.5	34,730.3	4.1
Repairs	14,897.5	15,806.9	6.1
Salaries and wages	73,719.2	77,937.3	5.7
Supplies	29,723.5	32,160.3	8.2
Taxes paid	17,697.7	17,704.8	0.0
Travel	11,795.0	12,622.8	7.0
Utilities	24,416.2	26,906.0	10.2
Other business expenses	103,571.9	104,253.2	0.7
Schedule C-EZ business deductions	3,831.0	3,985.6	4.0

[1] Total business deductions are before subtraction of nonallowable “passive” activity losses and any “passive loss” carryover from the prior years.

[2] Depreciation claimed on Form 8829, *Expenses for Business Use of Your Home*, is included in “home office business deductions” and excluded from “depreciation” shown above.

NOTES: Detail may not add to totals because of rounding. Percentage increases were calculated before rounding.

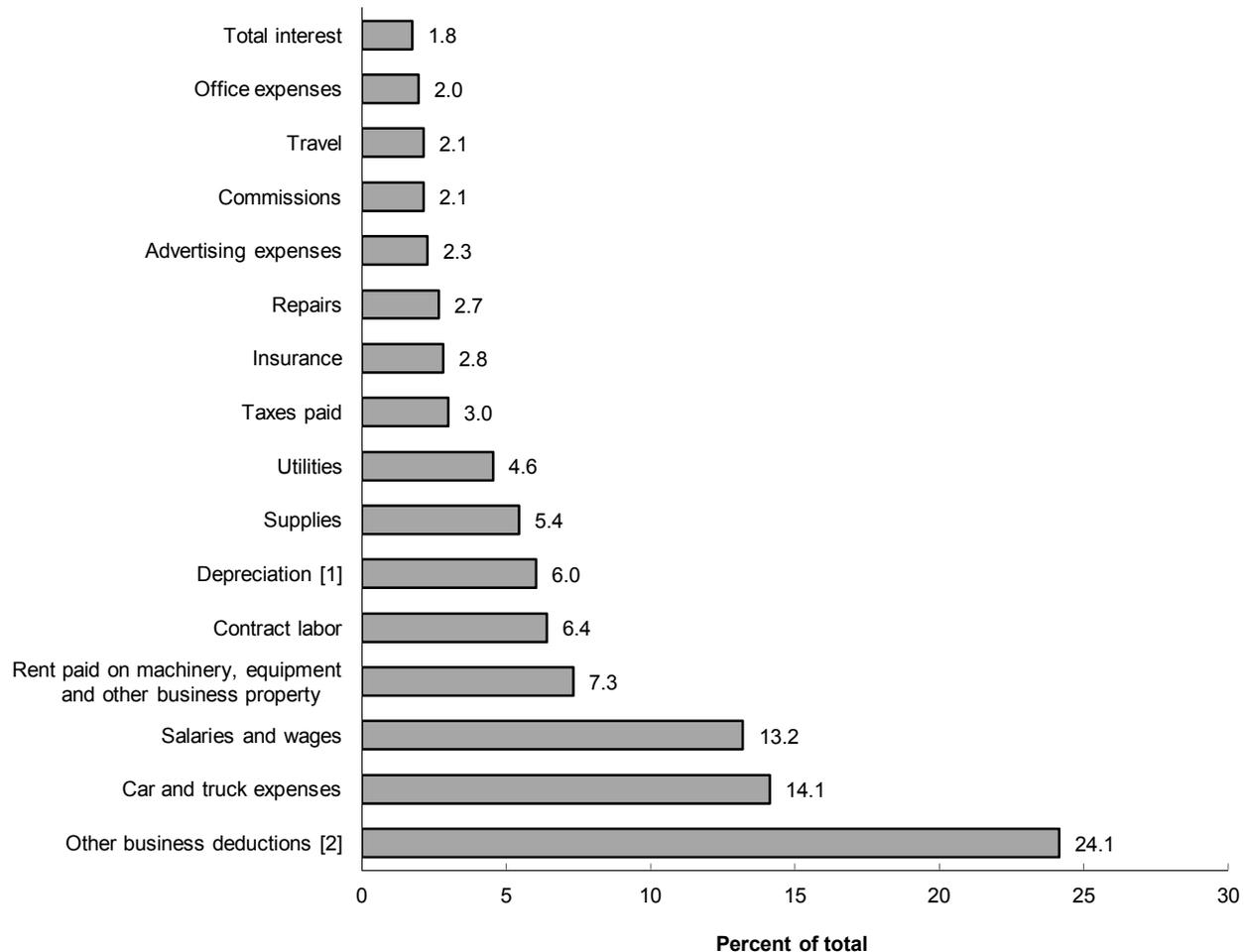
⁷ Under section 179 of the Internal Revenue Code, the cost of certain tangible property may be treated as a current expense rather than a capital expenditure subject to depreciation deductions. The Omnibus Budget Reconciliation Act of 1993 (OBRA93) increased the maximum amount of investment that could immediately be deducted on property placed in service after 1992, from \$10,000 to \$17,500. The increase in the constant dollar depreciation deductions for 1993, and subsequent decline in 1995, may be attributed, in part, to this provision of OBRA93. Following the enactment of this provision, the 179 deduction for all individuals (not just sole proprietors) filing Form 4562, *Depreciation and Amortization*, increased 32.4 percent to \$13.5 billion for 1993.

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Figure D

Nonfarm Sole Proprietorship Business Expenses, Tax Year 2011



[1] Depreciation claimed on Form 8829, *Expenses for Business Use of Your Home*, is included in "home office business deductions" and excluded from "depreciation" shown above. See footnote [2].

[2] Includes depletion; employee benefit programs; legal and professional services; pension and profit-sharing plans; meals and entertainment; home office; and other business deductions. Other business deductions also includes all Schedule C-EZ, *Net Profit from Business*, deductions (\$4.0 billion).

NOTES: Percents are based on an estimated total business expense of \$590.4 billion. Detail may not add to 100 percent because of rounding.

dollar declines in depreciation were witnessed each year. In 2004, depreciation deductions decreased by 0.1 percent, marking the first drop in 9 years. This downward trend became more evident as depreciation fell by 11.8 percent in 2005, 3.3 percent in 2006, and 1.3 percent in 2007. During this same 4-year period, section 179 limits

gradually increased for inflation, rising to \$125,000 in 2007.⁸ In 2008, the section 179 limit was doubled to \$250,000, and depreciation increased 2.3 percent for the year. The \$250,000 limit remained constant for 2009 and depreciation dropped 17.4 percent; the largest decline observed since 1988. In 2010, the section 179 limit was

⁸ Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, the maximum amount of section 179 deduction increased from \$24,000 for 2002 to \$100,000 for 2003, \$102,000 for 2004, \$105,000 for 2005, and \$108,000 for 2006. This was further expanded to \$125,000 for 2007 by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, signed May 25, 2007. The Jobs Creation and Worker Assistance Act of 2002 introduced 30-percent bonus depreciation and the Jobs and Growth Tax Relief Reconciliation Act of 2003 increased the bonus percentage to 50 percent, for property placed in service by January 1, 2005. While bonus depreciation was available to sole proprietors, it was generally not as advantageous as immediate expensing and, therefore, likely had less effect on their depreciation deductions.

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Figure E

Nonfarm Sole Proprietorship Net Income, Deficit, and Depreciation, Tax Years 1988–2011

[Money amounts are in billions of dollars]

Tax year	Current dollars [1]			Constant dollars [1]			Percentage increase in constant dollars [1]		
	Net income	Deficit	Depreciation [2]	Net income	Deficit	Depreciation [2]	Net income	Deficit	Depreciation [2]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1988	145.5	19.2	26.1	217.2	28.7	39.0	[3]	[3]	[3]
1989	152.4	19.7	24.5	219.2	28.3	35.2	0.9	-1.1	-9.5
1990	161.7	20.2	23.7	224.0	28.0	32.8	2.2	-1.3	-6.9
1991	162.4	20.9	23.1	217.2	28.0	30.9	-3.0	-0.1	-5.9
1992	173.5	19.5	23.3	226.7	25.5	30.4	4.4	-8.9	-1.5
1993	177.0	20.5	25.0	226.3	26.2	32.0	-0.2	2.9	5.0
1994	187.8	21.0	26.2	235.1	26.3	32.8	3.9	0.3	2.6
1995	191.7	22.5	26.2	235.1	27.6	32.2	[4]	4.8	-1.9
1996	200.1	23.4	27.4	240.9	28.1	32.9	2.4	2.1	2.4
1997	210.5	23.8	28.6	248.9	28.2	33.9	3.3	0.2	2.8
1998	226.2	23.9	29.1	264.5	28.0	34.1	6.3	-0.7	0.6
1999	233.4	25.5	30.6	269.0	29.3	35.3	1.7	4.9	3.6
2000	245.2	30.5	32.2	276.6	34.4	36.3	2.8	17.3	2.9
2001	250.2	32.8	33.4	276.0	36.2	36.9	-0.2	5.1	1.5
2002	257.3	36.2	36.6	279.3	39.3	39.8	1.2	8.6	7.9
2003	269.1	38.8	41.8	286.0	41.2	44.4	2.4	4.9	11.6
2004	290.5	42.9	42.9	300.2	44.4	44.3	5.0	7.6	-0.1
2005	314.8	44.8	39.1	314.8	44.8	39.1	4.9	1.1	-11.8
2006	326.8	48.7	39.0	316.5	47.2	37.8	0.5	5.3	-3.3
2007	335.1	54.5	39.6	315.3	51.3	37.3	-0.4	8.7	-1.3
2008	325.3	60.8	41.4	299.5	55.9	38.2	-5.0	9.0	2.3
2009	308.9	64.1	34.5	281.8	58.4	31.5	-5.9	4.5	-17.4
2010	323.2	55.5	35.1	291.2	50.0	31.6	3.3	-14.4	0.4
2011	337.0	54.3	35.6	297.3	47.9	31.4	2.1	-4.1	-0.7

[1] Current dollars are the value of a dollar at the time it was measured. Constant dollars are based on the overall implicit price deflator for gross domestic product computed and reported by the U.S. Department of Commerce, Bureau of Economic Analysis, in the *Survey of Current Business*. The deflator represents the annual average of current-weighted prices, based on 2005 = 100.

[2] Excludes depreciation claimed on Form 8829, *Expenses for Business Use of Your Home*.

[3] Not calculated.

[4] Less than 0.05 percent.

NOTE: Percentage increases were calculated before rounding.

again doubled to \$500,000, and depreciation increased 0.4 percent, from \$31.5 billion to \$31.6 billion.⁹ For 2011, constant dollar depreciation dropped 0.7 percent, declining to \$31.4 billion.

Beginning with Tax Year 1992, certain smaller businesses could elect not to itemize depreciation and other business deductions by filing the Schedule C-EZ, *Net Profit from Business*, a simplified version of Schedule C, *Profit or Loss from Business*. (Schedule C and Schedule C-EZ are the source of sole proprietorship statistics.) For 2011, taxpayers could use Schedule C-EZ if they: had

business expenses of \$5,000 or less; used the cash accounting method; had no inventories; did not report a loss from the business; had only one business as a sole proprietor; had no employees; were not required to file Form 4562, *Depreciation and Amortization*, for the business; claimed no deduction for home business expenses; and had no prior-year disallowed passive activity losses from the business. Since taxpayers using Schedule C-EZ did not itemize business deductions, the detailed deductions in Table 2 are slightly understated and do not add to the totals.

⁹ For 2008, the Economic Stimulus Act of 2008 increased the maximum expensing deduction under section 179 to \$250,000. The American Recovery and Reinvestment Act of 2009 extended that level through 2009. For all individual tax returns that filed Form 4562, *Depreciation and Amortization*, the Section 179 property deducted as an expense increased by 5.1 percent to \$49.8 billion for 2008. For 2009, when the maximum 179 deduction remained at \$250,000, the amount deducted for all returns decreased by 17.2 percent to \$41.3 billion. The amount deducted as section 179 property on returns that had a Schedule C dropped 19.6 percent to \$16.2 billion between 2008 and 2009. For 2010, the amount taxpayers were able to deduct as section 179 property increased to \$500,000. This was in accordance with the Small Business Jobs and Credit Act of 2010. The amount deducted by returns with a Schedule C increased to \$18.8 billion, representing a 15.6-percent increase from 2009. For 2010, the amount deducted on all individual returns increased to \$49.6 billion, a 20.3-percent increase from 2009. These numbers do not reflect depreciation solely deducted on the Schedule C, as this could also include depreciation taken on the Schedule E, *Supplemental Income and Loss*, the Schedule F, *Profit or Loss from Farming*, and the Form 4835, *Farm Rental Income and Expenses*.

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Approximately 4.6 million taxpayers filed Schedule C-EZ for Tax Year 2011, marking a 2.43-percent increase from the number filed for 2010 (Figure F). Taxpayers in the administrative and support sector filed 0.8 million Schedule C-EZ returns for 2011, accounting for the largest share (30.2 percent) of the total sole proprietorship returns for that sector.¹⁰ Business receipts claimed by taxpayers who filed Schedule C-EZ totaled \$36.2 billion, or 2.9 percent of the business receipts reported for the year. Business deductions reported on Schedule C-EZ returns accounted for only 0.4 percent of total business deductions for all industries, or \$4.0 billion of the total \$984.2 billion. Despite having the largest concentration of Schedule C-EZ filers within its sector, receipts and deductions reported by administrative and support services accounted for only 8.9 percent of its business receipts and 1.2 percent of its total business deductions.

Profits and Losses

In 2011, most of the largest principal industrial sectors for sole proprietorships reported an increase in profits (net income less deficit). Figure B presents total profits for all industries (in both current and constant dollars) since 1988, while Figure G presents profits by industrial sector for 2010 and 2011.¹¹ Total profits increased 5.6 percent from \$267.7 billion in 2010 to \$282.6 billion in 2011. The professional, scientific, and technical services sector reported the largest percentage of total profits of all nonfarm sole proprietorships (25.6 percent), and had a 2.3-percent increase in profits for the year. Of all the principal industrial sectors, profits declined in only the retail sector, dropping 2.9 percent to \$10.6 billion. The healthcare and social assistance sector realized the largest dollar increase in profits, rising by \$2.6 billion or 5.4 percent between 2010 and 2011. In comparison, the transportation and warehousing sector had the largest percentage increase in profits (up 27.4 percent), realizing a gain of \$2.5 billion. This represents a reversal for the transportation and warehousing sector from 2010, when it was the only sector to report a decline in profits. The arts, entertainment and recreation sector (up 13.5 percent) and the finance and insurance sector (up 13.1 percent) had the second and third largest percentage increases for 2011.

Total profits (in constant dollars) rose by 3.4 percent for 2011, marking the second straight year profits increased (Figure B). These consecutive increases

occurred following a 4-year decline. (Figure H shows net income less deficits as a percentage of business receipts for 1988 through 2011.) In general, this percentage has increased slightly over time, beginning with a low of 18.8 percent in 1988, remaining between 20.7 percent and 22.1 percent since 1992, and peaking at 22.1 percent in 2005. However, this trend was broken in 2008, when the percentage dropped below this range to 20.1 percent, only to return in 2010 when profits increased to 20.8 percent. In 2010, profits as a percent of business receipts rose by 1.6 percent to hit the highest level of the 24-year period covered by this article at 22.4 percent. For 2011, the percentage dropped slightly to the second highest level since 1988, declining 0.1 percent to 22.3 percent. (Figure E presents net income and deficit separately for 1988 through 2011, in current and constant dollars.) For 2011, net income (in constant dollars) increased by 2.1 percent and net deficit (in constant dollars) decreased for the second straight year (down 4.1 percent). From 1998 through 2009, net deficits had increased every year.

Industries

Using receipts as a measure of business size, Figure A and Figure I show that retail trade was the largest sole proprietorship industrial sector for 2011, accounting for 15.0 percent of all business receipts. Total receipts for this sector (\$190.1 billion) were 4.5 percent higher than the \$181.8 billion reported for 2010. Deductions for the retail trade sector also rose 5.0 percent in 2011 to \$179.6 billion. These modest increases in total receipts and total deductions led to a 2.9-percent decrease in profits (Figure G). In terms of receipts, the construction sector was the second largest sole proprietorship industrial sector, accounting for 13.4 percent of all business receipts and reporting a 5-percent growth in receipts for 2011. This marked a reversal in the trend of decreases in receipts that the construction sector has gone through in recent years. Tax Year 2009 was the first time in 5 years that construction was not the largest sole proprietorship industrial sector, due to a 16.4-percent decrease in total business receipts, from \$206.7 billion in 2008 to \$172.7 billion in 2009. Another 6.1 percent drop in 2010 left the construction sector as the third largest sector in terms of business receipts. In 2011, almost all industries reported an increase in total business receipts. Transportation and warehousing led the way with an increase of 17.3 percent in business receipts. The only industry that reported a

¹⁰ Based on the NAICS system, the full name of the administrative and support services sector is administrative and support and waste management and remediation services sector. The waste management and remediation services portion makes up a small percentage of the overall numbers reported under this classification, which are detailed in Table 1.

¹¹ Net income minus deficit (loss) before Federal income tax yields profits. Proprietors compute their tax on total "taxable income," which includes their business profits, plus any other income.

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Figure F

All Nonfarm Sole Proprietorship Returns and Those with Schedule C-EZ, by Selected Industrial Sectors, Tax Year 2011

[Numbers of returns are in thousands, money amounts are in millions of dollar:

Selected industrial sectors	Number of returns			Total business receipts			Total business deductions [1]		
	Total	With Schedule C-EZ	Percentage of total	Total	On Schedule C-EZ	Percentage of total	Total	On Schedule C-EZ	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All nonfarm industries	23,426,940	4,632,069	19.8	1,265,939.2	36,217.6	2.9	984,232.6	3,985.6	0.4
Construction	2,624,614	476,662	18.2	170,264.8	4,143.3	2.4	141,253.8	416.1	0.3
Wholesale trade (merchant wholesalers)	358,559	39,190	10.9	54,622.7	324.4	0.6	49,987.5	45.1	0.1
Retail trade	2,312,523	266,246	11.5	190,069.5	1,726.3	0.9	179,551.1	184.6	0.1
Transportation and warehousing	1,145,033	131,404	11.5	89,584.1	956.1	1.1	77,848.1	148.9	0.2
Finance and insurance	629,096	56,770	9.0	83,298.9	541.8	0.7	65,337.5	60.5	0.1
Real estate and rental and leasing	1,166,757	108,181	9.3	53,291.2	1,014.7	1.9	38,214.4	156.0	0.4
Professional, scientific, and technical services	3,246,549	528,703	16.3	167,902.7	5,774.1	3.4	95,613.6	536.3	0.6
Administrative and support and waste management and remediation services	2,550,112	771,107	30.2	67,314.6	5,976.9	8.9	46,730.5	564.7	1.2
Health care and social assistance	2,218,569	598,005	27.0	124,842.1	5,551.7	4.4	73,652.6	475.5	0.6
Arts, entertainment, and recreation	1,435,977	315,502	22.0	34,080.4	1,535.6	4.5	25,040.1	270.2	1.1
Other services	3,029,079	692,214	22.9	93,991.4	5,350.0	5.7	69,994.6	705.7	1.0
All other sectors	2,710,073	648,085	23.9	136,676.8	3,322.9	2.4	121,008.9	422.1	0.3

[1] Total business deductions are calculated before subtraction of nonallowable "passive" activity losses and any "passive loss" carryover from prior years.

NOTES: Certain smaller sole proprietorships could elect not to itemize business expenses by filing Schedule C-EZ, "Net Profit from Business." See the text of this article for a full list of the requirements to be eligible to file Schedule C-EZ. Detail may not add to totals because of rounding. Percentages were calculated before rounding.

Figure G

Nonfarm Sole Proprietorship Profits, by Selected Industrial Sectors, Tax Years 2010 and 2011

[Money amounts are in billions of dollars]

Selected industrial sectors	Net income less deficit (profits)		
	2010	2011	Percentage increase
	(1)	(2)	(3)
All nonfarm industries	267.7	282.6	5.6
Construction	27.6	29.1	5.3
Specialty trade contractors	23.0	24.0	4.6
Wholesale trade (merchant wholesalers)	4.5	4.7	4.1
Retail trade	10.9	10.6	-2.9
Transportation and warehousing	9.3	11.8	27.4
Finance and insurance	15.9	18.0	13.1
Real estate and rental and leasing	14.3	15.1	5.8
Real estate	14.3	15.3	7.3
Professional, scientific, and technical services	70.7	72.4	2.3
Administrative and support and waste management and remediation services	19.0	20.6	8.6
Health care and social assistance	48.7	51.3	5.4
Arts, entertainment, and recreation	8.0	9.1	13.5
Performing arts, spectator sports, and related industries	7.7	8.5	11.1
Other services	22.7	24.1	5.8
Personal and laundry services	15.1	16.0	5.8
All other sectors	16.0	15.9	-1.0

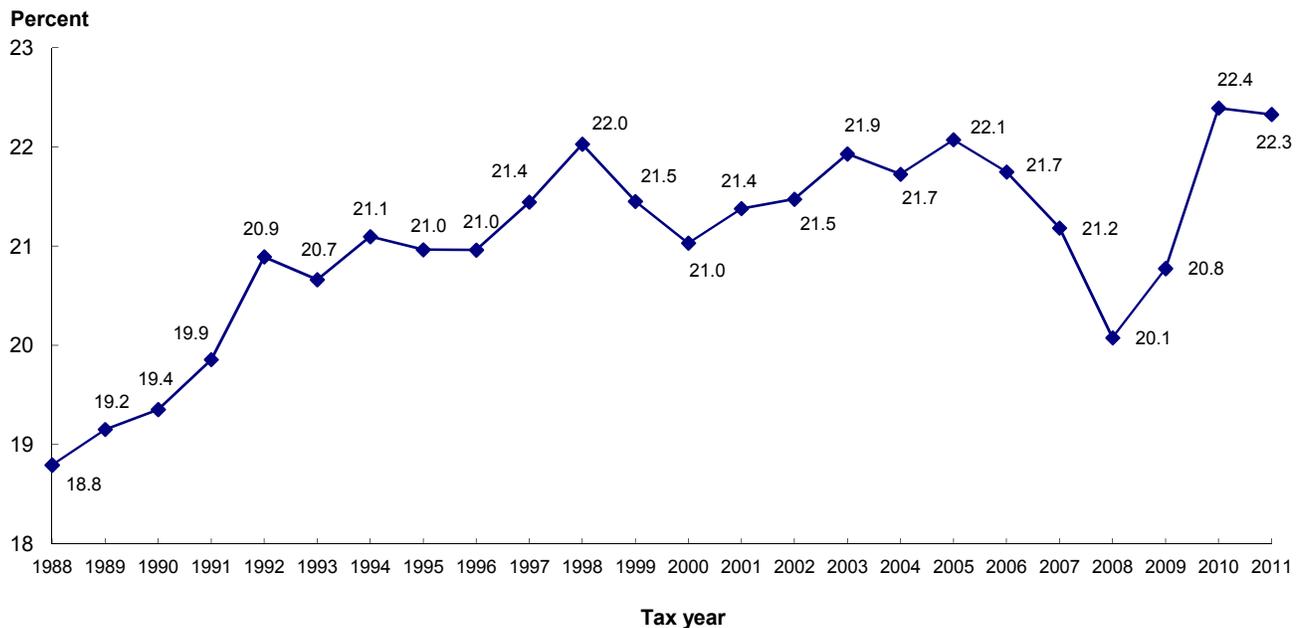
NOTES: Detail may not add to totals because of rounding. Percentage increases were calculated before rounding.

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Figure H

Nonfarm Sole Proprietorship Net Income Less Deficit (Profits) as a Percentage of Total Business Receipts, Tax Years 1988–2010



drop in business receipts was the real estate and rental and leasing sector (down 0.5 percent).

The professional, scientific, and technical services sector again had the largest percentage of sole proprietorship profits (25.6 percent) for 2011 (Figure J). The healthcare and social assistance sector accounted for the next highest percentage (18.1 percent), reporting a \$51.3 billion rise in profits for 2011, and a 5.4-percent increase from 2010 levels. These two sectors were followed by construction (10.3 percent), other services (8.5 percent), and administrative and support services (7.3 percent) in terms of the overall share of sole proprietor profits.

Sole Proprietorships Registered as Limited Liability Companies

Tax Year 2001 is the first year in which data became available on the number of limited liability companies (LLCs) among sole proprietorship returns. LLC entities have limited liability (like corporations), but they may be taxed as sole proprietorships (for which income and expenses flow through to the owner to be taxed), if they are owned by a single, individual member. In 2001, there were approximately 126,000 sole proprietorship returns that indicated status as an LLC (Figure K). For Tax Year 2011, the number of these sole proprietorships rose to

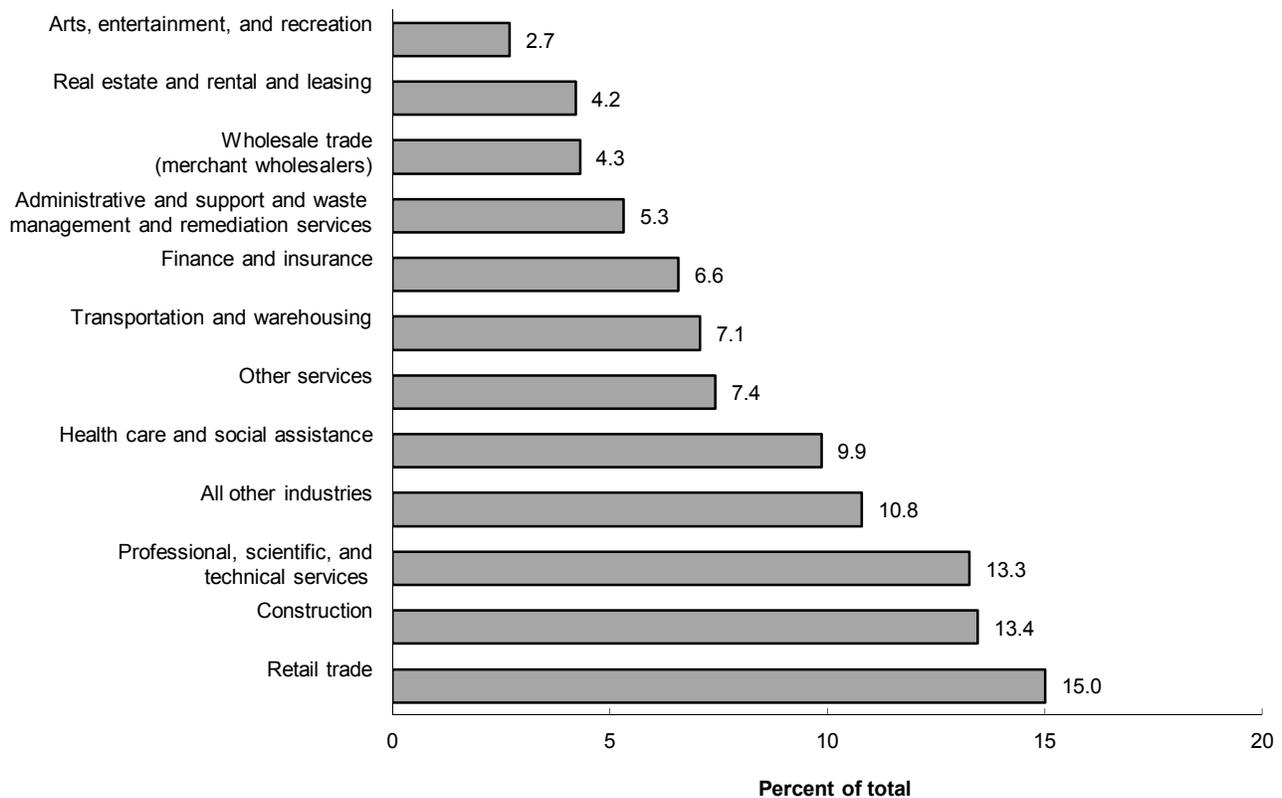
approximately 1,125,000. The 2011 level of LLCs among sole proprietorship returns accounted for 4.8 percent of the total nonfarm sole proprietorship returns, with the total number of returns with LLCs having increased nearly ninefold since 2001, when LLCs accounted for just 0.7 percent of the total nonfarm sole proprietorships. The increase in number of LLC returns has resulted in the LLC business receipts share of the total nonfarm sole proprietorship business receipts rising, from approximately 2.3 percent in 2001, to a little more than 19.3 percent in 2011 (Figure L). Similarly, the portion of total net income (less deficit) of all nonfarm sole proprietorships attributable to LLCs increased from 1.0 percent in 2001 to 9.6 percent in 2011.

Summary

Profits for the 23.4 million returns with sole proprietorship activity for Tax Year 2011 increased 5.6 percent to a level of \$282.6 billion. In constant dollars, total nonfarm sole proprietorship profits increased 3.4 percent after increasing 8.0 percent in 2010. The professional, scientific, and technical services sector had the largest profits of any sector (\$72.4 billion), representing 25.6 percent of the total sole proprietorship profits, followed by the healthcare and social assistance sector (\$51.3 billion) with 18.1 percent of total profits. Transportation

Figure I

Nonfarm Sole Proprietorship Total Business Receipts, by Selected Industrial Sectors, Tax Year 2011



NOTES: Percents are based on estimated total business receipts of \$1.3 trillion. Detail may not add to 100 percent because of rounding.

and warehousing (up 27.4 percent), arts, entertainment, and recreation (up 13.5 percent), and finance and insurance (up 13.1 percent) reported the largest percentage increases in profits.

For all sole proprietorships, receipts increased 5.9 percent, while deductions increased 6.0 percent. The largest sole proprietorship industrial sector, based on business receipts, was the retail trade sector, accounting for 15.0 percent of the total receipts. Transportation and warehousing reported the largest increases in receipts (up 17.3 percent) and deductions (up 15.8 percent). The real estate and rental and leasing sector is the only industrial sector that experienced a downturn in receipts from 2010 to 2011, losing \$0.2 billion, whereas the retail

trade sector was the only principal sector to experience a drop in profits, losing \$0.3 billion.

Data Sources and Limitations

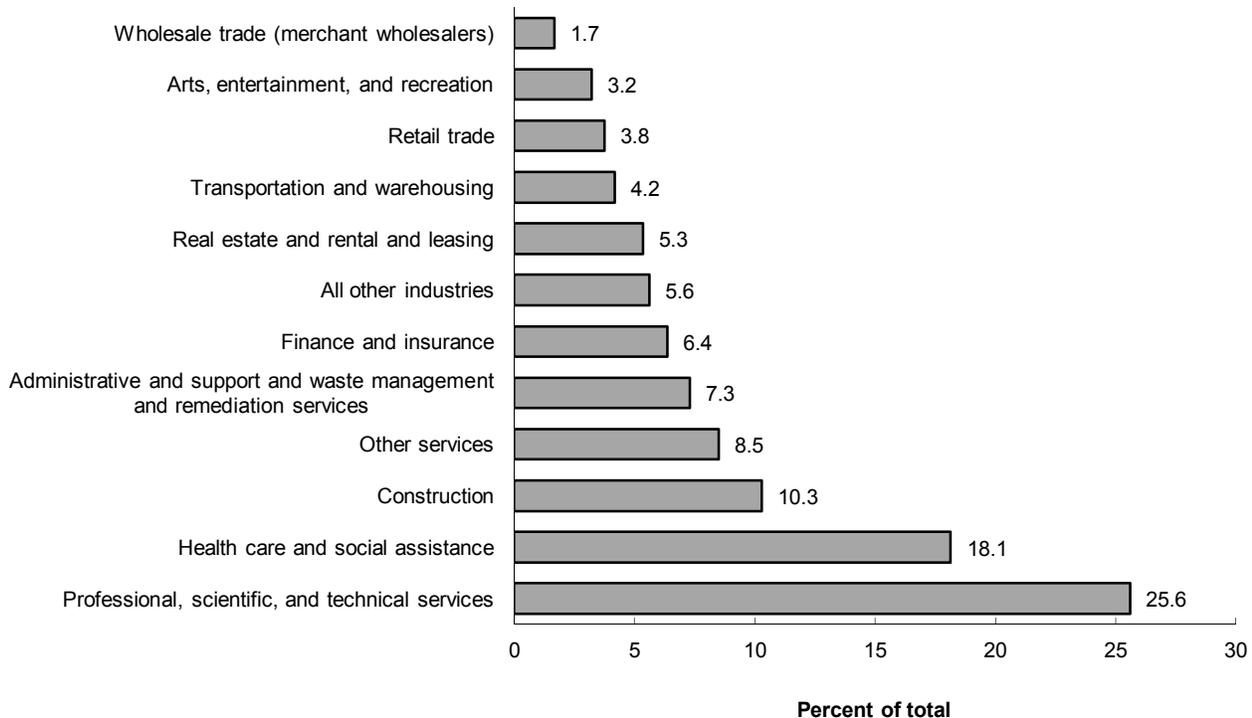
The 2011 sole proprietorship estimates are based on a stratified probability sample of unaudited individual income tax returns, Form 1040 (including electronically filed returns), processed by the Internal Revenue Service during Calendar Year 2012. Returns in the sample were stratified based on: (1) the presence or absence of Schedule C, *Profit or Loss From Business (Sole Proprietorship)*, or Schedule C-EZ, *Net Profit From Business*, and Schedule F, *Farm Income and Expenses*; (2) the larger of positive income or negative income (i.e.,

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Figure J

Nonfarm Sole Proprietorship Total Profits, by Selected Industrial Sectors, Tax Year 2011



NOTES: Percentages are based on estimated total profits of \$282.6 billion. Detail may not add to 100 percent because of rounding. Profits is a designation for "net income less deficit," shown elsewhere in this article.

“adjusted gross income” before statutory adjustments); and (3) tax year. The returns were selected at rates that ranged from 0.1 percent to 100 percent. The 2011 nonfarm sole proprietorship data are based on a sample of 85,549 returns and a population of 23,751,000 returns.¹² The corresponding 2010 data were based on a sample of 81,026 returns and a population of 23,332,487 returns.

Since the data presented in this article are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data estimates provided, the magnitude of the potential sampling

error must be known; coefficients of variation (CVs) are used to measure that magnitude. Figure M presents estimated coefficients of variation for the number of returns and money amounts for selected items and industrial sectors. Generally, the smaller the coefficient of variation, the more reliable the estimate is judged to be. The SOI Sampling Methodology and Data Limitations section in this issue of the *Bulletin* discusses the reliability of estimates based on samples and the use of coefficients of variation for evaluating the precision of estimates based on samples.

¹² The difference between the number of returns in the population and the total number of returns in Tables 1 and 2 is mainly due to returns in which Schedule C income was moved to other income or wages to avoid double counting of taxpayers for Gross Domestic Product calculations. In addition, data from amended returns and tentative returns are not reflected in these statistics.

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Figure K

Number of Nonfarm Sole Proprietorships Registered as Limited Liability Companies (LLCs), Tax Years 2001–2011

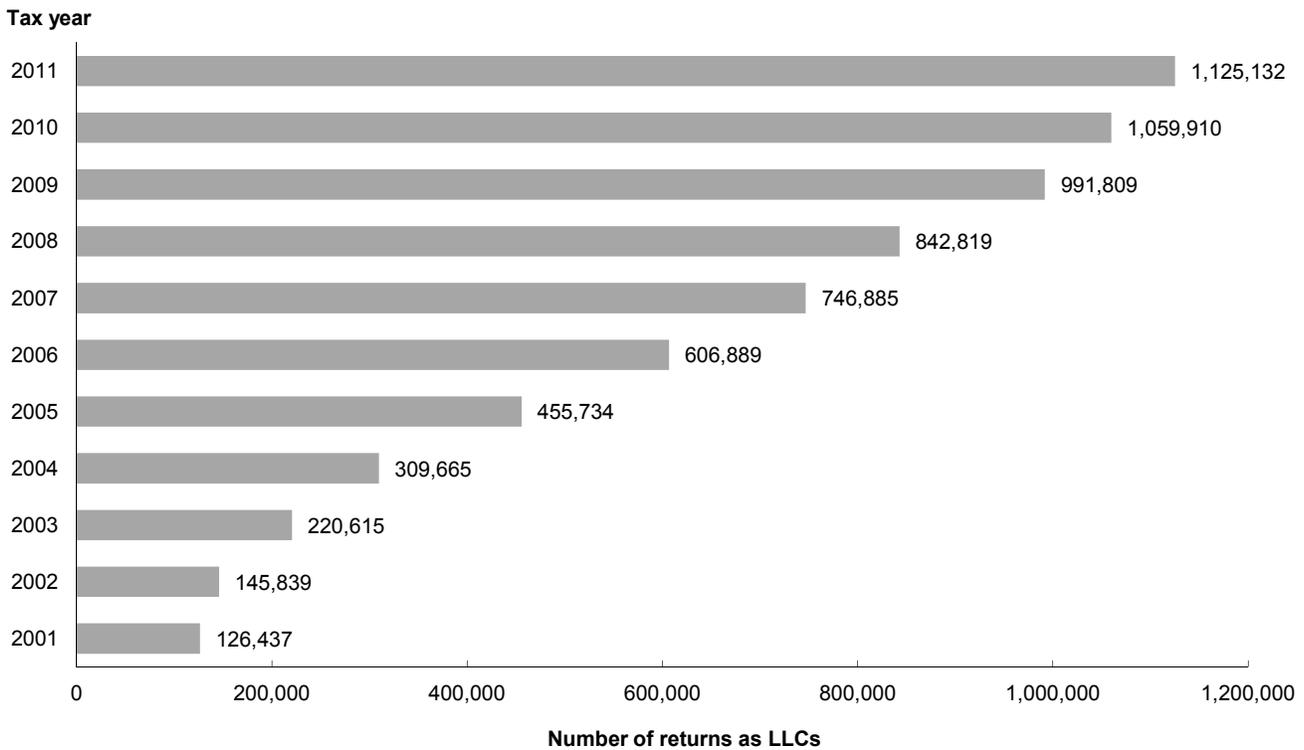


Figure L

Number of Returns, Business Receipts, and Profits For All Nonfarm Sole Proprietorships and Those Registered As Limited Liability Companies (LLC), Tax Years 2001–2011

[Numbers of returns are in thousands—money amounts are in millions of dollars]

Tax Year	Number of returns			Total business receipts			Net income less deficit		
	All Nonfarm Sole Proprietorships	Nonfarm Sole Proprietorships registered as LLCs	Percentage LLCs of all Nonfarm Sole Proprietorships	All Nonfarm Sole Proprietorships	Nonfarm Sole Proprietorships registered as LLCs	Percentage LLCs of all Nonfarm Sole Proprietorships	All Nonfarm Sole Proprietorships	Nonfarm Sole Proprietorships registered as LLCs	Percentage LLCs of all Nonfarm Sole Proprietorships
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2001	18,338,190	126,437	0.7	1,016,834.7	23,357.8	2.30	217,385.1	2,259.1	1.04
2002	18,925,517	145,839	0.8	1,029,691.8	39,239.7	3.81	221,113.3	3,378.8	1.53
2003	19,710,079	220,615	1.1	1,050,202.4	55,626.8	5.30	230,308.1	3,847.6	1.67
2004	20,590,691	309,665	1.5	1,139,523.8	82,850.7	7.27	247,567.2	6,743.7	2.72
2005	21,467,566	455,734	2.1	1,222,880.2	119,603.0	9.78	269,920.0	10,902.8	4.04
2006	22,074,953	606,889	2.7	1,278,359.8	151,746.2	11.87	278,032.6	14,270.5	5.13
2007	23,122,698	746,885	3.2	1,324,403.1	185,837.7	14.03	280,557.0	16,235.2	5.79
2008	22,614,483	842,819	3.7	1,317,443.0	205,646.0	15.61	264,508.4	18,215.2	6.89
2009	22,659,976	991,809	4.4	1,178,437.1	205,194.2	17.41	244,821.8	18,522.8	7.57
2010	23,003,656	1,059,910	4.6	1,195,538.6	220,116.9	18.41	267,699.7	23,915.5	8.93
2011	23,426,940	1,125,132	4.8	1,265,939.2	244,024.9	19.28	282,649.9	27,093.8	9.59

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Figure M

Nonfarm Sole Proprietorships: Coefficients of Variation for Selected Items, by Selected Industrial Sectors, Tax Year 2010

[Coefficients of variation are in percentages]

Industrial sector	Coefficients of variation				
	Total business receipts	Total business deductions	Depreciation [1]	Net income	Deficit
	(1)	(2)	(3)	(4)	(5)
All nonfarm industries	0.58	0.65	1.46	0.77	1.43
Construction	2.30	2.44	4.58	2.58	4.96
Specialty trade contractors	2.74	2.96	5.57	2.97	6.90
Wholesale trade (merchant wholesalers)	4.39	4.47	9.01	6.44	12.41
Retail trade	2.18	2.18	4.40	3.67	3.94
Transportation and warehousing	2.98	2.97	4.95	4.15	5.92
Finance and insurance	2.23	2.13	8.05	4.06	6.20
Real estate and rental and leasing	2.94	2.91	5.29	3.99	4.60
Real estate	3.07	3.08	6.70	4.09	4.97
Professional, scientific, and technical services	1.79	2.14	4.37	2.02	4.34
Administrative and support and waste management and remediation services	2.98	3.55	7.46	2.88	6.98
Health care and social assistance	1.85	2.01	4.54	2.16	6.36
Arts, entertainment, and recreation	3.54	3.53	5.16	4.56	5.51
Performing arts, spectator sports, and related industries	4.07	4.10	7.23	4.87	6.48
Other services	2.84	3.22	5.88	2.77	6.14
Personal and laundry services	3.27	3.89	8.36	3.26	8.40
All other sectors	2.20	2.28	3.47	2.90	3.51

[1] Excludes depreciation claimed on Form 8829, *Expenses for Business Use of Your Home*.

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011

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

Industrial sector	Businesses with and without net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All nonfarm industries	23,426,940	1,265,939,196	36,960,619	8,481,360	34,730,269	10,356,183	106,073,133	282,649,926
Agriculture, forestry, hunting, and fishing	288,265	17,776,526	1,437,362	119,196	208,109	277,261	1,540,472	974,778
Animal production (including breeding of cats and dogs)	34,230	1,026,222	148,972	825	17,818	16,653	101,719	-348,272
Forestry and logging (including forest nurseries, timber tracts)	43,362	4,453,861	467,750	42,726	7,893	75,628	352,627	73,454
Fishing, hunting, and trapping	68,656	2,762,637	294,827	13,626	84,340	81,652	56,953	434,820
Support activities for agriculture and forestry	142,018	9,533,807	525,813	62,020	98,057	103,329	1,029,172	814,776
Mining	116,903	12,332,442	1,225,018	52,736	66,389	215,576	692,357	1,082,772
Oil and gas extraction	92,726	9,084,266	846,051	17,796	29,363	131,278	366,865	674,958
Other mining	6,086	742,693	97,551	11,441	4,888	42,618	108,373	-51,621
Support activities for mining	18,091	2,505,483	281,416	23,499	32,138	41,680	217,119	459,435
Utilities	10,874	559,210	50,799	* 1,826	2,438	8,656	67,820	-6,723
Construction	2,624,614	170,264,842	4,735,037	952,307	1,429,372	1,086,823	18,954,056	29,076,255
Construction of buildings	444,598	40,641,973	817,544	185,821	220,876	320,437	4,117,097	4,471,242
Heavy and civil engineering construction	62,947	7,205,587	450,927	48,863	52,369	114,047	696,068	578,323
Specialty trade contractors	2,117,070	122,417,283	3,466,566	717,623	1,156,127	652,339	14,140,891	24,026,689
Manufacturing	345,097	25,572,015	969,154	120,978	713,113	303,613	3,013,199	3,001,963
Food manufacturing	31,996	4,041,452	177,175	7,747	119,181	42,138	425,626	136,884
Textile and textile product mills	14,700	525,256	34,455	* 588	* 6,964	8,775	* 32,679	25,798
Apparel	16,504	751,339	22,336	4,884	52,389	2,997	39,735	129,531
Leather and allied products	7,696	187,574	* 7,413	* 124	* 302	* 829	* 23,254	41,904
Wood products	33,145	2,212,245	80,128	8,128	31,207	22,014	286,109	278,313
Paper products	**	**	**	**	**	**	**	**
Printing and related support activities	37,279	2,449,885	72,360	23,509	67,342	50,248	171,464	322,821
Petroleum and coal products	3,602	270,253	10,569	* 133	* 673	* 4,324	* 18,360	-4,226
Chemical manufacturing	16,121	973,781	14,477	* 10,228	7,796	5,652	72,995	239,549
Plastic and rubber products	1,765	267,140	8,086	* 43	* 2,057	* 812	* 37,127	28,995
Nonmetallic mineral products	15,459	957,737	55,510	* 2,238	25,210	7,453	214,377	65,916
Primary metal industries	4,102	405,529	36,020	* 347	* 19,872	* 869	49,811	70,599
Fabricated metal products	33,019	2,939,835	143,835	6,431	67,592	25,247	470,638	370,944
Machinery	28,432	2,435,280	73,806	5,606	92,424	34,589	302,750	519,096
Computer and electronic products	10,127	331,307	39,323	* 66	14,576	6,906	31,535	40,444
Electrical equipment, appliances, and components	6,740	658,372	19,871	* 5,044	17,388	* 10,398	49,062	106,569
Transportation equipment	7,265	1,024,037	18,905	* 18,494	32,424	5,098	163,542	-20,664
Furniture and related products	21,456	1,705,565	63,608	* 2,209	41,135	18,770	237,387	272,352
Miscellaneous manufacturing	** 55,689	** 3,435,428	** 91,277	** 25,159	** 114,581	** 56,495	** 386,748	** 377,137
Wholesale trade (merchant wholesalers)	358,559	54,622,697	709,258	179,801	651,858	274,187	2,034,823	4,692,429
Durable goods, including machinery, wood, metals, etc.	159,828	23,860,593	371,125	75,614	304,676	152,250	928,814	1,764,525
Nondurable goods, including food, fiber, chemicals, etc.	125,116	23,138,760	233,502	88,191	291,193	110,055	903,170	1,739,951
Wholesale electronic markets and agents and brokers	73,615	7,623,344	104,631	15,995	55,990	11,883	202,839	1,187,953

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All nonfarm industries	17,359,995	1,071,781,386	22,741,792	6,638,141	26,985,385	6,202,871	84,037,881	336,999,662
Agriculture, forestry, hunting, and fishing	168,888	14,202,415	724,793	104,837	123,255	146,299	1,239,126	2,522,847
Animal production (including breeding of cats and dogs)	11,935	737,978	37,070	* 310	* 6,443	* 9,443	86,607	94,610
Forestry and logging (including forest nurseries, timber tracts)	20,707	3,609,966	279,545	41,111	7,135	31,067	217,124	389,615
Fishing, hunting, and trapping	34,552	2,139,119	130,858	* 12,725	35,524	31,953	44,375	713,706
Support activities for agriculture and forestry	101,694	7,715,352	277,319	50,691	74,153	73,836	891,020	1,324,916
Mining	79,481	9,098,909	539,022	25,751	32,306	83,761	468,752	2,687,108
Oil and gas extraction	66,887	6,871,315	379,289	5,933	14,659	49,498	263,320	1,978,950
Other mining	1,517	419,525	36,096	* 4,432	* 3,423	2,859	79,676	51,475
Support activities for mining	11,078	1,808,069	123,637	15,387	14,224	31,404	125,756	656,683
Utilities	4,337	515,425	9,478	* 330	* 820	* 3,132	* 53,272	112,904
Construction	2,156,217	145,922,117	3,421,752	737,673	1,112,400	631,876	15,433,519	34,314,306
Construction of buildings	360,938	32,460,528	566,497	130,918	169,268	148,940	3,279,226	6,097,328
Heavy and civil engineering construction	43,707	5,272,773	291,948	39,305	39,902	40,419	483,478	1,223,980
Specialty trade contractors	1,751,572	108,188,816	2,563,307	567,450	903,230	442,517	11,670,816	26,992,997
Manufacturing	226,384	21,401,904	644,730	62,125	551,557	168,020	2,304,742	4,380,063
Food manufacturing	13,809	3,251,462	103,976	4,388	80,666	26,492	284,634	400,419
Textile and textile product mills	7,656	486,946	17,532	* 269	* 6,414	* 2,661	* 29,452	67,525
Apparel	12,193	474,250	7,187	* 3,519	42,133	* 76	* 21,552	175,102
Leather and allied products	* 5,387	* 125,824	* 2,978	* 120	0	* 829	* 14,796	* 54,091
Wood products	23,875	1,960,891	57,333	7,159	23,366	10,123	222,478	372,502
Paper products	**	**	**	**	**	**	**	**
Printing and related support activities	23,822	2,119,520	35,043	16,792	50,619	32,595	109,146	419,078
Petroleum and coal products	2,557	183,214	* 5,184	* 11	* 254	* 543	* 12,392	11,645
Chemical manufacturing	13,950	867,755	11,536	* 8,313	* 6,851	* 4,705	61,272	272,309
Plastic and rubber products	1,379	214,274	* 6,591	* 43	* 1,645	* 742	* 22,614	34,007
Nonmetallic mineral products	11,078	839,969	45,569	* 2,152	* 18,589	* 6,085	195,937	87,615
Primary metal industries	3,078	270,649	* 23,972	* 260	* 13,909	* 670	* 33,700	80,034
Fabricated metal products	22,505	2,710,621	121,557	2,553	62,941	22,204	434,044	489,663
Machinery	23,118	2,127,815	56,378	4,954	85,995	22,168	251,455	606,927
Computer and electronic products	4,884	302,744	32,003	* 17	11,614	* 6,432	* 23,364	82,204
Electrical equipment, appliances, and components	6,120	616,270	10,416	* 5,039	* 15,795	* 4,752	45,121	123,690
Transportation equipment	5,426	780,719	7,541	* 548	* 21,951	* 602	100,816	83,574
Furniture and related products	14,740	1,393,604	58,721	* 2,170	20,309	9,433	170,620	326,214
Miscellaneous manufacturing	** 30,807	** 2,675,376	** 41,212	** 3,820	** 88,505	** 16,910	** 271,348	** 693,463
Wholesale trade (merchant wholesalers)	241,605	47,126,366	482,237	132,159	510,980	175,205	1,540,701	5,893,164
Durable goods, including machinery, wood, metals, etc.	103,864	20,313,149	250,532	62,532	239,608	88,455	651,791	2,362,065
Nondurable goods, including food, fiber, chemicals, etc.	87,681	20,241,267	163,863	55,899	235,157	77,864	706,323	2,214,569
Wholesale electronic markets and agents and brokers	50,061	6,571,950	67,842	13,728	36,214	8,886	182,587	1,316,530

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with and without net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Retail trade	2,312,523	190,069,499	2,328,072	634,303	5,772,823	1,333,549	9,527,616	10,622,197
Motor vehicle and parts dealers	129,391	35,454,545	328,715	53,402	498,262	261,393	1,587,938	1,445,537
Furniture and home furnishing stores	35,339	3,463,204	44,537	11,168	222,717	31,002	290,505	131,519
Electronic and appliance stores	31,909	4,278,051	48,860	10,824	124,722	31,524	294,187	328,900
Building material and garden equipment and supplies dealers	38,607	5,681,993	170,145	6,173	84,563	78,201	602,484	363,427
Food and beverage stores	111,326	27,441,511	233,107	104,856	862,002	120,997	1,671,589	967,956
Health and personal care stores	128,459	8,542,482	79,701	52,690	242,736	34,796	627,547	711,120
Gasoline stations	16,495	25,993,055	168,821	29,887	284,630	130,841	751,695	254,522
Clothing and accessories stores	141,980	10,637,049	122,556	64,527	1,021,624	93,940	698,466	560,919
Sporting goods, hobby, book, and music stores	99,190	7,765,976	148,086	37,235	317,898	125,093	433,858	377,511
General merchandise stores	20,612	2,589,019	30,434	14,838	107,431	22,445	98,586	129,539
Miscellaneous store retailers	589,993	33,044,640	483,572	163,131	1,417,806	290,157	1,814,738	3,131,178
Nonstore retailers	969,223	25,177,973	469,538	85,571	588,433	113,160	656,023	2,220,071
Transportation and warehousing	1,145,033	89,584,134	5,311,653	2,643,168	712,571	757,792	4,418,126	11,816,506
Air and rail transportation	12,794	1,749,161	393,667	13,072	30,477	65,810	71,741	-254,296
Water transportation	7,660	895,721	305,001	13,009	10,977	14,721	141,111	18,822
Truck transportation	592,197	68,438,475	3,919,889	1,544,777	375,751	527,745	3,337,563	8,711,287
Other transit and ground transportation	256,641	8,088,392	257,870	1,005,855	125,302	77,666	257,551	1,994,768
Pipeline transportation	* 325	* 178,335	* 3,713	* 1,356	* 459	* 812	* 2,147	* 2,404
Scenic and sightseeing transportation	9,796	515,051	82,127	* 419	* 35,578	9,808	* 68,623	-18,198
Support activities for transportation (including motor vehicle towing)	62,899	3,545,370	199,139	32,661	51,419	37,210	415,265	294,302
Couriers and messengers	192,504	5,574,217	124,845	23,502	60,385	14,244	* 74,053	929,175
Warehousing and storage facilities	10,216	599,412	25,401	8,516	22,223	9,777	50,073	138,243
Information	349,703	10,759,269	443,501	51,522	316,997	60,269	841,043	2,583,535
Publishing industries (except internet)	62,056	1,844,669	28,932	5,414	19,833	10,719	259,661	464,198
Motion picture and sound recording	90,006	3,349,295	248,400	19,887	165,719	21,819	187,998	762,589
Broadcasting (except internet) and telecommunications and internet service providers	95,852	3,664,803	112,585	13,389	107,002	12,724	282,235	835,740
Data processing, internet publishing and broadcasting, and web search portals	101,789	1,900,502	53,584	12,832	24,443	15,009	111,150	521,008
Finance and insurance	629,096	83,298,874	871,224	170,220	1,494,188	544,834	4,836,208	18,022,981
Credit intermediation and related activities	48,313	3,198,163	84,797	31,779	76,551	66,964	239,447	439,831
Securities, commodity contracts, and other financial investments	168,595	52,318,459	357,047	60,625	530,320	222,098	1,863,868	7,182,648
Investment bankers and securities dealers	5,505	2,188,018	3,193	* 1,069	22,035	1,407	35,462	308,795
Securities brokers	16,500	7,660,559	29,528	9,492	25,821	4,596	72,853	793,217
Commodity contracts brokers and dealers	4,727	1,289,796	35,265	2,454	18,350	2,815	16,895	164,891
Securities and commodity exchanges	3,097	843,031	11,827	* 22	* 12,440	1,033	* 74,362	-73,427
Other financial investment activities (investment advice)	138,765	40,337,055	277,235	47,588	451,674	212,247	1,664,296	5,989,172
Insurance agents, brokers, and related activities	412,189	27,782,252	429,380	77,816	887,317	255,773	2,732,894	10,400,502
Insurance agencies and brokerages	313,624	23,175,058	343,436	68,317	800,334	224,306	2,567,051	8,480,840
Other insurance related activities and other financial vehicles	98,565	4,607,194	85,944	9,500	86,983	31,467	165,843	1,919,661

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Retail trade	1,260,119	151,837,161	1,297,273	392,689	3,994,195	838,541	6,806,528	18,107,034
Motor vehicle and parts dealers	92,439	28,051,737	192,102	41,515	369,545	170,240	1,081,223	1,941,686
Furniture and home furnishing stores	21,302	2,554,720	19,092	4,598	118,832	13,880	208,117	397,093
Electronic and appliance stores	22,318	3,454,448	41,537	* 6,720	97,379	27,211	210,077	427,237
Building material and garden equipment and supplies dealers	20,421	4,671,502	95,915	3,596	59,887	55,331	460,797	575,800
Food and beverage stores	74,750	22,563,672	134,583	83,368	633,075	88,906	1,329,439	1,472,812
Health and personal care stores	62,664	7,511,074	53,153	33,494	196,008	25,496	494,781	1,065,013
Gasoline stations	10,995	19,069,485	102,625	22,985	216,793	74,993	533,334	417,824
Clothing and accessories stores	82,296	8,601,096	89,393	42,078	732,951	56,098	505,478	1,231,026
Sporting goods, hobby, book, and music stores	40,914	5,850,908	61,295	13,406	184,166	59,336	278,311	791,981
General merchandise stores	13,547	1,920,818	20,944	* 4,127	70,578	14,929	47,884	242,535
Miscellaneous store retailers	350,397	27,241,021	260,097	99,080	909,071	191,693	1,257,865	4,927,213
Nonstore retailers	468,076	20,346,680	226,537	37,721	405,910	60,427	399,223	4,616,815
Transportation and warehousing	913,388	76,188,756	3,347,126	2,397,980	522,555	525,720	3,033,972	14,760,469
Air and rail transportation	9,179	991,833	29,012	* 3,331	10,794	5,395	25,164	162,237
Water transportation	3,953	380,804	19,031	* 10,554	* 779	1,120	28,293	247,801
Truck transportation	491,247	59,362,021	2,898,366	1,365,218	307,378	418,478	2,442,637	9,970,770
Other transit and ground transportation	214,897	7,266,054	161,970	972,988	104,857	60,845	174,119	2,363,346
Pipeline transportation	* 319	* 178,146	* 3,220	* 1,356	* 459	* 812	* 2,147	* 2,797
Scenic and sightseeing transportation	5,318	450,583	* 41,085	* 418	* 26,040	* 8,830	* 53,957	44,609
Support activities for transportation (including motor vehicle towing)	44,903	2,652,309	103,996	23,069	37,910	16,696	252,571	504,623
Couriers and messengers	136,808	4,438,555	78,204	16,189	23,705	7,491	* 12,063	1,295,427
Warehousing and storage facilities	6,766	468,451	12,241	* 4,857	* 10,633	6,053	43,021	168,859
Information	231,613	9,151,630	258,970	33,324	203,624	21,536	550,163	3,658,829
Publishing industries (except internet)	39,355	1,433,818	17,995	* 2,057	12,366	* 4,516	163,769	619,712
Motion picture and sound recording	49,825	2,815,534	124,768	6,885	78,066	7,610	138,529	1,127,612
Broadcasting (except internet) and telecommunications and internet service providers	65,805	3,182,595	84,371	12,655	94,362	5,842	177,686	1,137,488
Data processing, internet publishing and broadcasting, and web search portals	76,629	1,719,683	31,836	11,727	18,830	3,568	70,179	774,016
Finance and insurance	420,533	55,547,124	549,001	135,461	1,263,536	338,807	4,102,363	20,555,116
Credit intermediation and related activities	31,416	2,850,752	31,542	15,262	65,861	34,209	203,746	700,451
Securities, commodity contracts, and other financial investments	97,447	28,120,963	192,230	52,296	430,723	82,009	1,426,942	8,632,026
Investment bankers and securities dealers	3,387	1,288,707	2,685	* 420	19,053	* 589	32,489	339,605
Securities brokers	12,919	3,537,997	12,460	* 8,799	23,956	1,595	68,572	843,449
Commodity contracts brokers and dealers	1,856	991,957	20,609	* 329	16,365	* 2,020	7,335	239,728
Securities and commodity exchanges	1,381	481,977	7,715	* 16	* 9,773	* 868	* 7,222	68,242
Other financial investment activities (investment advice)	77,904	21,820,324	148,761	42,733	361,576	76,937	1,311,324	7,141,002
Insurance agents, brokers, and related activities	291,670	24,575,410	325,229	67,903	766,952	222,589	2,471,675	11,222,640
Insurance agencies and brokerages	220,997	20,332,505	273,614	60,748	691,624	198,523	2,315,762	9,076,362
Other insurance related activities and other financial vehicles	70,673	4,242,904	51,616	7,155	75,329	24,066	155,913	2,146,278

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with and without net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Real estate and rental and leasing	1,166,757	53,291,172	2,697,431	291,147	863,971	1,162,696	2,285,650	15,093,447
Real estate	1,109,121	49,814,216	1,497,633	252,077	774,288	1,005,195	1,984,431	15,344,623
Lessors of real estate (including miniwarehouses and self storage)	49,659	2,194,124	305,341	9,452	66,968	273,691	140,671	143,131
Offices of real estate agents, brokers, property managers, and appraisers	811,474	34,386,620	804,965	156,363	527,757	317,223	1,202,552	13,018,964
Other activities related to real estate	247,988	13,233,472	387,328	86,262	179,564	414,281	641,208	2,182,528
Rental and leasing services	57,323	3,472,427	1,199,625	39,070	89,418	157,500	301,186	-251,090
Automotive equipment rental and leasing	13,973	396,227	185,114	4,114	1,913	12,144	* 17,371	-67,705
Consumer electronics and appliances rental	* 3,328	* 41,648	* 8,647	* 2,263	* 737	* 218	* 3,306	* 10,691
Formal wear and costume rental	* 193	* 4,864	0	0	* 1,850	0	0	* 3,014
Video tape and disc rental	2,825	281,213	* 17,030	* 145	* 28,778	* 2,524	* 48,733	-5,541
General rental centers and other consumer goods rental	15,770	872,663	89,680	15,691	33,221	18,836	116,220	-33,884
Commercial and industrial machinery and equipment rental and leasing	21,235	1,875,812	899,153	16,857	22,919	123,779	115,558	-157,665
Lessors of nonfinancial intangible assets (except copyrighted works)	* 313	* 4,528	* 173	* 1	* 265	* 1	* 33	* -86
Professional, scientific, and technical services	3,246,549	167,902,717	3,931,212	757,389	4,186,263	844,916	13,372,491	72,366,655
Legal services	353,151	39,906,046	426,727	191,443	1,859,353	262,825	4,408,289	17,536,312
Offices of certified public accountants	47,236	4,104,686	82,234	15,453	155,382	30,662	607,558	1,953,524
Other accounting services	348,048	9,170,086	204,044	48,542	273,420	51,656	829,320	3,780,074
Architectural, engineering, and related services	254,076	13,887,989	436,792	69,820	216,609	59,251	1,410,002	4,916,993
Architectural services	98,943	5,229,767	235,758	33,717	110,946	25,508	628,824	1,262,563
Engineering services	81,651	6,052,526	156,902	24,553	90,370	26,286	564,098	2,477,155
Drafting, building inspections, and geophysical surveying	52,522	1,827,190	19,637	11,143	* 9,278	4,277	94,681	911,105
Surveying and mapping (except geophysical) services	** 20,960	** 778,506	** 24,495	** 407	** 6,014	** 3,180	** 122,398	** 266,170
Testing laboratories	**	**	**	**	**	**	**	**
Specialized design services	246,439	7,490,398	219,506	27,713	159,956	41,642	359,443	2,310,625
Computer systems design services	250,998	9,982,090	240,056	40,956	151,702	44,931	864,296	4,497,085
Other professional, scientific, and technical services	1,746,602	83,361,423	2,321,854	363,462	1,369,840	353,949	4,893,584	37,372,043
Management, scientific, and technical consulting services	894,136	44,491,754	1,004,774	185,831	616,353	171,316	1,774,506	23,867,319
Scientific research and development services	43,435	1,067,284	52,464	5,436	13,443	6,273	102,965	501,670
Advertising and related services	139,125	7,714,283	139,109	21,708	139,904	40,307	407,839	2,079,567
Market research and public opinion polling	33,279	1,229,164	30,044	* 13,312	12,076	* 6,816	65,977	494,629
Other miscellaneous services	636,627	28,858,939	1,095,463	137,175	588,064	129,237	2,542,296	10,428,856

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Real estate and rental and leasing	740,737	44,296,766	1,196,669	201,838	605,331	514,074	1,390,479	19,955,486
Real estate	715,375	42,087,258	835,054	183,112	559,583	453,073	1,218,831	19,379,773
Lessors of real estate (including miniwarehouses and self storage)	23,751	1,392,916	137,486	3,136	13,495	126,169	63,978	496,647
Offices of real estate agents, brokers, property managers, and appraisers	528,578	30,770,250	501,228	117,436	421,050	205,279	798,005	15,022,140
Other activities related to real estate	163,046	9,924,092	196,340	62,541	125,038	121,624	356,848	3,860,986
Rental and leasing services	25,358	2,205,020	361,443	18,725	45,483	61,001	171,615	573,256
Automotive equipment rental and leasing	6,966	221,357	47,368	* 3,543	* 1,371	5,201	* 941	52,208
Consumer electronics and appliances rental	* 2,030	* 27,377	* 2	* 2,013	0	0	0	* 15,132
Formal wear and costume rental	* 193	* 4,864	0	0	* 1,850	0	0	* 3,014
Video tape and disc rental	* 1,091	* 178,151	* 9,216	* 9	* 20,781	* 555	* 23,979	* 17,944
General rental centers and other consumer goods rental	5,204	677,450	38,119	* 3,075	11,667	9,187	97,036	134,647
Commercial and industrial machinery and equipment rental and leasing	9,873	1,095,820	266,738	10,084	9,813	46,059	49,658	350,310
Lessors of nonfinancial intangible assets (except copyrighted works)	* 4	* 4,487	* 173	* 1	* 265	* 1	* 33	* 2,458
Professional, scientific, and technical services	2,411,344	156,969,442	2,688,638	596,387	3,520,857	603,137	11,426,524	79,026,268
Legal services	273,935	38,042,786	340,911	161,111	1,676,768	206,441	4,070,009	18,375,819
Offices of certified public accountants	35,619	3,928,008	77,848	11,670	148,268	28,491	551,611	1,995,162
Other accounting services	290,688	8,367,287	164,484	46,747	221,187	48,361	589,605	4,044,794
Architectural, engineering, and related services	205,326	12,676,386	304,434	43,882	165,096	36,241	1,083,145	5,406,281
Architectural services	76,356	4,508,250	159,010	27,128	83,653	15,866	448,810	1,523,808
Engineering services	64,982	5,748,126	104,621	15,401	69,260	17,124	474,461	2,646,923
Drafting, building inspections, and geophysical surveying	46,711	1,753,112	17,103	* 946	* 9,241	* 272	* 90,360	948,661
Surveying and mapping (except geophysical) services	** 17,277	** 666,898	** 23,701	** 407	** 2,942	** 2,980	** 69,514	** 286,889
Testing laboratories	**	**	**	**	**	**	**	**
Specialized design services	167,231	6,684,134	132,548	16,884	124,420	28,957	273,001	2,733,974
Computer systems design services	196,095	9,417,577	169,179	31,757	113,147	22,851	741,461	4,993,449
Other professional, scientific, and technical services	1,242,450	77,853,264	1,499,234	284,337	1,071,970	231,795	4,117,692	41,476,789
Management, scientific, and technical consulting services	632,625	41,889,850	696,641	135,460	447,446	104,102	1,376,528	26,175,854
Scientific research and development services	30,977	977,752	28,025	* 534	10,050	* 4,164	66,090	622,479
Advertising and related services	95,700	7,032,447	85,344	17,652	115,470	24,425	347,295	2,415,147
Market research and public opinion polling	24,809	1,185,052	22,681	* 10,495	8,775	* 6,395	62,815	601,721
Other miscellaneous services	458,340	26,768,163	666,543	120,196	490,230	92,709	2,264,964	11,661,587

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with and without net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Administrative and support and waste management and remediation services	2,550,112	67,314,640	2,383,784	395,589	751,623	334,464	6,780,966	20,633,061
Administrative and support services	2,532,393	65,468,501	2,214,430	379,380	727,905	302,286	6,540,545	20,437,271
Waste management and remediation services	17,719	1,846,139	169,354	16,208	23,719	32,178	240,421	195,790
Educational services	697,834	9,773,041	327,708	44,823	608,396	53,768	630,663	3,739,082
Health care and social assistance	2,218,569	124,842,067	2,983,218	576,968	5,552,294	1,118,644	17,882,196	51,268,531
Ambulatory health care services	1,130,754	101,321,964	2,333,202	480,618	4,749,412	776,970	15,046,479	42,519,527
Offices of physicians (except mental health specialists)	185,119	34,025,962	560,339	167,991	1,346,383	142,245	4,624,199	15,845,575
Offices of physicians, mental health specialists	31,568	3,271,024	65,020	23,570	171,236	11,103	121,746	1,892,764
Offices of dentists	80,941	28,483,156	1,086,207	94,891	1,221,394	404,436	6,536,985	9,429,957
Offices of chiropractors	43,354	5,211,814	106,883	20,743	521,728	56,975	578,853	1,974,916
Offices of optometrists	21,994	4,212,590	112,044	9,796	280,046	29,928	676,805	1,289,614
Offices of mental health practitioners and social therapists	199,080	9,755,587	153,326	86,887	623,914	20,745	736,980	4,905,450
Offices of podiatrists	6,574	1,266,972	21,132	13,381	134,116	7,620	152,990	473,284
Outpatient care centers and other miscellaneous health practitioners	168,959	6,025,912	81,727	16,417	289,950	14,052	354,903	2,855,974
Medical and diagnostic laboratories	30,190	1,269,305	32,556	13,284	38,297	15,023	164,489	427,089
Home health care services	318,740	6,213,433	83,848	23,977	76,740	68,895	951,812	2,758,653
Other ambulatory health care services (including ambulance services, blood and organ banks)	44,235	1,586,208	30,121	9,681	45,607	5,950	146,719	666,251
Hospitals	7,116	606,397	13,137	* 1,978	7,054	* 5,414	123,997	281,645
Nursing and residential care facilities	72,404	5,079,465	160,131	29,118	263,014	199,538	1,170,971	674,856
Social assistance	1,008,296	17,834,241	476,748	65,254	532,814	136,721	1,540,749	7,792,504
Arts, entertainment, and recreation	1,435,977	34,080,353	1,646,166	275,001	1,174,746	323,478	1,739,710	9,138,856
Performing arts, spectator sports, and related industries	1,165,478	25,342,005	1,103,562	166,457	686,968	128,793	768,038	8,527,961
Museums, historical sites, and similar institutions	3,508	227,511	2,457	* 15	* 1,670	* 107	* 5,027	63,209
Amusement, gambling, and recreation industries	266,992	8,510,836	540,148	108,528	486,108	194,577	966,644	547,686
Accommodation, food services, and drinking places	489,017	53,848,375	1,988,388	374,638	3,756,140	901,454	9,543,977	2,405,041
Accommodation	50,829	5,578,002	681,292	29,927	152,600	511,183	759,344	129,183
Travel accommodation (including hotels, motels, and bed and breakfast inns)	26,618	4,156,675	485,540	16,251	119,256	424,782	658,541	63,808
RV (recreational vehicle) parks and recreational camps	16,252	741,602	110,588	* 13,061	* 427	39,228	21,851	39,853
Rooming and boarding houses	7,959	679,725	85,165	* 616	32,916	47,173	78,951	25,522
Food services and drinking places	438,188	48,270,373	1,307,095	344,711	3,603,540	390,271	8,784,633	2,275,858

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Administrative and support and waste management and remediation services	2,116,592	58,757,038	1,573,008	272,224	514,411	241,187	5,124,638	23,924,684
Administrative and support services	2,108,021	57,337,519	1,460,218	258,874	500,910	216,430	4,935,070	23,664,653
Waste management and remediation services	8,571	1,419,518	112,790	13,350	13,501	24,758	189,568	260,031
Educational services	547,147	8,375,131	190,863	32,944	470,878	19,134	448,852	4,400,022
Health care and social assistance	1,896,661	116,753,116	2,347,220	496,788	4,942,403	871,107	16,242,211	53,551,797
Ambulatory health care services	942,411	96,280,431	1,922,891	427,709	4,298,346	640,802	14,105,015	44,017,770
Offices of physicians (except mental health specialists)	153,813	32,447,652	512,351	159,952	1,245,042	125,227	4,358,551	16,136,745
Offices of physicians, mental health specialists	29,182	3,162,583	50,669	21,429	143,449	10,816	117,907	1,919,315
Offices of dentists	70,589	27,459,890	856,395	90,967	1,140,802	366,261	6,302,656	9,653,608
Offices of chiropractors	37,977	4,923,360	100,884	18,620	464,661	55,235	549,031	2,018,035
Offices of optometrists	20,545	4,061,415	109,486	9,762	273,406	29,888	638,098	1,292,932
Offices of mental health practitioners and social therapists	155,299	9,242,991	111,084	71,554	559,564	16,560	659,443	5,170,910
Offices of podiatrists	4,504	1,239,345	19,900	10,032	130,154	7,620	151,940	477,338
Outpatient care centers and other miscellaneous health practitioners	137,759	5,660,785	62,793	10,749	238,539	8,384	281,480	3,080,945
Medical and diagnostic laboratories	24,352	1,186,818	21,973	13,179	32,620	9,425	159,029	482,833
Home health care services	273,243	5,486,915	57,144	17,506	51,516	7,349	783,212	3,055,145
Other ambulatory health care services (including ambulance services, blood and organ banks)	35,148	1,408,677	20,212	3,960	18,593	4,038	103,668	729,964
Hospitals	6,114	497,845	* 7,436	* 1,600	* 6,880	* 2,479	* 83,173	291,638
Nursing and residential care facilities	59,533	3,949,920	94,642	20,830	202,454	127,022	884,456	812,988
Social assistance	888,603	16,024,920	322,251	46,649	434,723	100,804	1,169,567	8,429,402
Arts, entertainment, and recreation	909,607	27,656,760	646,317	178,612	750,530	106,870	916,945	12,883,414
Performing arts, spectator sports, and related industries	735,713	21,987,816	508,863	102,444	465,979	70,058	468,581	11,363,529
Museums, historical sites, and similar institutions	2,503	222,811	* 801	0	* 1,332	* 16	* 2,754	80,367
Amusement, gambling, and recreation industries	171,391	5,446,133	136,653	76,168	283,220	36,797	445,610	1,439,519
Accommodation, food services, and drinking places	314,726	39,898,737	908,808	217,516	2,749,397	406,381	6,451,432	5,319,753
Accommodation	28,414	3,297,486	306,456	15,771	99,730	219,480	372,980	651,562
Travel accommodation (including hotels, motels, and bed and breakfast inns)	15,712	2,564,642	202,637	2,816	83,132	198,827	307,110	485,709
RV (recreational vehicle) parks and recreational camps	9,275	317,660	59,258	* 12,955	* 44	* 1,314	* 13,630	83,169
Rooming and boarding houses	3,427	415,184	* 44,561	0	* 16,554	* 19,339	* 52,240	82,684
Food services and drinking places	286,312	36,601,251	602,352	201,746	2,649,666	186,902	6,078,452	4,668,191

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with and without net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Other services	3,029,079	93,991,394	2,845,665	767,520	6,379,818	725,490	7,609,810	24,056,364
Auto repair and maintenance	395,085	25,955,090	915,094	124,449	1,243,008	307,202	3,068,044	2,962,829
Automotive mechanical and electrical repair and maintenance	194,238	12,024,763	349,861	46,733	614,393	129,837	1,219,621	1,448,367
Automotive body shops	95,945	8,201,033	243,550	42,149	339,145	73,849	1,087,350	1,061,601
Other auto repair and maintenance (including oil change, lubrication, and car washes)	104,902	5,729,293	321,683	35,567	289,471	103,516	761,073	452,861
Miscellaneous repairs	424,239	15,566,527	629,973	66,356	383,578	110,512	985,415	3,364,048
Personal and laundry services	1,936,011	48,789,465	1,248,724	562,271	4,680,880	302,185	3,540,015	16,006,454
Religious, grantmaking, civic, professional and similar organizations	273,744	3,680,313	51,873	14,443	72,352	* 5,590	16,336	1,723,032
Unclassified establishments	412,381	6,055,929	75,970	72,228	89,159	28,712	301,950	2,082,194

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 1. Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors, Tax Year 2011—Continued

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

Industrial sector	Businesses with net income							
	Number of returns	Business receipts	Depreciation deduction [1,2]	Rent paid on machinery and equipment [1]	Rent paid on other business property [1]	Interest paid deduction [1,3]	Payroll [1,4]	Net income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Other services	2,387,973	83,220,883	1,865,038	581,253	5,051,167	500,674	6,280,394	28,354,699
Auto repair and maintenance	283,184	22,285,402	582,596	81,793	947,028	224,520	2,555,617	4,053,097
Automotive mechanical and electrical repair and maintenance	141,680	10,386,187	249,698	31,818	479,086	96,137	1,007,441	1,911,043
Automotive body shops	72,378	7,234,471	182,207	36,114	270,267	61,509	927,186	1,242,002
Other auto repair and maintenance (including oil change, lubrication, and car washes)	69,125	4,664,744	150,691	13,860	197,676	66,874	620,990	900,052
Miscellaneous repairs	314,298	14,036,298	479,372	44,900	279,266	89,028	885,435	3,964,960
Personal and laundry services	1,584,245	43,507,896	781,827	445,624	3,775,934	186,792	2,825,276	18,248,561
Religious, grantmaking, civic, professional and similar organizations	206,246	3,391,286	21,244	* 8,936	48,939	* 334	14,066	2,088,082
Unclassified establishments	332,642	4,861,705	50,849	38,250	65,185	7,408	223,269	2,591,699

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

** Data combined to prevent disclosure of taxpayer information.

[1] Excludes amounts reported on Schedule C-EZ filed by certain small businesses not required to itemize their business deductions. Therefore, totals shown may be slightly understated.

[2] Includes depreciation claimed on Form 8829, "Expenses for Business Use of Your Home."

[3] Interest paid is the sum of mortgage interest and other interest paid on business indebtedness.

[4] Payroll is the sum of salaries and wages plus the cost of labor reported as part of cost of sales and operations.

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

Source: IRS, Statistics of Income, July 2011.

Sole Proprietorship Returns, 2011

Statistics of Income Bulletin | Summer 2013

Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011

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

Net income status, item	All nonfarm industries	Agriculture, forestry, hunting, and fishing				
		Total	Animal production (including breeding of cats and dogs)	Forestry and logging (including forest nurseries, timber tracts)	Fishing, hunting, and trapping	Support activities for agriculture and forestry
	(1)	(2)	(3)	(4)	(5)	(6)
BUSINESSES WITH AND WITHOUT NET INCOME						
Number of returns [1]	23,426,940	288,265	34,230	43,362	68,656	142,018
Business receipts, total [1,2]	1,265,939,196	17,776,526	1,026,222	4,453,861	2,762,637	9,533,807
Income from sales and operations [1]	1,246,203,934	17,387,618	984,334	4,390,840	2,657,581	9,354,863
Other business income (loss) [1]	19,735,262	388,908	41,888	63,021	105,056	178,944
Business deductions, total [1,2]	984,232,565	16,804,847	1,375,300	4,380,872	2,334,526	8,714,149
Cost of sales and operations, total	393,867,193	5,700,927	324,543	1,279,535	427,047	3,669,803
Inventory, beginning of year	41,450,035	455,194	73,397	89,005	* 56,796	235,996
Cost of labor	28,135,817	275,531	* 68,339	103,521	35,296	68,374
Purchases	255,734,112	4,396,022	151,468	794,798	84,063	3,365,694
Materials and supplies	49,038,859	387,221	54,806	86,774	157,288	88,354
Other costs	61,589,932	688,467	58,867	318,392	121,932	189,277
Inventory, end of year	42,081,563	501,509	82,334	112,955	* 28,329	277,891
Advertising expenses	13,404,462	87,865	12,743	12,328	24,432	38,362
Car and truck expenses	83,405,796	1,114,673	103,762	276,609	161,809	572,493
Commissions	12,683,341	88,971	32,913	4,109	4,196	47,752
Contract labor	37,782,056	992,634	15,338	430,425	121,165	425,705
Depletion	998,009	82	* 1	* 7	* 26	* 47
Depreciation	35,615,262	1,424,722	146,895	466,509	289,241	522,077
Employee benefit programs	2,950,434	8,779	1,179	2,606	* 365	4,630
Insurance	16,630,243	343,673	19,696	121,617	52,379	149,982
Legal and professional services	10,884,148	107,572	16,613	13,913	26,037	51,009
Meals and entertainment deducted	8,413,751	70,954	10,889	5,690	23,486	30,890
Mortgage interest	4,430,249	93,346	8,932	16,159	32,896	35,358
Other interest paid on business indebtedness	5,925,935	183,915	7,721	59,469	48,755	67,970
Office expenses	11,594,858	59,543	7,709	8,152	10,513	33,169
Pension and profit-sharing plans	1,056,535	4,305	* 47	* 908	* 27	* 3,323
Rent paid on machinery and equipment	8,481,360	119,196	825	42,726	13,626	62,020
Rent paid on other business property	34,730,269	208,109	17,818	7,893	84,340	98,057
Repairs	15,806,852	662,579	26,054	285,382	137,385	213,758
Supplies	32,160,286	502,395	83,466	79,056	132,481	207,392
Salaries and wages	77,937,316	1,264,940	33,380	249,106	21,657	960,798
Taxes paid	17,704,790	315,145	17,690	60,333	44,232	192,891
Travel	12,622,816	140,277	43,031	13,753	30,319	53,175
Utilities	26,906,033	254,841	38,435	45,033	55,970	115,403
Other business expenses	104,253,244	2,958,254	384,855	883,157	573,602	1,116,641
Home office business deductions, total	10,004,852	68,706	14,550	12,199	13,832	28,126
Depreciation, Form 8829 [3]	1,345,357	12,640	2,076	1,241	* 5,586	3,737
Casualty loss, Form 8829 [3]	* 1	* 1	* 1	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	7,796	* 147	* 147	0	0	0
Net income less deficit [1,2]	282,649,926	974,778	-348,272	73,454	434,820	814,776
Net income [1,2]	336,999,662	2,522,847	94,610	389,615	713,706	1,324,916
Deficit [2]	54,349,737	1,548,070	442,881	316,161	278,887	510,140

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	All nonfarm industries	Agriculture, forestry, hunting, and fishing				
		Total	Animal production (including breeding of cats and dogs)	Forestry and logging (including forest nurseries, timber tracts)	Fishing, hunting, and trapping	Support activities for agriculture and forestry
	(1)	(2)	(3)	(4)	(5)	(6)
BUSINESSES WITH NET INCOME						
Number of returns [1]	17,359,995	168,888	11,935	20,707	34,552	101,694
Business receipts, total [1,2]	1,071,781,386	14,202,415	737,978	3,609,966	2,139,119	7,715,352
Income from sales and operations [1]	1,055,369,815	13,947,506	698,844	3,577,800	2,064,923	7,605,939
Other business income	16,411,571	254,910	39,134	32,166	74,196	109,414
Business deductions, total [1,2]	734,977,156	11,679,753	643,465	3,220,351	1,425,412	6,390,524
Cost of sales and operations, total	297,474,162	4,327,801	238,033	1,091,453	315,567	2,682,749
Inventory, beginning of year	23,749,102	364,976	* 56,175	76,550	* 54,701	177,551
Cost of labor	22,394,446	216,398	* 68,304	* 51,746	* 35,125	61,224
Purchases	195,572,341	3,365,509	116,698	747,705	* 65,687	2,435,418
Materials and supplies	39,257,858	328,952	* 44,804	* 43,622	153,614	86,912
Other costs	41,384,884	439,071	* 19,442	260,149	32,700	126,780
Inventory, end of year	24,884,468	387,105	* 67,390	88,319	* 26,260	205,135
Advertising expenses	9,911,557	56,307	3,950	5,496	17,125	29,736
Car and truck expenses	62,388,321	758,095	36,774	197,513	97,046	426,763
Commissions	9,502,962	70,729	* 24,186	3,405	* 438	42,699
Contract labor	31,046,399	746,009	* 12,750	326,445	52,998	353,816
Depletion	702,178	* 48	* 1	* 7	* 4	* 35
Depreciation	21,878,279	718,604	36,776	278,490	129,111	274,226
Employee benefit programs	2,273,005	5,473	* 457	979	* 99	3,938
Insurance	12,894,507	232,903	9,540	80,928	29,449	112,987
Legal and professional services	7,762,356	64,092	8,148	5,781	9,077	41,086
Meals and entertainment deducted	6,650,137	41,260	1,046	3,417	12,679	24,118
Mortgage interest	2,596,379	48,755	* 5,132	7,238	* 13,501	22,883
Other interest paid on business indebtedness	3,606,492	97,544	* 4,311	23,828	18,452	50,954
Office expenses	8,885,663	36,208	* 5,875	3,758	4,201	22,375
Pension and profit-sharing plans	975,992	4,159	* 3	* 896	0	* 3,260
Rent paid on machinery and equipment	6,638,141	104,837	* 310	41,111	* 12,725	50,691
Rent paid on other business property	26,985,385	123,255	* 6,443	7,135	35,524	74,153
Repairs	11,365,192	433,704	9,371	190,842	92,189	141,302
Supplies	24,168,385	309,994	41,199	52,898	55,827	160,070
Salaries and wages	61,643,436	1,022,728	* 18,303	165,378	* 9,250	829,796
Taxes paid	13,392,574	199,106	5,929	41,399	28,634	123,144
Travel	9,524,360	97,646	23,800	12,451	18,587	42,807
Utilities	19,370,046	151,768	9,023	24,885	35,636	82,223
Other business deductions	71,764,359	1,958,770	134,140	640,426	424,878	759,325
Home office business deductions, total	7,680,832	47,319	* 1,748	11,669	* 7,709	26,194
Depreciation, Form 8829 [3]	863,512	6,189	* 294	1,055	* 1,746	3,093
Casualty loss, Form 8829 [3]	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	* 256	0	0	0	0	0
Net income [1,2]	336,999,662	2,522,847	94,610	389,615	713,706	1,324,916
Returns with Schedule C-EZ:						
Number of returns	4,632,069	47,793	* 4,052	* 4,947	7,263	31,532
Business receipts	36,217,638	252,347	* 11,939	* 49,340	42,402	148,666
Business deductions	3,985,622	28,440	* 6,215	* 4,198	* 4,707	13,319
Net income	32,232,016	223,907	* 5,723	* 45,142	37,695	135,347

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Mining				Utilities	Construction	
	Total	Oil and gas extraction	Other mining	Support activities for mining	Total	Total	Construction of buildings
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	116,903	92,726	6,086	18,091	10,874	2,624,614	444,598
Business receipts, total [1,2]	12,332,442	9,084,266	742,693	2,505,483	559,210	170,264,842	40,641,973
Income from sales and operations [1]	11,809,124	8,592,965	736,388	2,479,771	555,932	168,638,536	40,431,597
Other business income (loss) [1]	523,318	491,301	6,305	25,712	3,278	1,626,307	210,376
Business deductions, total [1,2]	11,251,234	8,411,078	794,314	2,045,842	565,979	141,253,795	36,159,222
Cost of sales and operations, total	2,365,026	1,522,704	237,485	604,837	107,031	68,401,499	21,394,945
Inventory, beginning of year	145,126	104,819	27,424	12,883	* 6,927	5,729,494	2,975,345
Cost of labor	161,141	102,809	34,412	23,920	* 170	12,096,999	2,933,978
Purchases	539,452	282,717	63,759	192,977	* 101,237	19,056,203	5,046,374
Materials and supplies	81,243	25,205	30,014	26,024	* 790	23,800,418	6,535,606
Other costs	1,621,866	1,133,821	114,115	373,930	* 5,847	13,034,077	6,647,708
Inventory, end of year	183,802	126,668	32,238	* 24,896	* 7,940	5,315,692	2,744,065
Advertising expenses	28,225	20,144	1,233	6,848	1,469	927,632	151,963
Car and truck expenses	340,760	167,667	35,969	137,123	57,215	12,948,926	2,368,170
Commissions	60,932	36,262	* 940	23,730	* 4,837	398,088	113,893
Contract labor	168,354	88,938	4,746	74,669	* 57,868	12,295,352	2,946,537
Depletion	913,997	886,663	19,346	7,988	* 2,896	10,677	* 579
Depreciation	1,221,882	844,554	97,530	279,798	47,504	4,615,662	786,117
Employee benefit programs	20,443	9,185	6,668	4,590	* 4,379	318,152	45,287
Insurance	139,251	82,526	11,510	45,215	8,257	3,133,082	591,516
Legal and professional services	135,547	106,440	7,562	21,545	11,027	869,808	190,560
Meals and entertainment deducted	34,610	12,661	146	21,802	4,130	584,053	99,099
Mortgage interest	54,040	38,031	11,513	* 4,495	2,879	400,171	160,183
Other interest paid on business indebtedness	161,536	93,247	31,105	37,184	5,778	686,652	160,254
Office expenses	63,816	48,694	2,164	12,959	3,249	932,443	197,644
Pension and profit-sharing plans	6,732	2,370	* 1,501	* 2,861	* 1,311	24,444	6,708
Rent paid on machinery and equipment	52,736	17,796	11,441	23,499	* 1,826	952,307	185,821
Rent paid on other business property	66,389	29,363	4,888	32,138	2,438	1,429,372	220,876
Repairs	244,274	148,703	35,602	59,969	6,899	1,635,617	303,083
Supplies	123,609	57,274	7,425	58,909	33,263	7,746,671	1,673,324
Salaries and wages	531,216	264,055	73,961	193,199	67,650	6,857,057	1,183,120
Taxes paid	333,195	282,687	15,138	35,371	7,027	1,809,304	335,660
Travel	71,031	44,131	2,391	24,510	7,795	931,526	144,463
Utilities	118,402	66,157	15,188	37,058	13,310	2,698,091	465,601
Other business expenses	3,958,266	3,515,429	158,180	284,657	96,167	9,274,972	2,182,070
Home office business deductions, total	22,743	12,007	* 83	10,652	* 9,682	956,177	183,735
Depreciation, Form 8829 [3]	3,136	1,497	* 21	* 1,618	* 3,295	119,375	31,427
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	* 3	0	0	* 3	0	0	0
Net income less deficit [1,2]	1,082,772	674,958	-51,621	459,435	-6,723	29,076,255	4,471,242
Net income [1,2]	2,687,108	1,978,950	51,475	656,683	112,904	34,314,306	6,097,328
Deficit [2]	1,604,336	1,303,992	103,096	197,248	119,627	5,238,051	1,626,086

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Mining				Utilities	Construction	
	Total	Oil and gas extraction	Other mining	Support activities for mining	Total	Total	Construction of buildings
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
BUSINESSES WITH NET INCOME							
Number of returns [1]	79,481	66,887	1,517	11,078	4,337	2,156,217	360,938
Business receipts, total [1,2]	9,098,909	6,871,315	419,525	1,808,069	515,425	145,922,117	32,460,528
Income from sales and operations [1]	8,673,958	6,466,623	414,274	1,793,062	515,260	144,542,215	32,355,888
Other business income	424,951	404,693	5,251	15,007	* 166	1,379,902	104,640
Business deductions, total [1,2]	6,412,003	4,895,371	368,050	1,148,582	402,521	111,612,671	26,363,216
Cost of sales and operations, total	1,381,988	953,074	120,875	308,038	* 104,139	54,231,086	15,641,595
Inventory, beginning of year	64,953	43,689	* 10,652	* 10,612	* 354	2,221,359	1,122,467
Cost of labor	147,991	102,311	* 25,045	* 20,635	0	10,094,899	2,493,047
Purchases	282,313	196,812	* 11,138	* 74,362	* 99,118	15,727,638	3,936,392
Materials and supplies	65,540	20,713	* 21,569	* 23,258	* 7	19,451,676	5,107,073
Other costs	910,499	644,451	63,033	203,014	* 5,624	9,083,641	4,206,631
Inventory, end of year	89,308	54,901	* 10,563	* 23,844	* 964	2,348,127	1,224,017
Advertising expenses	13,582	10,198	797	2,587	* 426	711,136	106,538
Car and truck expenses	239,283	129,170	8,386	101,727	* 43,985	10,412,443	1,774,902
Commissions	37,542	24,079	* 383	* 13,080	* 4,498	276,629	57,816
Contract labor	113,903	52,009	* 2,913	58,980	* 57,356	10,376,607	2,254,036
Depletion	646,787	633,051	9,579	4,157	* 2,867	* 3,958	* 358
Depreciation	536,924	377,982	36,075	122,867	9,226	3,330,035	546,233
Employee benefit programs	12,823	3,936	* 5,790	3,096	* 1,471	230,182	19,788
Insurance	98,114	59,753	6,522	31,839	5,111	2,503,829	422,990
Legal and professional services	67,713	55,270	1,531	10,912	3,958	627,144	109,022
Meals and entertainment deducted	26,220	9,789	56	16,375	* 3,604	475,491	83,358
Mortgage interest	23,643	21,162	* 838	* 1,643	* 1,378	198,263	58,388
Other interest paid on business indebtedness	60,119	28,337	2,022	29,760	* 1,754	433,613	90,551
Office expenses	47,818	36,366	1,001	10,450	1,699	734,200	141,922
Pension and profit-sharing plans	2,873	1,209	* 1,408	* 256	* 1,253	16,938	3,740
Rent paid on machinery and equipment	25,751	5,933	* 4,432	15,387	* 330	737,673	130,918
Rent paid on other business property	32,306	14,659	* 3,423	14,224	* 820	1,112,400	169,268
Repairs	156,120	89,111	24,011	42,998	* 3,511	1,212,979	229,546
Supplies	81,033	36,495	3,476	41,063	32,558	6,253,981	1,309,838
Salaries and wages	320,760	161,009	54,631	105,121	* 53,272	5,338,620	786,178
Taxes paid	224,320	194,373	7,458	22,488	5,103	1,363,437	224,837
Travel	42,259	27,420	249	14,590	* 1,884	756,614	107,803
Utilities	81,801	51,856	8,177	21,769	8,340	2,101,071	346,642
Other business deductions	2,105,773	1,896,172	63,352	146,249	52,837	6,959,577	1,526,199
Home office business deductions, total	19,371	10,612	* 66	8,692	* 1,047	812,166	152,740
Depreciation, Form 8829 [3]	2,098	1,307	* 21	* 770	* 251	91,717	20,264
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	2,687,108	1,978,950	51,475	656,683	112,904	34,314,306	6,097,328
Returns with Schedule C-EZ:							
Number of returns	17,381	15,940	* 1,138	302	* 189	476,662	66,476
Business receipts	93,375	56,902	* 7,969	28,504	* 1,599	4,143,252	669,398
Business deductions	14,223	13,391	* 598	* 233	* 94	416,060	68,013
Net income	79,152	43,511	* 7,371	28,271	* 1,505	3,727,192	601,385

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Construction—continued		Manufacturing				
	Heavy and civil engineering construction	Specialty trade contractors	Total	Food manufacturing	Textile and textile product mills	Apparel	Leather and allied products
	(14)	(15)	(16)	(17)	(18)	(19)	(20)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	62,947	2,117,070	345,097	31,996	14,700	16,504	7,696
Business receipts, total [1,2]	7,205,587	122,417,283	25,572,015	4,041,452	525,256	751,339	187,574
Income from sales and operations [1]	6,891,346	121,315,593	25,361,293	4,013,380	528,942	747,132	187,322
Other business income (loss) [1]	314,241	1,101,690	210,722	28,071	* -3,686	* 4,207	* 252
Business deductions, total [1,2]	6,630,061	98,464,511	22,605,228	3,905,715	499,458	622,495	145,670
Cost of sales and operations, total	3,939,479	43,067,075	12,105,173	2,399,319	210,384	265,397	* 89,777
Inventory, beginning of year	1,617,825	1,136,323	1,650,375	458,350	26,238	43,728	* 68,528
Cost of labor	391,429	8,771,592	1,169,215	148,496	* 10,913	* 9,658	* 15,709
Purchases	1,115,941	12,893,888	7,751,289	1,836,535	180,363	189,963	* 30,492
Materials and supplies	800,304	16,464,508	2,110,881	285,506	* 10,602	66,613	* 38,044
Other costs	1,430,003	4,956,365	1,317,892	131,268	* 7,776	15,273	* 8,478
Inventory, end of year	1,416,023	1,155,603	1,894,479	460,837	25,508	59,838	71,474
Advertising expenses	36,995	738,673	199,441	55,072	3,179	10,549	* 2,971
Car and truck expenses	316,191	10,264,565	971,760	145,531	17,599	29,359	* 4,808
Commissions	17,674	266,521	127,294	21,745	* 288	4,339	* 13
Contract labor	114,490	9,234,325	457,131	20,561	* 1,921	54,032	* 837
Depletion	2,949	* 7,149	2,785	* 551	0	0	0
Depreciation	450,324	3,379,220	942,404	174,678	32,814	21,739	* 7,413
Employee benefit programs	15,541	257,324	79,554	9,653	* 225	* 669	* 320
Insurance	109,337	2,432,228	320,196	36,887	3,763	2,872	* 1,017
Legal and professional services	70,240	609,008	216,365	32,642	3,512	4,575	* 2,334
Meals and entertainment deducted	27,049	457,905	63,823	9,993	1,794	2,341	* 61
Mortgage interest	46,658	193,330	112,590	14,203	* 1,543	0	0
Other interest paid on business indebtedness	67,389	459,009	191,024	27,935	7,233	2,997	* 829
Office expenses	34,721	700,078	171,585	32,438	3,747	5,424	* 1,126
Pension and profit-sharing plans	3,790	13,946	15,937	363	* 32	* 2	0
Rent paid on machinery and equipment	48,863	717,623	120,978	7,747	* 588	4,884	* 124
Rent paid on other business property	52,369	1,156,127	713,113	119,181	* 6,964	52,389	* 302
Repairs	135,923	1,196,611	331,791	48,266	10,915	6,233	* 2,544
Supplies	146,434	5,926,913	755,410	60,351	108,965	9,809	* 13,568
Salaries and wages	304,639	5,369,298	1,843,984	277,129	* 21,766	30,077	* 7,546
Taxes paid	95,154	1,378,490	390,619	50,094	8,954	9,004	* 773
Travel	57,167	729,896	162,144	18,699	1,148	3,968	* 486
Utilities	78,999	2,153,491	598,801	81,334	13,982	25,626	* 3,541
Other business expenses	431,946	6,660,956	1,498,532	241,845	30,027	72,036	* 4,233
Home office business deductions, total	22,699	749,744	189,504	18,681	* 6,947	* 4,175	* 1,046
Depreciation, Form 8829 [3]	603	87,346	26,750	* 2,497	* 1,640	* 597	0
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	0
Net income less deficit [1,2]	578,323	24,026,689	3,001,963	136,884	25,798	129,531	41,904
Net income [1,2]	1,223,980	26,992,997	4,380,063	400,419	67,525	175,102	* 54,091
Deficit [2]	645,657	2,966,308	1,378,100	263,535	41,727	45,571	* 12,187

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Construction—continued		Manufacturing				
	Heavy and civil engineering construction	Specialty trade contractors	Total	Food manufacturing	Textile and textile product mills	Apparel	Leather and allied products
	(14)	(15)	(16)	(17)	(18)	(19)	(20)
BUSINESSES WITH NET INCOME							
Number of returns [1]	43,707	1,751,572	226,384	13,809	7,656	12,193	* 5,387
Business receipts, total [1,2]	5,272,773	108,188,816	21,401,904	3,251,462	486,946	474,250	* 125,824
Income from sales and operations [1]	5,025,736	107,160,591	21,230,740	3,223,256	486,927	470,868	* 125,723
Other business income	247,037	1,028,225	171,164	28,206	* 19	* 3,382	* 101
Business deductions, total [1,2]	4,049,570	81,199,885	17,023,581	2,851,090	419,421	299,148	* 71,733
Cost of sales and operations, total	2,330,607	36,258,885	9,343,373	1,839,945	* 192,706	74,389	* 40,495
Inventory, beginning of year	308,967	789,926	989,051	253,646	* 13,382	* 10,613	* 9,147
Cost of labor	274,557	7,327,295	837,537	49,481	* 9,739	* 3,170	* 12,827
Purchases	635,219	11,156,027	6,091,749	1,478,400	* 177,946	* 58,337	* 22,220
Materials and supplies	561,196	13,783,407	1,661,901	240,609	0	* 10,326	* 4,321
Other costs	874,376	4,002,633	887,434	73,110	* 7,446	* 7,891	* 8,262
Inventory, end of year	323,707	800,403	1,124,300	255,301	* 15,808	* 15,949	* 16,281
Advertising expenses	26,285	578,313	129,503	20,956	* 2,162	5,389	* 1,089
Car and truck expenses	212,238	8,425,303	734,141	107,655	8,815	19,178	* 4,386
Commissions	13,588	205,224	92,307	14,267	* 83	* 389	0
Contract labor	47,671	8,074,900	334,231	15,072	* 1,628	* 52,940	0
Depletion	* 2,773	* 827	* 1,734	0	0	0	0
Depreciation	291,506	2,492,295	631,784	103,711	* 16,762	6,636	* 2,978
Employee benefit programs	10,137	200,257	50,075	3,994	0	* 272	* 320
Insurance	75,129	2,005,710	244,564	25,115	* 1,893	1,867	* 551
Legal and professional services	43,982	474,140	113,980	20,511	* 1,428	2,851	* 1,792
Meals and entertainment deducted	21,855	370,278	51,357	8,797	* 1,262	2,060	* 31
Mortgage interest	16,519	123,355	64,707	10,589	* 1,543	0	0
Other interest paid on business indebtedness	23,900	319,162	103,314	15,903	* 1,118	* 76	* 829
Office expenses	22,489	569,790	128,877	27,492	* 3,393	4,113	* 1,064
Pension and profit-sharing plans	* 1,172	12,027	13,076	* 239	* 32	0	0
Rent paid on machinery and equipment	39,305	567,450	62,125	4,388	* 269	* 3,519	* 120
Rent paid on other business property	39,902	903,230	551,557	80,666	* 6,414	42,133	0
Repairs	90,637	892,797	258,071	37,119	* 10,888	3,179	* 2,502
Supplies	110,856	4,833,287	591,354	33,160	105,453	7,329	* 8,852
Salaries and wages	208,921	4,343,521	1,467,205	235,153	* 19,712	* 18,383	* 1,969
Taxes paid	55,565	1,083,034	315,382	36,062	* 8,051	7,110	* 503
Travel	43,891	604,919	106,425	14,258	* 74	2,565	* 99
Utilities	60,396	1,694,033	438,262	48,837	12,587	19,879	* 2,205
Other business deductions	239,901	5,193,477	1,050,271	144,527	17,549	20,722	* 1,677
Home office business deductions, total	17,305	642,121	122,682	* 1,856	* 4,432	* 4,170	* 272
Depreciation, Form 8829 [3]	* 441	71,012	12,945	* 266	* 770	* 551	0
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	1,223,980	26,992,997	4,380,063	400,419	67,525	175,102	* 54,091
Returns with Schedule C-EZ:							
Number of returns	7,338	402,847	39,485	* 1,369	* 2,515	* 2,069	0
Business receipts	51,640	3,422,214	220,140	* 3,238	* 9,842	* 23,021	0
Business deductions	* 3,041	345,006	23,288	* 816	* 1,168	0	0
Net income	48,599	3,077,208	196,852	* 2,422	* 8,674	* 23,021	0

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Manufacturing—continued						
	Wood products	Paper products	Printing and related support activities	Petroleum and coal products	Chemical manufacturing	Plastic and rubber products	Nonmetallic mineral products
	(21)	(22)	(23)	(24)	(25)	(26)	(27)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	33,145	**	37,279	3,602	16,121	1,765	15,459
Business receipts, total [1,2]	2,212,245	**	2,449,885	270,253	973,781	267,140	957,737
Income from sales and operations [1]	2,183,859	**	2,440,530	263,709	971,675	265,252	942,399
Other business income (loss) [1]	28,386	**	9,355	* 6,544	2,106	* 1,888	15,338
Business deductions, total [1,2]	1,934,202	**	2,133,283	272,631	734,894	238,181	892,846
Cost of sales and operations, total	1,161,459	**	987,081	* 200,650	350,423	172,249	380,083
Inventory, beginning of year	108,377	**	60,777	* 11,191	31,901	* 10,605	88,169
Cost of labor	140,965	**	* 38,112	* 2,579	* 7,165	* 18,738	90,108
Purchases	817,494	**	679,609	* 162,220	215,508	* 71,610	184,562
Materials and supplies	128,030	**	187,449	* 19,167	68,330	* 80,709	85,805
Other costs	97,150	**	102,107	* 17,769	65,878	* 9,250	26,412
Inventory, end of year	130,557	**	80,972	* 12,277	* 38,359	* 18,663	94,974
Advertising expenses	6,751	**	27,066	* 521	6,138	* 984	6,044
Car and truck expenses	95,538	**	99,930	* 215	51,608	* 3,737	26,616
Commissions	* 2,061	**	3,009	* 3,503	15,103	* 3,654	* 2,055
Contract labor	4,693	**	68,031	* 175	* 42,182	* 713	17,138
Depletion	* 12	**	0	* 1,892	0	0	0
Depreciation	79,025	**	64,164	10,569	13,015	7,606	53,889
Employee benefit programs	4,557	**	4,063	* 321	* 5,321	* 1,860	* 5,504
Insurance	21,763	**	20,542	* 1,222	14,363	* 1,571	31,020
Legal and professional services	6,596	**	15,536	951	12,174	3,530	9,484
Meals and entertainment deducted	3,106	**	8,025	* 159	2,905	* 570	2,696
Mortgage interest	13,171	**	* 8,700	0	* 3,446	* 288	* 2,732
Other interest paid on business indebtedness	8,843	**	41,547	* 4,324	2,206	* 523	4,721
Office expenses	13,033	**	26,135	367	8,866	* 989	3,854
Pension and profit-sharing plans	* 1,044	**	* 789	* 401	* 52	* 1,418	0
Rent paid on machinery and equipment	8,128	**	23,509	* 133	* 10,228	* 43	* 2,238
Rent paid on other business property	31,207	**	67,342	* 673	7,796	* 2,057	25,210
Repairs	55,446	**	28,395	* 472	9,934	* 354	17,390
Supplies	66,307	**	137,440	* 233	15,186	* 1,315	12,822
Salaries and wages	145,144	**	133,352	* 15,781	65,830	* 18,390	124,269
Taxes paid	24,771	**	60,727	2,051	12,300	* 2,309	22,189
Travel	9,743	**	14,263	* 2,259	9,860	* 1,504	4,622
Utilities	46,356	**	88,667	1,093	21,257	* 785	21,574
Other business expenses	109,991	**	146,603	24,610	36,974	9,404	105,281
Home office business deductions, total	* 14,622	**	54,394	0	* 16,835	* 2,327	* 11,044
Depreciation, Form 8829 [3]	* 1,104	**	8,195	0	* 1,461	* 480	* 1,620
Casualty loss, Form 8829 [3]	0	**	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	**	0	0	0	0	0
Net income less deficit [1,2]	278,313	**	322,821	-4,226	239,549	28,995	65,916
Net income [1,2]	372,502	**	419,078	11,645	272,309	34,007	87,615
Deficit [2]	94,189	**	96,257	* 15,871	32,759	* 5,012	21,699

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Manufacturing—continued						
	Wood products	Paper products	Printing and related support activities	Petroleum and coal products	Chemical manufacturing	Plastic and rubber products	Nonmetallic mineral products
	(21)	(22)	(23)	(24)	(25)	(26)	(27)
BUSINESSES WITH NET INCOME							
Number of returns [1]	23,875	**	23,822	2,557	13,950	1,379	11,078
Business receipts, total [1,2]	1,960,891	**	2,119,520	183,214	867,755	214,274	839,969
Income from sales and operations [1]	1,934,622	**	2,113,746	182,297	866,699	212,560	825,460
Other business income	26,269	**	* 5,774	* 917	* 1,057	* 1,714	* 14,509
Business deductions, total [1,2]	1,588,389	**	1,700,442	171,569	595,447	* 180,302	752,354
Cost of sales and operations, total	991,229	**	847,688	* 139,062	276,506	* 126,089	322,037
Inventory, beginning of year	92,340	**	* 46,711	* 6,034	* 25,143	* 8,525	65,350
Cost of labor	111,515	**	* 23,327	* 756	* 1,032	* 5,090	* 83,811
Purchases	719,428	**	596,591	* 133,648	160,489	* 41,244	* 157,329
Materials and supplies	* 113,208	**	149,346	0	* 63,431	* 80,709	75,768
Other costs	60,087	**	88,059	* 7,187	* 56,087	* 7,199	* 10,315
Inventory, end of year	105,349	**	56,346	* 8,564	* 29,677	* 16,678	70,536
Advertising expenses	3,408	**	21,472	* 51	2,573	* 397	4,742
Car and truck expenses	81,355	**	76,948	* 74	49,615	* 3,737	24,806
Commissions	* 2,023	**	* 1,927	* 1,665	* 13,531	* 516	* 2,036
Contract labor	* 3,678	**	61,051	* 95	* 32,782	* 709	* 9,543
Depletion	0	**	0	* 1,725	0	0	0
Depreciation	57,225	**	29,834	* 5,184	10,074	* 6,111	45,130
Employee benefit programs	1,771	**	* 2,549	* 269	* 4,913	* 420	* 3,046
Insurance	18,060	**	17,829	* 591	10,708	* 1,160	29,363
Legal and professional services	3,813	**	7,342	* 236	6,758	* 2,517	7,871
Meals and entertainment deducted	2,678	**	6,690	* 63	1,932	* 561	2,372
Mortgage interest	* 4,536	**	* 7,813	0	* 3,099	* 288	* 2,652
Other interest paid on business indebtedness	5,587	**	24,782	* 543	* 1,607	* 454	* 3,433
Office expenses	11,843	**	19,214	* 173	8,496	* 529	3,221
Pension and profit-sharing plans	* 682	**	* 739	* 401	* 52	* 1,377	0
Rent paid on machinery and equipment	7,159	**	16,792	* 11	* 8,313	* 43	* 2,152
Rent paid on other business property	23,366	**	50,619	* 254	* 6,851	* 1,645	* 18,589
Repairs	44,396	**	19,770	* 277	7,358	* 183	14,635
Supplies	49,512	**	110,652	* 166	9,032	* 1,300	11,233
Salaries and wages	110,963	**	85,819	* 11,636	60,240	* 17,524	* 112,126
Taxes paid	17,826	**	51,102	* 1,468	10,366	* 1,478	20,308
Travel	6,915	**	* 10,568	* 1,916	9,210	* 1,430	* 3,983
Utilities	34,436	**	58,745	* 442	17,185	* 590	18,484
Other business deductions	93,489	**	122,132	* 5,211	26,518	* 8,916	81,294
Home office business deductions, total	* 11,608	**	44,453	0	* 16,835	* 2,327	* 8,927
Depreciation, Form 8829 [3]	* 108	**	* 5,210	0	* 1,461	* 480	* 439
Casualty loss, Form 8829 [3]	0	**	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	**	0	0	0	0	0
Net income [1,2]	372,502	**	419,078	11,645	272,309	34,007	87,615
Returns with Schedule C-EZ:							
Number of returns	* 1,328	**	* 2,533	* 2,320	* 4,229	* 987	* 2,973
Business receipts	* 3,143	**	* 28,763	* 5,145	* 16,449	* 1,443	* 4,024
Business deductions	* 835	**	* 3,972	* 55	* 891	0	* 371
Net income	* 2,308	**	* 24,791	* 5,089	* 15,558	* 1,443	* 3,653

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Manufacturing—continued							
	Primary metal industries	Fabricated metal products	Machinery	Computer and electronic products	Electrical equipment, appliances, and components	Transportation equipment	Furniture and related products	Miscellaneous manufacturing
	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)
BUSINESSES WITH AND WITHOUT NET INCOME								
Number of returns [1]	4,102	33,019	28,432	10,127	6,740	7,265	21,456	** 55,689
Business receipts, total [1,2]	405,529	2,939,835	2,435,280	331,307	658,372	1,024,037	1,705,565	** 3,435,428
Income from sales and operations [1]	403,989	2,918,324	2,432,568	311,057	655,891	990,630	1,704,561	** 3,400,073
Other business income (loss) [1]	* 1,541	21,511	2,712	* 20,251	2,481	* 33,407	* 1,005	** 35,355
Business deductions, total [1,2]	340,853	2,570,207	1,914,075	290,868	551,797	1,044,911	1,435,027	** 3,078,114
Cost of sales and operations, total	163,645	1,348,797	966,013	90,383	355,202	501,454	830,522	** 1,632,337
Inventory, beginning of year	* 3,148	140,296	133,092	18,228	40,562	* 43,945	59,350	** 303,890
Cost of labor	* 9,408	183,100	142,759	* 6,893	* 18,684	61,935	127,736	** 136,257
Purchases	* 111,151	730,133	608,147	72,445	151,036	291,401	432,560	** 986,062
Materials and supplies	* 34,199	252,130	130,182	* 1,274	* 123,307	78,101	234,109	** 287,322
Other costs	12,644	214,484	105,211	* 11,766	73,691	81,744	34,947	** 302,044
Inventory, end of year	* 6,906	171,346	153,378	20,224	52,077	55,673	58,179	** 383,237
Advertising expenses	* 618	15,661	5,374	3,545	4,218	2,348	4,949	** 43,454
Car and truck expenses	10,199	105,731	99,570	21,123	19,147	71,855	44,274	** 124,918
Commissions	* 200	10,498	18,098	* 6,832	* 4,981	7,743	* 1,374	** 21,797
Contract labor	* 1,466	66,952	39,959	* 1,280	9,893	* 61,486	23,435	** 42,377
Depletion	* 2	0	0	* 175	0	0	0	** 153
Depreciation	36,020	142,528	71,656	38,844	19,548	18,830	61,349	** 88,716
Employee benefit programs	* 1,274	10,638	14,697	* 2,252	* 2,332	* 1,829	* 4,963	** 9,077
Insurance	7,124	40,431	39,930	5,188	2,215	17,537	34,161	** 38,590
Legal and professional services	2,178	45,498	19,222	9,533	6,480	4,450	9,806	** 27,863
Meals and entertainment deducted	698	5,146	4,923	2,296	1,489	1,835	2,080	** 13,706
Mortgage interest	* 1	10,802	* 14,654	* 5,046	* 34	* 382	* 7,345	** 30,242
Other interest paid on business indebtedness	* 868	14,445	19,935	* 1,860	* 10,364	4,716	11,425	** 26,253
Office expenses	1,948	14,728	15,060	2,425	2,948	4,071	8,737	** 25,691
Pension and profit-sharing plans	* 250	* 2,632	* 5,456	* 14	* 1,070	* 246	* 69	** 2,100
Rent paid on machinery and equipment	* 347	6,431	5,606	* 66	* 5,044	* 18,494	* 2,209	** 25,159
Rent paid on other business property	* 19,872	67,592	92,424	14,576	17,388	32,424	41,135	** 114,581
Repairs	6,631	43,715	26,391	5,861	5,016	14,520	18,985	** 30,724
Supplies	11,136	49,603	68,837	10,680	3,728	36,305	38,681	** 110,444
Salaries and wages	40,403	287,537	159,991	* 24,642	30,379	101,607	109,651	** 250,491
Taxes paid	3,707	48,652	45,269	5,130	5,539	12,408	21,842	** 54,901
Travel	* 616	13,631	7,113	10,655	5,809	7,356	8,390	** 42,022
Utilities	13,926	66,427	64,812	12,710	8,275	19,565	39,301	** 69,571
Other business expenses	17,707	139,991	97,090	13,409	29,004	101,606	98,260	** 220,460
Home office business deductions, total	* 21	* 9,866	* 8,436	* 2,342	* 1,137	* 1,843	* 12,084	** 23,701
Depreciation, Form 8829 [3]	0	* 1,307	* 2,150	* 479	* 323	* 76	* 2,259	** 2,561
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0	**
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	0	**
Net income less deficit [1,2]	70,599	370,944	519,096	40,444	106,569	-20,664	272,352	** 377,137
Net income [1,2]	80,034	489,663	606,927	82,204	123,690	83,574	326,214	** 693,463
Deficit [2]	* 9,435	118,719	87,831	41,760	17,121	104,239	53,861	** 316,327

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Manufacturing—continued							
	Primary metal industries	Fabricated metal products	Machinery	Computer and electronic products	Electrical equipment, appliances, and components	Transportation equipment	Furniture and related products	Miscellaneous manufacturing
	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)
BUSINESSES WITH NET INCOME								
Number of returns [1]	3,078	22,505	23,118	4,884	6,120	5,426	14,740	** 30,807
Business receipts, total [1,2]	270,649	2,710,621	2,127,815	302,744	616,270	780,719	1,393,604	** 2,675,376
Income from sales and operations [1]	269,761	2,693,362	2,125,444	282,524	613,841	747,514	1,392,665	** 2,663,472
Other business income	* 888	17,259	* 2,372	* 20,221	2,429	* 33,205	* 938	** 11,904
Business deductions, total [1,2]	190,615	2,222,151	1,520,888	220,540	492,575	697,145	1,067,390	** 1,982,382
Cost of sales and operations, total	* 76,162	1,227,398	784,893	77,247	332,170	365,661	599,508	** 1,030,187
Inventory, beginning of year	* 2,836	103,483	67,672	* 13,674	37,959	* 26,297	38,856	** 167,385
Cost of labor	* 267	167,035	134,499	* 6,155	* 18,281	* 50,518	* 68,902	** 91,131
Purchases	* 59,462	661,734	441,923	* 58,332	142,234	* 248,811	362,791	** 570,829
Materials and supplies	* 10,896	242,833	126,580	* 1,036	* 106,312	* 25,648	* 155,900	** 254,978
Other costs	* 5,332	188,773	77,055	* 11,015	* 73,309	* 51,094	* 8,381	** 146,832
Inventory, end of year	* 2,631	136,459	62,836	* 12,964	* 45,925	* 36,707	35,322	** 200,967
Advertising expenses	* 579	13,171	4,750	3,314	* 3,616	* 894	3,856	** 37,084
Car and truck expenses	* 7,087	52,601	92,580	10,111	* 17,098	67,753	37,155	** 73,187
Commissions	0	4,211	16,834	* 6,545	* 3,938	* 7,167	* 693	** 16,482
Contract labor	* 1,397	62,066	35,480	* 1,135	* 5,706	* 3,925	* 17,696	** 29,328
Depletion	0	0	0	0	0	0	0	** 9
Depreciation	* 23,972	120,250	56,066	32,003	10,146	7,466	57,219	** 41,018
Employee benefit programs	* 828	8,823	10,614	* 1,478	* 1,866	* 1,635	* 2,291	** 4,985
Insurance	* 5,534	34,513	34,177	* 5,022	* 1,825	* 7,912	26,392	** 22,052
Legal and professional services	* 1,370	14,269	10,674	5,532	5,658	2,192	5,376	** 13,789
Meals and entertainment deducted	* 559	2,749	4,183	1,891	* 1,434	* 1,681	1,289	** 11,124
Mortgage interest	* 1	9,370	* 12,459	* 4,736	* 34	0	* 3,567	** 4,021
Other interest paid on business indebtedness	* 669	12,834	9,709	* 1,696	* 4,718	* 602	5,866	** 12,889
Office expenses	* 1,320	10,346	10,185	868	2,772	* 3,660	3,759	** 16,432
Pension and profit-sharing plans	* 107	* 1,697	* 5,313	* 14	* 1,070	0	* 69	** 1,284
Rent paid on machinery and equipment	* 260	2,553	4,954	* 17	* 5,039	* 548	* 2,170	** 3,820
Rent paid on other business property	* 13,909	62,941	85,995	11,614	* 15,795	* 21,951	20,309	** 88,505
Repairs	* 3,186	33,645	23,786	5,159	* 4,704	* 12,448	16,932	** 17,904
Supplies	* 4,404	42,253	40,611	8,218	3,707	23,314	31,512	** 100,647
Salaries and wages	* 33,433	267,009	116,956	* 17,209	26,839	* 50,298	* 101,718	** 180,218
Taxes paid	* 2,180	41,156	37,717	3,774	5,200	9,796	15,139	** 46,146
Travel	* 588	4,567	4,514	5,907	5,320	4,472	4,464	** 25,316
Utilities	* 7,976	60,815	47,691	9,372	7,238	10,489	29,012	** 52,278
Other business deductions	* 5,075	120,778	66,158	6,262	24,986	91,416	71,290	** 142,273
Home office business deductions, total	* 21	* 9,866	* 1,028	* 1,415	* 1,137	* 1,606	* 10,108	** 2,619
Depreciation, Form 8829 [3]	0	* 1,307	* 311	0	* 270	* 76	* 1,501	** 194
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0	**
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0	**
Net income [1,2]	80,034	489,663	606,927	82,204	123,690	83,574	326,214	** 693,463
Returns with Schedule C-EZ:								
Number of returns	* 137	* 4,003	* 3,020	0	* 1,522	* 8	* 1,993	** 8,480
Business receipts	* 635	* 31,348	* 9,314	0	* 4,519	* 57	* 6,752	** 72,446
Business deductions	0	* 2,272	* 3,560	0	* 560	0	0	** 8,787
Net income	* 635	* 29,076	* 5,754	0	* 3,959	* 57	* 6,752	** 63,659

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Wholesale trade (merchant wholesalers)				Retail trade		
	Total	Durable goods, including machinery, wood, metals, etc.	Nondurable goods, including food, fiber, chemicals, etc.	Wholesale electronic markets and agents and brokers	Total	Motor vehicle and parts dealers	Furniture and home furnishing stores
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	358,559	159,828	125,116	73,615	2,312,523	129,391	35,339
Business receipts, total [1,2]	54,622,697	23,860,593	23,138,760	7,623,344	190,069,499	35,454,545	3,463,204
Income from sales and operations [1]	54,083,859	23,650,966	22,829,797	7,603,095	187,981,934	35,066,159	3,433,597
Other business income (loss) [1]	538,838	209,626	308,963	20,248	2,087,565	388,386	29,607
Business deductions, total [1,2]	49,987,525	22,096,185	21,454,665	6,436,675	179,551,061	34,018,300	3,331,939
Cost of sales and operations, total	37,556,033	16,533,548	16,333,456	4,689,029	127,016,304	27,580,531	1,701,702
Inventory, beginning of year	3,274,175	2,015,549	1,054,300	204,326	21,193,746	5,004,949	693,754
Cost of labor	455,670	223,443	183,836	* 48,391	1,832,977	487,489	99,992
Purchases	32,443,587	14,660,477	13,951,049	3,832,060	114,763,603	25,278,886	1,434,795
Materials and supplies	1,892,474	865,913	548,782	477,779	5,845,817	931,691	112,737
Other costs	2,959,111	819,049	1,742,645	397,417	4,983,875	1,072,556	105,992
Inventory, end of year	3,468,983	2,050,883	1,147,155	270,945	21,603,714	5,195,040	745,569
Advertising expenses	332,835	150,622	89,785	92,428	1,967,094	263,017	82,220
Car and truck expenses	1,620,235	723,205	603,704	293,326	5,510,642	500,268	146,066
Commissions	375,789	195,373	129,412	51,004	1,473,439	291,249	16,489
Contract labor	551,886	198,612	261,880	91,394	1,230,748	195,596	100,544
Depletion	3,336	* 2	3,335	0	5,101	* 1,926	0
Depreciation	671,288	345,819	226,445	99,024	2,214,655	326,522	43,428
Employee benefit programs	77,867	29,910	33,983	13,973	229,457	38,545	6,334
Insurance	276,752	145,906	111,865	18,981	1,231,908	221,451	33,390
Legal and professional services	221,943	87,114	90,547	44,281	828,334	77,556	15,754
Meals and entertainment deducted	190,471	93,982	60,399	36,089	433,398	38,123	8,915
Mortgage interest	89,614	42,138	43,864	3,611	540,827	78,558	17,095
Other interest paid on business indebtedness	184,574	110,112	66,191	8,271	792,722	182,835	13,908
Office expenses	241,073	98,878	85,514	56,681	1,003,935	98,312	37,926
Pension and profit-sharing plans	25,566	6,605	12,343	6,618	34,385	2,267	* 1,177
Rent paid on machinery and equipment	179,801	75,614	88,191	15,995	634,303	53,402	11,168
Rent paid on other business property	651,858	304,676	291,193	55,990	5,772,823	498,262	222,717
Repairs	291,649	162,093	116,916	12,640	1,212,445	278,969	32,437
Supplies	418,416	233,205	136,385	48,826	2,808,718	304,222	152,643
Salaries and wages	1,579,154	705,371	719,335	154,448	7,694,638	1,100,449	190,512
Taxes paid	335,635	175,565	136,741	23,329	2,499,873	349,976	80,549
Travel	456,356	181,102	182,133	93,121	1,000,719	62,394	36,781
Utilities	545,237	255,779	211,727	77,732	3,457,398	312,579	97,728
Other business expenses	2,850,172	1,101,439	1,340,810	407,923	9,027,067	1,133,016	256,778
Home office business deductions, total	214,869	118,822	63,715	32,332	745,543	15,742	18,157
Depreciation, Form 8829 [3]	37,969	25,306	7,057	5,607	113,417	2,193	* 1,109
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	* 755	* 755	0	0	* 21	0	0
Net income less deficit [1,2]	4,692,429	1,764,525	1,739,951	1,187,953	10,622,197	1,445,537	131,519
Net income [1,2]	5,893,164	2,362,065	2,214,569	1,316,530	18,107,034	1,941,686	397,093
Deficit [2]	1,200,735	597,540	474,618	128,577	7,484,837	496,149	265,574

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Wholesale trade (merchant wholesalers)				Retail trade		
	Total	Durable goods, including machinery, wood, metals, etc.	Nondurable goods, including food, fiber, chemicals, etc.	Wholesale electronic markets and agents and brokers	Total	Motor vehicle and parts dealers	Furniture and home furnishing stores
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
BUSINESSES WITH NET INCOME							
Number of returns [1]	241,605	103,864	87,681	50,061	1,260,119	92,439	21,302
Business receipts, total [1,2]	47,126,366	20,313,149	20,241,267	6,571,950	151,837,161	28,051,737	2,554,720
Income from sales and operations [1]	46,662,107	20,135,544	19,962,523	6,564,040	149,989,440	27,744,545	2,529,988
Other business income	464,260	177,606	278,745	7,909	1,847,720	307,192	24,732
Business deductions, total [1,2]	41,231,847	17,950,592	18,025,431	5,255,824	133,744,974	26,111,544	2,157,881
Cost of sales and operations, total	31,995,876	14,044,454	13,971,517	3,979,905	98,968,730	21,407,493	1,124,686
Inventory, beginning of year	2,442,018	1,627,021	684,549	130,447	13,427,581	3,298,226	359,114
Cost of labor	317,619	109,551	159,677	* 48,391	1,214,025	286,678	91,722
Purchases	27,457,567	12,499,648	11,798,096	3,159,823	89,754,517	19,778,110	1,008,793
Materials and supplies	1,676,118	688,334	511,243	476,541	4,339,929	503,390	* 51,771
Other costs	2,699,994	722,935	1,616,732	360,327	4,176,712	949,513	30,490
Inventory, end of year	2,597,439	1,603,037	798,779	195,624	13,944,035	3,408,424	417,205
Advertising expenses	224,837	113,628	66,838	44,371	1,315,185	181,909	46,463
Car and truck expenses	1,201,754	469,324	506,664	225,765	3,137,526	399,356	92,990
Commissions	329,047	167,766	112,763	48,518	1,160,861	261,491	15,741
Contract labor	479,349	159,011	235,473	84,864	875,111	104,593	69,372
Depletion	* 1,943	* 1	* 1,941	0	2,229	* 1,759	0
Depreciation	453,353	229,044	161,247	63,062	1,249,017	189,964	18,242
Employee benefit programs	55,688	23,763	18,432	13,494	177,189	26,665	5,039
Insurance	204,330	98,234	91,416	14,679	854,423	152,265	18,750
Legal and professional services	162,989	57,066	68,419	37,505	527,082	57,007	8,302
Meals and entertainment deducted	150,383	66,587	55,442	28,354	292,219	32,304	5,902
Mortgage interest	51,617	25,017	24,128	* 2,472	376,081	57,704	7,680
Other interest paid on business indebtedness	123,588	63,438	53,737	6,414	462,460	112,536	6,201
Office expenses	168,436	69,013	65,694	33,729	609,207	72,717	24,738
Pension and profit-sharing plans	24,795	6,256	11,983	6,555	31,068	1,815	* 1,176
Rent paid on machinery and equipment	132,159	62,532	55,899	13,728	392,689	41,515	4,598
Rent paid on other business property	510,980	239,608	235,157	36,214	3,994,195	369,545	118,832
Repairs	233,900	139,063	86,880	7,957	789,969	207,139	17,736
Supplies	299,655	179,684	78,763	41,209	1,476,228	193,192	125,635
Salaries and wages	1,223,082	542,240	546,646	134,196	5,592,503	794,544	116,395
Taxes paid	242,824	118,013	104,948	19,863	1,840,436	275,075	55,830
Travel	348,251	123,645	146,159	78,447	636,652	43,546	30,173
Utilities	403,997	182,586	165,051	56,360	2,197,873	227,236	48,666
Other business deductions	1,991,620	653,345	1,094,437	243,837	6,184,595	873,818	170,903
Home office business deductions, total	172,280	96,581	50,999	24,699	424,933	15,197	* 16,312
Depreciation, Form 8829 [3]	28,884	21,488	2,616	4,781	48,256	2,138	* 850
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	5,893,164	2,362,065	2,214,569	1,316,530	18,107,034	1,941,686	397,093
Returns with Schedule C-EZ:							
Number of returns	39,190	17,303	12,505	9,382	266,246	16,226	* 3,605
Business receipts	324,359	132,109	118,300	73,951	1,726,313	152,536	* 42,901
Business deductions	45,117	20,692	14,796	9,628	184,586	* 12,531	* 7,521
Net income	279,242	111,417	103,504	64,322	1,541,727	140,005	* 35,380

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Retail trade—continued						
	Electronic and appliance stores	Building material and garden equipment and supplies dealers	Food and beverage stores	Health and personal care stores	Gasoline stations	Clothing and accessories stores	Sporting goods, hobby, book, and music stores
	(43)	(44)	(45)	(46)	(47)	(48)	(49)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	31,909	38,607	111,326	128,459	16,495	141,980	99,190
Business receipts, total [1,2]	4,278,051	5,681,993	27,441,511	8,542,482	25,993,055	10,637,049	7,765,976
Income from sales and operations [1]	4,236,890	5,755,179	27,076,002	8,513,181	25,780,701	10,409,990	7,687,199
Other business income (loss) [1]	41,162	-73,186	365,510	29,302	212,353	227,059	78,777
Business deductions, total [1,2]	3,950,655	5,321,372	26,478,435	7,831,591	25,754,792	10,105,100	7,387,763
Cost of sales and operations, total	2,646,993	3,612,524	19,769,343	5,368,172	22,952,567	5,944,552	4,800,662
Inventory, beginning of year	390,608	883,716	1,885,941	671,138	507,680	1,985,985	2,249,677
Cost of labor	* 79,725	217,952	162,002	* 46,263	53,460	96,447	43,906
Purchases	2,297,207	3,071,699	18,646,596	4,847,474	21,885,820	5,163,276	4,361,258
Materials and supplies	64,032	73,267	529,151	378,564	732,802	377,011	278,548
Other costs	78,961	290,933	322,804	114,037	335,578	416,974	164,660
Inventory, end of year	263,540	925,044	1,777,151	689,304	562,772	2,095,141	2,297,388
Advertising expenses	77,743	66,021	116,739	105,602	23,994	204,103	109,050
Car and truck expenses	93,290	121,890	213,724	171,924	94,406	215,185	205,453
Commissions	47,949	19,090	113,193	44,697	48,368	38,705	39,559
Contract labor	46,840	36,484	111,595	80,128	20,940	45,716	53,983
Depletion	* 1	* 26	* 64	0	* 8	* 3	* 437
Depreciation	48,116	169,655	232,453	72,982	168,800	109,185	142,504
Employee benefit programs	5,362	16,146	24,973	23,281	9,508	11,338	10,096
Insurance	41,307	77,004	185,624	53,842	77,652	79,914	63,002
Legal and professional services	13,919	28,136	83,308	50,159	34,390	70,690	38,977
Meals and entertainment deducted	8,928	11,036	19,299	18,361	4,193	21,862	16,718
Mortgage interest	22,622	42,897	53,733	7,343	66,384	30,022	40,679
Other interest paid on business indebtedness	8,902	35,304	67,264	27,453	64,457	63,917	84,413
Office expenses	31,064	23,950	63,171	72,185	22,888	88,255	67,067
Pension and profit-sharing plans	* 595	5,104	804	4,552	683	* 2,200	* 728
Rent paid on machinery and equipment	10,824	6,173	104,856	52,690	29,887	64,527	37,235
Rent paid on other business property	124,722	84,563	862,002	242,736	284,630	1,021,624	317,898
Repairs	18,937	58,202	200,622	42,526	141,264	64,827	54,306
Supplies	71,368	74,096	272,935	92,322	35,691	212,017	136,241
Salaries and wages	214,462	384,532	1,509,587	581,284	698,235	602,019	389,953
Taxes paid	76,220	112,050	453,209	107,955	238,120	200,754	120,052
Travel	21,625	20,139	33,113	41,139	4,754	61,182	45,244
Utilities	90,298	136,456	665,305	130,177	250,446	265,437	165,235
Other business expenses	216,681	175,448	1,313,930	391,227	476,979	589,234	418,517
Home office business deductions, total	11,393	4,206	4,538	39,196	* 1,525	80,945	26,901
Depreciation, Form 8829 [3]	* 743	490	654	6,719	* 21	13,372	5,582
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	0
Net income less deficit [1,2]	328,900	363,427	967,956	711,120	254,522	560,919	377,511
Net income [1,2]	427,237	575,800	1,472,812	1,065,013	417,824	1,231,026	791,981
Deficit [2]	98,337	212,372	504,856	353,893	163,302	670,108	414,470

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Retail trade—continued						
	Electronic and appliance stores	Building material and garden equipment and supplies dealers	Food and beverage stores	Health and personal care stores	Gasoline stations	Clothing and accessories stores	Sporting goods, hobby, book, and music stores
	(43)	(44)	(45)	(46)	(47)	(48)	(49)
BUSINESSES WITH NET INCOME							
Number of returns [1]	22,318	20,421	74,750	62,664	10,995	82,296	40,914
Business receipts, total [1,2]	3,454,448	4,671,502	22,563,672	7,511,074	19,069,485	8,601,096	5,850,908
Income from sales and operations [1]	3,419,264	4,656,957	22,245,021	7,486,110	18,884,382	8,396,373	5,779,525
Other business income	35,184	14,545	318,651	24,964	185,103	204,724	71,383
Business deductions, total [1,2]	3,027,211	4,095,702	21,094,834	6,446,373	18,651,286	7,370,325	5,058,927
Cost of sales and operations, total	1,998,728	2,975,621	15,992,610	4,673,459	16,701,366	4,558,705	3,534,475
Inventory, beginning of year	317,818	664,585	1,432,489	440,556	383,831	1,356,398	1,097,567
Cost of labor	* 49,345	196,803	129,303	* 45,334	12,408	55,585	* 16,736
Purchases	1,751,002	2,486,914	15,093,941	4,174,929	15,943,784	3,997,602	3,286,613
Materials and supplies	* 31,203	18,022	486,181	364,347	515,299	329,496	237,903
Other costs	* 54,098	278,697	262,021	110,860	279,671	330,749	124,308
Inventory, end of year	204,739	669,400	1,411,326	462,568	433,626	1,511,126	1,228,653
Advertising expenses	45,595	46,667	76,835	73,430	19,401	139,300	70,326
Car and truck expenses	60,111	85,196	140,071	88,636	53,619	97,688	109,510
Commissions	* 47,773	11,543	109,343	39,581	43,965	30,299	35,811
Contract labor	46,189	30,870	89,609	69,982	8,967	28,258	31,224
Depletion	0	0	* 45	0	* 2	* [4]	* 12
Depreciation	41,173	95,489	134,360	49,961	102,621	79,532	60,589
Employee benefit programs	* 1,632	13,223	21,385	22,771	3,261	10,380	5,959
Insurance	31,933	46,655	146,708	38,928	54,460	57,659	39,760
Legal and professional services	10,394	11,578	62,904	41,073	26,373	46,858	17,628
Meals and entertainment deducted	8,257	6,628	14,397	12,648	3,729	11,875	10,448
Mortgage interest	21,301	33,493	45,035	5,132	41,862	14,914	35,875
Other interest paid on business indebtedness	5,910	21,838	43,871	20,364	33,131	41,184	23,460
Office expenses	26,665	16,891	35,085	50,405	16,159	57,816	32,195
Pension and profit-sharing plans	* 418	* 5,080	603	4,298	* 664	* 2,200	* 728
Rent paid on machinery and equipment	* 6,720	3,596	83,368	33,494	22,985	42,078	13,406
Rent paid on other business property	97,379	59,887	633,075	196,008	216,793	732,951	184,166
Repairs	14,528	33,234	155,134	36,068	68,377	37,356	32,994
Supplies	68,536	30,933	182,715	55,480	23,992	74,813	84,445
Salaries and wages	160,732	263,993	1,200,136	449,447	520,926	449,893	261,574
Taxes paid	61,634	83,982	349,952	87,418	161,622	156,374	83,187
Travel	19,682	14,942	14,121	28,909	1,367	31,891	23,373
Utilities	70,050	83,190	492,552	87,015	188,709	161,079	101,256
Other business deductions	172,041	117,014	1,064,509	249,934	331,467	438,781	252,870
Home office business deductions, total	* 9,336	3,918	* 3,359	22,273	* 1,446	51,556	10,805
Depreciation, Form 8829 [3]	* 364	* 426	* 223	3,192	* 4	9,862	* 706
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	427,237	575,800	1,472,812	1,065,013	417,824	1,231,026	791,981
Returns with Schedule C-EZ:							
Number of returns	* 2,069	* 1,986	19,271	13,038	* 1,010	11,281	4,217
Business receipts	* 15,701	* 12,259	175,320	92,708	* 7,296	94,836	26,545
Business deductions	* 495	* 240	* 3,052	9,659	* 4,021	* 16,886	* 2,853
Net income	* 15,207	* 12,019	172,267	83,049	* 3,275	77,950	23,692

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Retail trade—continued			Transportation and warehousing			
	General merchandise stores	Miscellaneous store retailers	Nonstore retailers	Total	Air and rail transportation	Water transportation	Truck transportation
	(50)	(51)	(52)	(53)	(54)	(55)	(56)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	20,612	589,993	969,223	1,145,033	12,794	7,660	592,197
Business receipts, total [1,2]	2,589,019	33,044,640	25,177,973	89,584,134	1,749,161	895,721	68,438,475
Income from sales and operations [1]	2,568,853	32,720,496	24,733,688	88,459,206	1,630,042	888,670	67,723,417
Other business income (loss) [1]	20,166	324,144	444,285	1,124,928	119,119	7,051	715,059
Business deductions, total [1,2]	2,459,481	29,926,778	22,984,857	77,848,117	2,058,338	885,054	59,734,014
Cost of sales and operations, total	1,688,486	18,438,676	12,512,095	10,224,566	969,595	87,201	7,304,317
Inventory, beginning of year	408,709	4,448,445	2,063,141	200,556	90,294	* 1,496	55,519
Cost of labor	* 7,512	398,228	140,002	1,468,727	13,240	* 12,136	1,290,996
Purchases	1,533,028	15,518,822	10,724,742	3,169,279	469,508	* 20,919	1,766,613
Materials and supplies	* 67,951	1,646,060	654,003	875,449	91,125	* 10,433	666,760
Other costs	126,996	909,195	1,045,187	4,728,937	390,828	47,885	3,603,739
Inventory, end of year	455,711	4,482,074	2,114,980	218,383	85,400	* 5,669	79,310
Advertising expenses	20,792	360,424	537,389	239,238	5,128	1,532	81,562
Car and truck expenses	44,811	1,423,142	2,280,483	25,320,104	38,777	40,921	20,684,608
Commissions	1,305	333,152	479,684	998,835	17,987	15,772	729,206
Contract labor	19,443	251,009	268,470	4,708,675	19,397	12,334	3,698,685
Depletion	0	1,647	* 990	2,183	* 24	* [4]	* 2,089
Depreciation	30,356	461,295	409,359	5,294,495	393,534	304,977	3,906,409
Employee benefit programs	* 718	55,201	27,956	73,664	3,634	5,907	52,712
Insurance	13,297	235,120	150,305	2,741,542	25,293	33,190	2,181,611
Legal and professional services	8,243	218,173	189,030	311,148	28,643	5,506	202,865
Meals and entertainment deducted	4,442	126,681	154,840	2,077,406	3,908	1,833	1,962,257
Mortgage interest	15,297	139,497	26,699	304,892	26,845	3,996	186,576
Other interest paid on business indebtedness	7,148	150,660	86,460	452,900	38,965	10,725	341,169
Office expenses	9,023	217,452	272,642	367,480	5,900	2,909	228,748
Pension and profit-sharing plans	* 69	9,347	6,858	4,555	71	* 1,267	2,322
Rent paid on machinery and equipment	14,838	163,131	85,571	2,643,168	13,072	13,009	1,544,777
Rent paid on other business property	107,431	1,417,806	588,433	712,571	30,477	10,977	375,751
Repairs	12,829	183,977	123,548	4,900,496	100,725	46,462	4,314,266
Supplies	84,463	649,543	723,177	1,001,442	5,186	17,642	733,140
Salaries and wages	91,073	1,416,510	516,022	2,949,399	58,502	128,975	2,046,566
Taxes paid	42,517	503,305	215,166	1,227,554	13,838	15,454	993,766
Travel	6,176	300,384	367,788	779,615	19,932	5,202	584,504
Utilities	68,694	729,937	545,105	1,144,790	9,235	5,275	804,683
Other business expenses	166,730	1,890,382	1,998,146	9,042,822	219,239	113,789	6,592,681
Home office business deductions, total	* 1,300	193,718	347,924	175,721	2,310	* 139	131,974
Depreciation, Form 8829 [3]	* 78	22,278	60,179	17,158	* 133	* 24	13,480
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	* 21	* 5	* 5	0	* 1
Net income less deficit [1,2]	129,539	3,131,178	2,220,071	11,816,506	-254,296	18,822	8,711,287
Net income [1,2]	242,535	4,927,213	4,616,815	14,760,469	162,237	247,801	9,970,770
Deficit [2]	112,996	1,796,035	2,396,744	2,943,963	416,533	228,979	1,259,483

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Retail trade—continued			Transportation and warehousing			
	General merchandise stores	Miscellaneous store retailers	Nonstore retailers	Total	Air and rail transportation	Water transportation	Truck transportation
	(50)	(51)	(52)	(53)	(54)	(55)	(56)
BUSINESSES WITH NET INCOME							
Number of returns [1]	13,547	350,397	468,076	913,388	9,179	3,953	491,247
Business receipts, total [1,2]	1,920,818	27,241,021	20,346,680	76,188,756	991,833	380,804	59,362,021
Income from sales and operations [1]	1,900,813	26,959,696	19,986,766	75,164,035	915,093	379,055	58,690,117
Other business income	20,005	281,325	359,914	1,024,722	76,740	* 1,749	671,904
Business deductions, total [1,2]	1,678,283	22,317,115	15,735,494	61,437,123	830,204	138,236	49,392,420
Cost of sales and operations, total	1,295,749	14,967,160	9,738,677	7,788,133	617,615	* 2,748	5,822,870
Inventory, beginning of year	267,629	2,499,848	1,309,520	109,864	* 24,203	0	41,300
Cost of labor	* 7,183	272,229	50,698	1,097,926	* 2,463	0	981,624
Purchases	1,183,936	12,705,228	8,343,665	2,488,466	* 320,002	* 76	1,523,466
Materials and supplies	* 15,494	1,244,976	541,847	653,216	* 71,706	* 396	569,631
Other costs	120,261	798,398	837,644	3,566,214	222,968	* 2,276	2,772,398
Inventory, end of year	298,754	2,553,518	1,344,696	127,552	* 23,727	0	65,549
Advertising expenses	7,983	240,454	366,823	177,542	1,570	619	67,613
Car and truck expenses	26,698	798,484	1,185,169	20,710,920	7,621	5,720	17,668,988
Commissions	* 315	206,589	358,410	807,402	* 8,174	* 895	604,099
Contract labor	* 10,761	215,486	169,801	3,897,490	* 13,874	* 4,334	3,125,607
Depletion	0	* 402	* 9	* 2,153	* 4	* [4]	* 2,082
Depreciation	20,866	251,723	204,496	3,335,136	28,998	19,007	2,888,892
Employee benefit programs	* 692	41,198	24,985	52,558	* 2,707	* 287	39,923
Insurance	7,280	161,259	98,767	2,208,019	7,730	8,251	1,818,338
Legal and professional services	4,174	155,511	85,280	238,500	20,445	1,262	165,606
Meals and entertainment deducted	2,640	95,412	87,978	1,813,988	2,441	683	1,741,490
Mortgage interest	* 12,245	96,321	4,517	240,545	* 1,432	* 24	170,050
Other interest paid on business indebtedness	* 2,684	95,372	55,910	285,175	3,964	1,096	248,427
Office expenses	3,391	140,750	132,394	289,774	4,678	489	186,523
Pension and profit-sharing plans	* 69	7,566	6,451	2,770	* 15	* 62	1,953
Rent paid on machinery and equipment	* 4,127	99,080	37,721	2,397,980	* 3,331	* 10,554	1,365,218
Rent paid on other business property	70,578	909,071	405,910	522,555	10,794	* 779	307,378
Repairs	4,164	118,088	65,153	3,868,540	4,221	11,170	3,543,839
Supplies	8,015	353,797	274,676	756,882	3,166	3,467	633,631
Salaries and wages	40,700	985,636	348,526	1,936,045	22,701	28,293	1,461,013
Taxes paid	28,606	359,853	136,903	984,451	2,815	4,967	819,800
Travel	2,114	211,276	215,258	624,718	9,247	1,307	503,263
Utilities	39,492	428,401	270,226	910,597	5,158	1,734	672,032
Other business deductions	83,642	1,208,907	1,220,709	7,289,918	37,654	30,293	5,375,743
Home office business deductions, total	* 1,297	114,559	174,876	151,402	* 1,728	* 134	111,271
Depreciation, Form 8829 [3]	* 78	8,374	22,040	11,990	* 14	* 24	9,474
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	* 1	0	0	* 1
Net income [1,2]	242,535	4,927,213	4,616,815	14,760,469	162,237	247,801	9,970,770
Returns with Schedule C-EZ:							
Number of returns	* 1,008	93,304	99,229	131,404	5,428	* 1,009	45,735
Business receipts	* 12,166	663,635	430,410	956,054	19,158	* 10,703	464,419
Business deductions	0	56,611	70,716	148,855	8,120	* 60	46,770
Net income	* 12,166	607,024	359,694	807,198	11,038	* 10,643	417,649

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Transportation and warehousing—continued						Information	
	Other transit and ground transportation	Pipeline transportation	Scenic and sightseeing transportation	Support activities for transportation (including motor vehicle towing)	Couriers and messengers	Warehousing and storage facilities	Total	Publishing industries (except internet)
	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
BUSINESSES WITH AND WITHOUT NET INCOME								
Number of returns [1]	256,641	* 325	9,796	62,899	192,504	10,216	349,703	62,056
Business receipts, total [1,2]	8,088,392	* 178,335	515,051	3,545,370	5,574,217	599,412	10,759,269	1,844,669
Income from sales and operations [1]	8,016,863	* 178,335	489,625	3,482,846	5,452,734	596,676	10,599,821	1,848,188
Other business income (loss) [1]	71,529	0	* 25,426	62,524	* 121,484	2,736	159,448	-3,519
Business deductions, total [1,2]	6,093,617	* 175,931	542,022	3,251,046	4,647,139	460,957	8,222,862	1,403,411
Cost of sales and operations, total	225,299	* 148,192	* 102,249	1,076,942	189,208	121,563	2,347,083	478,570
Inventory, beginning of year	* 235	* 1,129	0	29,214	* 7,000	* 15,668	117,641	24,353
Cost of labor	* 49,402	0	* 4,008	* 54,002	* 25,033	* 19,911	276,723	142,171
Purchases	* 126,812	* 147,666	0	478,224	* 65,371	* 94,166	843,735	54,967
Materials and supplies	* 2,972	0	* 8,233	92,640	* 3,287	0	179,725	38,113
Other costs	46,075	0	* 90,009	451,480	* 90,811	8,109	1,046,130	247,059
Inventory, end of year	* 197	* 602	0	28,618	* 2,294	* 16,292	116,871	28,093
Advertising expenses	51,896	* 743	49,868	29,065	16,152	3,292	179,665	25,034
Car and truck expenses	1,392,652	* 7,089	* 17,607	363,180	2,733,991	41,280	514,481	104,332
Commissions	150,994	0	* 5,257	21,298	47,733	* 10,588	128,649	11,199
Contract labor	155,745	* 225	* 42,592	150,764	555,657	73,276	520,601	28,825
Depletion	0	* 2	0	0	0	* 67	* 73	* 20
Depreciation	256,657	* 3,713	82,127	198,938	123,887	24,253	395,511	23,345
Employee benefit programs	5,346	0	* 939	4,081	* 393	650	30,502	15,119
Insurance	295,980	* 1,478	10,719	91,159	95,980	6,133	70,539	11,132
Legal and professional services	27,489	* 132	944	19,016	20,806	5,747	181,566	22,579
Meals and entertainment deducted	56,228	0	* 322	21,871	30,383	604	88,821	7,668
Mortgage interest	55,530	0	* 8,893	11,659	* 7,058	* 4,335	12,839	* 2,524
Other interest paid on business indebtedness	22,135	* 812	* 915	25,550	7,187	5,443	47,431	8,195
Office expenses	45,616	0	2,993	23,516	54,717	3,083	169,526	26,020
Pension and profit-sharing plans	* 202	0	0	* 481	* 47	* 165	2,719	* 1,027
Rent paid on machinery and equipment	1,005,855	* 1,356	* 419	32,661	23,502	8,516	51,522	5,414
Rent paid on other business property	125,302	* 459	* 35,578	51,419	60,385	22,223	316,997	19,833
Repairs	302,983	* 746	14,717	58,109	53,196	9,293	75,954	15,216
Supplies	64,997	* 1,010	6,397	79,579	81,467	12,023	239,042	25,345
Salaries and wages	208,149	* 2,147	* 64,615	361,263	* 49,020	30,161	564,320	117,490
Taxes paid	102,780	* 3,351	14,737	46,581	22,237	14,811	94,240	16,495
Travel	58,501	0	3,663	58,690	41,906	7,217	232,497	28,144
Utilities	126,581	* 4,476	18,643	63,942	102,521	9,436	318,886	37,093
Other business expenses	1,283,460	0	57,829	449,597	288,194	38,033	1,335,761	311,525
Home office business deductions, total	16,909	0	0	4,275	15,745	* 4,367	264,554	55,168
Depreciation, Form 8829 [3]	* 1,213	0	0	* 202	958	* 1,148	47,989	5,587
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	* 255	0
Net income less deficit [1,2]	1,994,768	* 2,404	-18,198	294,302	929,175	138,243	2,583,535	464,198
Net income [1,2]	2,363,346	* 2,797	44,609	504,623	1,295,427	168,859	3,658,829	619,712
Deficit [2]	368,578	* 393	62,807	210,321	366,252	30,616	1,075,294	155,515

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Transportation and warehousing—continued						Information	
	Other transit and ground transportation	Pipeline transportation	Scenic and sightseeing transportation	Support activities for transportation (including motor vehicle towing)	Couriers and messengers	Warehousing and storage facilities	Total	Publishing industries (except internet)
	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
BUSINESSES WITH NET INCOME								
Number of returns [1]	214,897	* 319	5,318	44,903	136,808	6,766	231,613	39,355
Business receipts, total [1,2]	7,266,054	* 178,146	450,583	2,652,309	4,438,555	468,451	9,151,630	1,433,818
Income from sales and operations [1]	7,195,609	* 178,146	425,278	2,594,258	4,320,534	465,944	9,021,991	1,416,600
Other business income	70,445	0	* 25,306	58,051	* 118,021	* 2,507	129,639	17,219
Business deductions, total [1,2]	4,902,707	* 175,349	405,974	2,147,686	3,145,165	299,380	5,493,561	814,857
Cost of sales and operations, total	109,709	* 148,192	* 101,838	786,086	* 149,285	49,789	1,817,790	299,621
Inventory, beginning of year	* 235	* 1,129	0	23,380	* 4,287	* 15,329	72,424	6,637
Cost of labor	* 46,515	0	* 4,008	* 42,307	* 1,098	* 19,911	236,773	* 104,656
Purchases	* 50,600	* 147,628	0	369,957	* 52,703	* 24,033	733,726	43,153
Materials and supplies	* 563	0	* 8,233	* 498	* 2,188	0	164,738	* 26,983
Other costs	* 11,993	0	* 89,597	371,316	* 89,009	* 6,657	672,014	123,547
Inventory, end of year	* 197	* 564	0	21,372	0	* 16,142	61,886	5,355
Advertising expenses	34,694	* 743	* 47,347	14,627	9,616	* 712	83,540	7,180
Car and truck expenses	1,043,153	* 7,089	* 14,381	237,013	1,687,358	39,595	315,387	80,059
Commissions	137,664	0	* 1,012	9,413	45,889	* 255	105,346	* 4,825
Contract labor	83,133	* 183	* 42,510	65,611	491,728	70,509	384,192	10,426
Depletion	0	0	0	0	0	* 67	* 23	* 20
Depreciation	161,403	* 3,220	* 41,085	103,818	77,621	11,093	227,357	14,933
Employee benefit programs	4,836	0	* 551	3,436	* 393	* 426	17,507	* 11,928
Insurance	238,115	* 1,478	* 4,590	49,705	75,714	4,099	44,843	6,349
Legal and professional services	22,642	* 132	* 717	11,381	13,402	2,914	76,117	7,849
Meals and entertainment deducted	43,593	0	* 302	7,348	17,743	388	64,612	4,942
Mortgage interest	* 50,606	0	* 7,994	* 6,699	* 2,478	* 1,261	5,602	* 2,499
Other interest paid on business indebtedness	10,239	* 812	* 836	9,997	* 5,013	4,792	15,934	* 2,017
Office expenses	27,886	0	* 2,822	19,501	45,614	2,261	121,712	13,792
Pension and profit-sharing plans	* 202	0	0	* 453	0	* 84	2,102	* 1,007
Rent paid on machinery and equipment	972,988	* 1,356	* 418	23,069	16,189	* 4,857	33,324	* 2,057
Rent paid on other business property	104,857	* 459	* 26,040	37,910	23,705	* 10,633	203,624	12,366
Repairs	221,499	* 701	* 1,730	42,014	35,575	7,790	45,049	9,262
Supplies	37,444	* 1,010	* 1,892	33,052	35,001	8,219	153,446	11,068
Salaries and wages	127,604	* 2,147	* 49,949	210,264	* 10,964	23,110	313,390	* 59,113
Taxes paid	90,387	* 3,351	* 10,847	35,230	7,421	9,632	60,320	8,966
Travel	31,729	0	* 860	36,253	35,035	* 7,024	152,003	17,399
Utilities	92,447	* 4,476	* 16,565	42,082	71,583	4,521	190,687	22,625
Other business deductions	1,190,063	0	* 31,687	351,238	246,655	26,584	827,551	168,120
Home office business deductions, total	14,411	0	0	4,077	15,414	* 4,367	193,121	30,335
Depreciation, Form 8829 [3]	* 567	0	0	* 178	* 583	* 1,148	31,612	3,062
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	* 255	0
Net income [1,2]	2,363,346	* 2,797	44,609	504,623	1,295,427	168,859	3,658,829	619,712
Returns with Schedule C-EZ:								
Number of returns	37,014	0	* 1	14,347	24,875	* 2,995	54,292	10,815
Business receipts	209,103	0	* 287	81,926	146,215	* 24,244	349,437	53,957
Business deductions	56,329	0	0	* 7,411	25,768	* 4,398	39,083	6,101
Net income	152,774	0	* 287	74,515	120,447	* 19,846	310,354	47,856

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Finance and insurance						
	Motion picture and sound recording	Broadcasting (except internet) and telecommunications and internet service providers	Data processing, internet publishing and broadcasting, and web search portals	Total	Credit intermediation and related activities	Securities, commodity contracts, and other financial investments	
						Total	Investment bankers and securities dealers
	(65)	(66)	(67)	(68)	(69)	(70)	(71)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	90,006	95,852	101,789	629,096	48,313	168,595	5,505
Business receipts, total [1,2]	3,349,295	3,664,803	1,900,502	83,298,874	3,198,163	52,318,459	2,188,018
Income from sales and operations [1]	3,275,154	3,639,198	1,837,280	80,971,196	3,182,678	50,898,695	2,173,596
Other business income (loss) [1]	74,141	25,605	63,222	2,327,678	15,485	1,419,764	14,423
Business deductions, total [1,2]	2,610,949	2,829,195	1,379,307	65,337,473	2,759,840	45,160,380	1,879,020
Cost of sales and operations, total	556,620	1,043,297	268,595	34,319,678	1,191,518	31,921,301	1,414,796
Inventory, beginning of year	29,004	14,403	49,882	332,974	84,403	158,041	* 13,080
Cost of labor	* 87,457	26,770	* 20,325	245,113	* 66,528	102,638	* 1,027
Purchases	67,277	609,123	112,368	22,397,399	313,002	21,762,502	* 1,231,047
Materials and supplies	28,560	93,433	19,620	487,930	* 138,729	315,459	0
Other costs	377,408	318,658	103,005	11,248,066	671,105	9,797,096	* 184,956
Inventory, end of year	33,085	19,089	36,604	391,805	82,250	214,434	* 15,313
Advertising expenses	48,632	37,525	68,473	1,020,017	51,877	216,741	6,262
Car and truck expenses	141,234	202,569	66,347	2,529,276	113,543	445,145	3,660
Commissions	20,446	44,845	52,159	3,053,638	58,381	1,180,289	20,360
Contract labor	193,561	177,051	121,164	748,570	17,394	339,357	* 133
Depletion	0	* 50	* 4	1,637	* 180	1,187	0
Depreciation	223,561	105,893	42,713	810,450	82,893	341,304	2,781
Employee benefit programs	3,595	9,412	2,376	211,472	7,934	78,046	2,121
Insurance	26,526	24,699	8,182	514,546	16,809	134,792	2,061
Legal and professional services	89,940	38,506	30,540	753,525	31,386	503,106	8,820
Meals and entertainment deducted	34,186	29,366	17,600	490,730	20,190	152,488	2,152
Mortgage interest	8,973	* 1,342	0	126,586	12,000	32,334	* 22
Other interest paid on business indebtedness	12,845	11,382	15,009	418,249	54,963	189,764	1,386
Office expenses	36,827	53,390	53,289	851,558	32,259	280,470	5,617
Pension and profit-sharing plans	432	* 711	* 549	111,384	* 913	68,184	* 1,282
Rent paid on machinery and equipment	19,887	13,389	12,832	170,220	31,779	60,625	* 1,069
Rent paid on other business property	165,719	107,002	24,443	1,494,188	76,551	530,320	22,035
Repairs	18,404	21,357	20,977	198,961	21,148	48,864	220
Supplies	81,587	86,019	46,092	541,130	46,949	170,512	16,018
Salaries and wages	100,541	255,464	90,826	4,591,095	172,919	1,761,230	34,435
Taxes paid	27,879	38,336	11,531	627,096	28,894	250,917	6,590
Travel	108,716	53,447	42,191	745,701	26,310	311,966	14,493
Utilities	103,722	89,639	88,432	1,030,039	73,408	269,849	4,434
Other business expenses	490,794	319,376	214,066	9,621,303	572,816	5,773,319	302,253
Home office business deductions, total	88,636	54,082	66,668	295,968	14,201	89,421	1,088
Depreciation, Form 8829 [3]	24,839	6,692	10,871	60,774	1,904	15,743	* 412
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	* 255	0	0	0	0	0	0
Net income less deficit [1,2]	762,589	835,740	521,008	18,022,981	439,831	7,182,648	308,795
Net income [1,2]	1,127,612	1,137,488	774,016	20,555,116	700,451	8,632,026	339,605
Deficit [2]	365,023	301,748	253,008	2,532,136	260,620	1,449,378	30,809

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Finance and insurance						
	Motion picture and sound recording	Broadcasting (except internet) and telecommunications and internet service providers	Data processing, internet publishing and broadcasting, and web search portals	Total	Credit intermediation and related activities	Securities, commodity contracts, and other financial investments	
						Total	Investment bankers and securities dealers
	(65)	(66)	(67)	(68)	(69)	(70)	(71)
BUSINESSES WITH NET INCOME							
Number of returns [1]	49,825	65,805	76,629	420,533	31,416	97,447	3,387
Business receipts, total [1,2]	2,815,534	3,182,595	1,719,683	55,547,124	2,850,752	28,120,963	1,288,707
Income from sales and operations [1]	2,772,556	3,172,214	1,660,622	54,032,639	2,837,901	27,277,328	1,285,687
Other business income	42,978	10,381	59,061	1,514,485	12,851	843,634	3,020
Business deductions, total [1,2]	1,687,939	2,045,106	945,659	35,008,098	2,153,310	19,502,197	949,075
Cost of sales and operations, total	475,463	803,272	239,434	14,239,301	1,063,830	12,259,235	* 801,789
Inventory, beginning of year	11,868	* 12,613	* 41,306	195,320	* 65,354	69,575	* 482
Cost of labor	* 87,175	* 24,862	* 20,080	230,304	* 66,528	88,500	* 1,027
Purchases	56,469	543,021	* 91,084	10,301,001	302,796	9,787,838	* 802,017
Materials and supplies	* 27,973	90,865	* 18,916	182,222	* 138,666	9,816	0
Other costs	303,112	149,101	96,254	3,556,806	556,056	2,400,234	* 1,809
Inventory, end of year	11,134	* 17,190	* 28,207	226,354	* 65,570	96,728	* 3,547
Advertising expenses	24,929	30,214	21,218	871,724	45,506	166,143	3,353
Car and truck expenses	78,473	118,522	38,333	1,925,727	70,498	318,278	3,604
Commissions	17,607	32,432	50,482	1,956,157	45,718	807,419	* 10,119
Contract labor	129,712	174,331	69,723	585,945	14,665	262,353	0
Depletion	0	0	* 4	1,533	* 180	1,117	0
Depreciation	106,692	79,342	26,391	517,739	30,449	181,442	2,338
Employee benefit programs	* 1,623	2,587	1,369	179,036	4,852	61,305	* 1,883
Insurance	16,897	17,048	4,549	413,513	11,311	102,296	1,834
Legal and professional services	29,604	25,856	12,808	473,570	19,672	278,596	4,480
Meals and entertainment deducted	23,470	23,145	13,055	387,871	13,404	116,189	2,006
Mortgage interest	* 2,149	* 954	0	85,446	5,932	18,092	* 22
Other interest paid on business indebtedness	5,461	4,888	3,568	253,361	28,277	63,916	* 567
Office expenses	29,076	44,603	34,242	699,795	20,140	208,499	5,361
Pension and profit-sharing plans	* 332	* 693	* 70	107,010	* 913	66,182	* 1,282
Rent paid on machinery and equipment	6,885	12,655	11,727	135,461	15,262	52,296	* 420
Rent paid on other business property	78,066	94,362	18,830	1,263,536	65,861	430,723	19,053
Repairs	9,589	7,455	18,743	156,457	15,596	36,200	* 188
Supplies	45,751	68,269	28,358	401,148	31,563	102,171	1,163
Salaries and wages	51,354	152,824	50,099	3,872,059	137,217	1,338,442	31,462
Taxes paid	20,313	23,196	7,845	522,022	22,462	196,501	4,377
Travel	60,499	43,878	30,227	594,019	18,471	215,589	14,003
Utilities	51,642	58,704	57,716	805,686	46,017	198,079	4,217
Other business deductions	346,568	163,553	149,311	4,277,266	414,669	1,948,556	34,498
Home office business deductions, total	68,196	51,283	43,307	228,103	8,223	69,415	1,049
Depreciation, Form 8829 [3]	18,077	5,028	5,445	31,262	* 1,093	10,787	* 348
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	* 255	0	0	0	0	0	0
Net income [1,2]	1,127,612	1,137,488	774,016	20,555,116	700,451	8,632,026	339,605
Returns with Schedule C-EZ:							
Number of returns	5,187	17,165	21,125	56,770	6,403	12,870	* 1,306
Business receipts	91,239	116,570	87,671	541,825	67,601	234,170	* 13,290
Business deductions	7,683	11,048	14,251	60,458	* 2,624	8,847	* 4,933
Net income	83,555	105,522	73,420	481,367	64,977	225,323	* 8,357

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Finance and insurance—continued						
	Securities, commodity contracts, and other financial investments—continued				Insurance agents, brokers, and related activities		
	Securities brokers	Commodity contracts brokers and dealers	Securities and commodity exchanges	Other financial investment activities (investment advice)	Total	Insurance agencies and brokerages	Other insurance related activities and other financial vehicles
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	16,500	4,727	3,097	138,765	412,189	313,624	98,565
Business receipts, total [1,2]	7,660,559	1,289,796	843,031	40,337,055	27,782,252	23,175,058	4,607,194
Income from sales and operations [1]	7,193,936	1,239,427	838,511	39,453,225	26,889,824	22,357,178	4,532,645
Other business income (loss) [1]	466,623	50,369	* 4,520	883,830	892,429	817,880	74,549
Business deductions, total [1,2]	6,867,341	1,139,046	916,458	34,358,515	17,417,253	14,731,011	2,686,243
Cost of sales and operations, total	5,846,881	727,369	630,843	23,301,411	1,206,859	858,366	348,493
Inventory, beginning of year	* 26,766	* 9,059	* 1,105	108,031	90,530	88,544	* 1,986
Cost of labor	* 13,310	* 52	0	88,249	75,947	74,705	* 1,242
Purchases	1,342,982	673,837	* 445,039	18,069,596	321,896	186,686	* 135,209
Materials and supplies	* 6,132	0	0	309,327	33,743	* 26,275	* 7,467
Other costs	4,482,885	59,804	* 185,181	4,884,269	779,866	575,470	204,396
Inventory, end of year	* 25,193	* 15,384	* 483	158,060	95,122	93,314	* 1,807
Advertising expenses	13,274	4,827	3,616	188,761	751,399	697,085	54,314
Car and truck expenses	44,797	8,028	* 33,410	355,251	1,970,588	1,569,245	401,344
Commissions	138,699	141,739	* 4,191	875,300	1,814,968	1,607,200	207,767
Contract labor	70,118	16,973	* 5,119	247,014	391,820	277,833	113,986
Depletion	* 122	0	0	1,065	270	264	* 6
Depreciation	27,096	35,253	11,598	264,576	386,253	319,765	66,488
Employee benefit programs	* 4,294	670	* 2,184	68,779	125,491	115,869	9,623
Insurance	13,556	893	* 2,601	115,682	362,944	311,856	51,089
Legal and professional services	20,923	10,247	3,191	459,925	219,032	175,680	43,352
Meals and entertainment deducted	11,992	6,132	2,909	129,303	318,052	255,261	62,791
Mortgage interest	* 2,328	* 1	* 110	29,874	82,251	73,713	8,538
Other interest paid on business indebtedness	2,268	2,813	923	182,374	173,522	150,592	22,929
Office expenses	20,839	9,528	7,107	237,379	538,829	450,027	88,802
Pension and profit-sharing plans	* 8,743	* 941	* 75	57,142	42,287	39,723	2,563
Rent paid on machinery and equipment	9,492	2,454	* 22	47,588	77,816	68,317	9,500
Rent paid on other business property	25,821	18,350	* 12,440	451,674	887,317	800,334	86,983
Repairs	4,659	183	* 4,451	39,350	128,949	121,914	7,035
Supplies	7,463	20,018	* 21,256	105,757	323,669	274,520	49,149
Salaries and wages	59,543	16,843	* 74,362	1,576,047	2,656,947	2,492,346	164,601
Taxes paid	16,107	1,684	3,249	223,288	347,284	312,990	34,294
Travel	11,719	17,150	2,047	266,557	407,424	275,020	132,404
Utilities	23,105	6,967	9,108	226,235	686,782	582,605	104,176
Other business expenses	475,240	89,823	75,996	4,830,006	3,275,168	2,734,231	540,938
Home office business deductions, total	8,053	* 128	* 5,644	74,508	192,346	137,534	54,812
Depreciation, Form 8829 [3]	2,432	* 12	* 229	12,658	43,127	23,671	19,456
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	0
Net income less deficit [1,2]	793,217	164,891	-73,427	5,989,172	10,400,502	8,480,840	1,919,661
Net income [1,2]	843,449	239,728	68,242	7,141,002	11,222,640	9,076,362	2,146,278
Deficit [2]	50,232	74,836	141,669	1,151,831	822,138	595,521	226,617

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Finance and insurance—continued						
	Securities, commodity contracts, and other financial investments—continued				Insurance agents, brokers, and related activities		
	Securities brokers	Commodity contracts brokers and dealers	Securities and commodity exchanges	Other financial investment activities (investment advice)	Total	Insurance agencies and brokerages	Other insurance related activities and other financial vehicles
	(72)	(73)	(74)	(75)	(76)	(77)	(78)
BUSINESSES WITH NET INCOME							
Number of returns [1]	12,919	1,856	1,381	77,904	291,670	220,997	70,673
Business receipts, total [1,2]	3,537,997	991,957	481,977	21,820,324	24,575,410	20,332,505	4,242,904
Income from sales and operations [1]	3,532,029	991,062	477,457	20,991,094	23,917,410	19,728,044	4,189,365
Other business income	5,969	* 896	* 4,520	829,230	658,000	604,461	53,539
Business deductions, total [1,2]	2,694,548	763,852	413,734	14,680,988	13,352,591	11,255,964	2,096,626
Cost of sales and operations, total	* 2,017,409	476,326	* 301,706	8,662,005	916,236	569,515	346,720
Inventory, beginning of year	* 12,078	* 3,662	* 1	53,352	60,391	* 59,933	* 457
Cost of labor	* 13,310	0	0	74,164	* 75,276	* 74,034	* 1,242
Purchases	* 231,259	* 464,219	* 301,589	7,988,754	210,367	75,157	* 135,209
Materials and supplies	* 6,132	0	0	3,684	33,741	* 26,274	* 7,467
Other costs	* 1,765,135	* 14,182	* 117	618,990	600,517	397,893	202,623
Inventory, end of year	* 10,505	* 5,737	* 1	76,938	64,055	* 63,776	* 279
Advertising expenses	11,083	2,443	* 3,347	145,917	660,074	610,455	49,620
Car and truck expenses	40,376	5,976	* 20,069	248,254	1,536,951	1,210,600	326,351
Commissions	70,686	141,359	* 661	584,593	1,103,020	948,906	154,114
Contract labor	69,728	* 14,449	* 5,119	173,058	308,926	247,966	60,960
Depletion	* 113	0	0	1,004	236	231	* 6
Depreciation	10,590	20,597	* 7,492	140,425	305,848	259,678	46,170
Employee benefit programs	* 4,203	* 430	* 172	54,618	112,879	103,900	8,979
Insurance	13,361	823	* 2,511	83,767	299,906	267,468	32,438
Legal and professional services	17,545	6,450	973	249,147	175,302	139,043	36,259
Meals and entertainment deducted	10,433	4,185	* 1,971	97,594	258,279	213,787	44,492
Mortgage interest	* 773	* 1	* 105	17,192	61,422	59,732	* 1,690
Other interest paid on business indebtedness	822	* 2,018	* 763	59,745	161,167	138,791	22,376
Office expenses	14,573	5,725	* 3,607	179,232	471,157	400,873	70,283
Pension and profit-sharing plans	* 8,743	* 939	* 75	55,143	39,915	37,352	2,563
Rent paid on machinery and equipment	* 8,799	* 329	* 16	42,733	67,903	60,748	7,155
Rent paid on other business property	23,956	16,365	* 9,773	361,576	766,952	691,624	75,329
Repairs	4,329	* 139	* 4,451	27,093	104,661	98,921	5,740
Supplies	7,414	1,726	* 19,529	72,339	267,415	229,281	38,134
Salaries and wages	55,262	7,335	* 7,222	1,237,161	2,396,400	2,241,728	154,672
Taxes paid	15,711	1,207	* 1,394	173,812	303,059	274,700	28,359
Travel	8,900	6,879	* 1,274	184,532	359,959	243,244	116,715
Utilities	21,750	5,802	* 8,934	157,375	561,590	481,029	80,561
Other business deductions	250,065	42,190	6,924	1,614,879	1,914,041	1,587,114	326,927
Home office business deductions, total	7,714	* 128	* 5,638	54,886	150,465	110,719	39,746
Depreciation, Form 8829 [3]	* 1,870	* 12	* 222	8,335	19,382	13,936	5,446
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	843,449	239,728	68,242	7,141,002	11,222,640	9,076,362	2,146,278
Returns with Schedule C-EZ:							
Number of returns	* 1,787	* 10	* 3	9,764	37,497	24,621	12,877
Business receipts	* 133,181	* 4,629	* 79	82,992	240,053	130,546	109,507
Business deductions	* 209	* 32	* 5	3,669	48,987	28,719	20,268
Net income	* 132,972	* 4,598	* 74	79,323	191,067	101,827	89,240

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Real estate and rental and leasing						
	Total	Real estate				Rental and leasing services	
		Total	Lessors of real estate (including miniwarehouses and self storage)	Offices of real estate agents, brokers, property managers and appraisers	Other activities related to real estate	Total	Automotive equipment rental and leasing
	(79)	(80)	(81)	(82)	(83)	(84)	(85)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	1,166,757	1,109,121	49,659	811,474	247,988	57,323	13,973
Business receipts, total [1,2]	53,291,172	49,814,216	2,194,124	34,386,620	13,233,472	3,472,427	396,227
Income from sales and operations [1]	51,551,328	48,140,072	2,097,271	33,177,412	12,865,389	3,406,769	392,837
Other business income (loss) [1]	1,739,843	1,674,144	96,854	1,209,207	368,083	65,658	3,390
Business deductions, total [1,2]	38,214,365	34,528,476	2,057,356	21,410,983	11,060,138	3,681,274	465,026
Cost of sales and operations, total	7,753,536	6,970,102	116,022	2,181,051	4,673,029	782,888	53,721
Inventory, beginning of year	2,713,247	2,541,753	95,620	453,096	1,993,037	171,026	* 21,717
Cost of labor	196,403	131,261	* 2,656	84,563	44,042	65,142	* 9,597
Purchases	4,214,033	3,801,618	51,145	1,128,731	2,621,742	412,007	* 13,800
Materials and supplies	647,225	558,836	* 25,767	190,365	342,703	88,389	* 1,672
Other costs	2,489,031	2,309,979	26,104	773,384	1,510,492	178,882	30,841
Inventory, end of year	2,506,403	2,373,345	85,270	449,088	1,838,988	132,558	* 23,907
Advertising expenses	1,544,433	1,506,710	34,445	1,255,092	217,174	37,613	5,035
Car and truck expenses	4,810,496	4,570,318	70,430	3,650,969	848,919	240,178	88,336
Commissions	2,572,716	2,527,079	57,820	2,111,306	357,953	45,637	* 32,385
Contract labor	890,342	844,089	24,714	624,906	194,469	46,171	* 3,483
Depletion	1,904	1,788	* 86	244	1,458	116	* 1
Depreciation	2,611,388	1,412,808	303,270	733,081	376,457	1,198,407	185,099
Employee benefit programs	99,172	93,288	7,556	51,054	34,678	5,884	* 85
Insurance	555,661	492,112	64,524	321,849	105,740	63,549	5,966
Legal and professional services	915,827	866,572	63,039	511,194	292,339	47,947	1,856
Meals and entertainment deducted	471,934	455,624	7,884	356,205	91,535	16,101	690
Mortgage interest	663,524	632,079	230,872	194,232	206,975	31,445	* 1,990
Other interest paid on business indebtedness	499,172	373,116	42,819	122,991	207,306	126,055	10,154
Office expenses	919,000	900,887	26,471	722,071	152,345	18,105	1,609
Pension and profit-sharing plans	47,141	45,983	* 10,999	11,404	23,580	1,158	* 5
Rent paid on machinery and equipment	291,147	252,077	9,452	156,363	86,262	39,070	4,114
Rent paid on other business property	863,971	774,288	66,968	527,757	179,564	89,418	1,913
Repairs	724,395	625,603	137,218	324,215	164,170	98,767	6,791
Supplies	691,864	633,650	41,802	457,255	134,593	58,212	1,911
Salaries and wages	2,089,247	1,853,169	138,015	1,117,989	597,166	236,045	* 7,773
Taxes paid	829,173	761,006	172,888	368,731	219,388	68,159	4,456
Travel	516,736	481,762	17,112	332,130	132,521	34,825	1,687
Utilities	1,586,662	1,529,519	139,473	1,052,181	337,864	57,116	2,303
Other business expenses	5,549,971	5,220,920	247,695	3,700,977	1,272,249	327,384	43,001
Home office business deductions, total	561,154	553,265	16,749	425,802	110,714	7,889	* 662
Depreciation, Form 8829 [3]	86,043	84,825	2,070	71,884	10,871	1,218	* 15
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	0
Net income less deficit [1,2]	15,093,447	15,344,623	143,131	13,018,964	2,182,528	-251,090	-67,705
Net income [1,2]	19,955,486	19,379,773	496,647	15,022,140	3,860,986	573,256	52,208
Deficit [2]	4,862,039	4,035,149	353,515	2,003,176	1,678,458	824,346	119,913

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Real estate and rental and leasing						
	Total	Real estate			Rental and leasing services		
		Total	Lessors of real estate (including miniwarehouses and self storage)	Offices of real estate agents, brokers, property managers and appraisers	Other activities related to real estate	Total	Automotive equipment rental and leasing
	(79)	(80)	(81)	(82)	(83)	(84)	(85)
BUSINESSES WITH NET INCOME							
Number of returns [1]	740,737	715,375	23,751	528,578	163,046	25,358	6,966
Business receipts, total [1,2]	44,296,766	42,087,258	1,392,916	30,770,250	9,924,092	2,205,020	221,357
Income from sales and operations [1]	42,957,577	40,780,816	1,358,159	29,723,943	9,698,713	2,172,274	220,668
Other business income	1,339,189	1,306,443	34,757	1,046,307	225,379	32,746	690
Business deductions, total [1,2]	24,342,465	22,709,586	896,332	15,749,800	6,063,454	1,630,850	169,256
Cost of sales and operations, total	4,819,747	4,286,459	66,692	1,920,681	2,299,086	532,743	* 2,455
Inventory, beginning of year	940,560	826,150	* 72,458	247,911	505,781	113,943	* 11,492
Cost of labor	151,080	107,408	* 984	69,529	36,895	* 43,672	* 330
Purchases	2,931,136	2,659,969	42,929	959,399	1,657,641	270,758	* 3,688
Materials and supplies	332,805	255,916	* 3,773	160,139	92,005	76,889	* 1,672
Other costs	1,307,543	1,185,215	10,674	693,234	481,306	122,159	* [4]
Inventory, end of year	843,377	748,199	* 64,127	209,531	474,541	94,678	* 14,727
Advertising expenses	1,242,223	1,226,297	17,178	1,052,607	156,512	15,816	* 3,739
Car and truck expenses	3,228,623	3,135,449	24,605	2,537,417	573,427	93,174	29,147
Commissions	1,892,437	1,854,734	44,685	1,561,947	248,102	37,703	* 32,110
Contract labor	686,502	657,495	15,901	519,693	121,901	28,924	* 3,393
Depletion	1,557	1,525	* 23	* 122	* 1,381	* 31	0
Depreciation	1,150,708	789,765	137,060	465,273	187,431	360,771	47,353
Employee benefit programs	61,607	59,080	5,774	38,339	14,967	2,527	* 16
Insurance	340,743	316,950	24,267	229,654	63,030	23,793	2,623
Legal and professional services	559,850	544,803	36,506	352,040	156,257	14,843	652
Meals and entertainment deducted	355,379	349,314	3,883	276,565	68,866	5,856	* 564
Mortgage interest	323,412	311,201	101,773	126,502	82,927	12,211	* 1,675
Other interest paid on business indebtedness	190,662	141,871	24,396	78,778	38,698	48,790	3,526
Office expenses	689,622	683,451	17,415	547,888	118,149	6,164	1,295
Pension and profit-sharing plans	34,543	33,717	* 112	10,596	23,009	* 826	* 5
Rent paid on machinery and equipment	201,838	183,112	3,136	117,436	62,541	18,725	* 3,543
Rent paid on other business property	605,331	559,583	13,495	421,050	125,038	45,483	* 1,371
Repairs	401,958	356,978	55,299	228,584	73,095	44,956	6,056
Supplies	464,561	442,574	27,882	328,924	85,767	21,986	1,441
Salaries and wages	1,239,399	1,111,423	62,993	728,476	319,954	127,942	* 612
Taxes paid	452,568	416,457	57,988	240,634	117,836	36,103	2,078
Travel	373,635	362,440	5,816	257,286	99,338	11,045	* 1,220
Utilities	1,024,450	1,002,556	47,245	746,105	209,206	21,867	1,174
Other business deductions	3,417,911	3,307,824	89,203	2,537,184	681,437	109,900	22,951
Home office business deductions, total	430,483	424,911	4,984	326,120	93,808	5,572	* 257
Depreciation, Form 8829 [3]	45,961	45,289	* 426	35,955	8,909	* 672	* 15
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	19,955,486	19,379,773	496,647	15,022,140	3,860,986	573,256	52,208
Returns with Schedule C-EZ:							
Number of returns	108,181	105,775	7,736	63,125	34,914	2,405	* 304
Business receipts	1,014,684	972,137	102,844	610,147	259,146	42,540	* 761
Business deductions	155,988	152,849	* 11,221	99,935	41,693	* 3,138	* 2
Net income	858,696	819,288	91,623	510,213	217,452	39,402	* 759

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Real estate and rental and leasing—continued						Professional, scientific, and technical services
	Rental and leasing services—continued						
	Consumer electronics and appliances rental	Formal wear and costume rental	Video tape and disc rental	General rental centers and other consumer goods rental	Commercial and industrial machinery and equipment rental and leasing	Lessors of nonfinancial intangible assets (except copyrighted works)	Total
	(86)	(87)	(88)	(89)	(90)	(91)	(92)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	* 3,328	* 193	2,825	15,770	21,235	* 313	3,246,549
Business receipts, total [1,2]	* 41,648	* 4,864	281,213	872,663	1,875,812	* 4,528	167,902,717
Income from sales and operations [1]	* 41,580	* 4,864	280,734	858,715	1,828,039	* 4,487	164,562,606
Other business income (loss) [1]	* 68	0	* 479	13,948	47,773	* 42	3,340,110
Business deductions, total [1,2]	* 30,957	* 1,850	286,754	900,107	1,996,580	* 4,614	95,613,588
Cost of sales and operations, total	* 1,790	0	* 101,758	331,199	294,421	* 545	18,748,914
Inventory, beginning of year	* 214	0	* 18,891	68,101	62,104	* 467	866,356
Cost of labor	0	0	0	* 40,031	15,514	0	1,850,040
Purchases	* 1,472	0	* 90,824	* 173,817	132,094	* 408	7,502,484
Materials and supplies	* 346	0	* 119	* 36,394	49,857	0	2,249,594
Other costs	* 194	0	* 4,671	43,240	99,935	* 170	7,218,911
Inventory, end of year	* 436	0	* 12,747	* 30,385	65,084	* 500	938,471
Advertising expenses	* 596	0	* 2,177	22,973	6,832	* 110	2,354,462
Car and truck expenses	* 287	0	* 14,874	37,655	99,026	0	7,346,219
Commissions	0	0	0	* 983	12,269	0	1,223,164
Contract labor	* 17	0	* 48	28,494	14,129	* 83	5,037,794
Depletion	0	0	0	* 7	* 108	0	15,955
Depreciation	* 8,647	0	* 16,976	89,174	898,510	* 173	3,566,907
Employee benefit programs	* 8	0	* 136	3,124	2,529	0	683,470
Insurance	* 101	0	* 4,033	12,265	41,185	0	1,642,484
Legal and professional services	* 244	0	* 4,213	7,793	33,840	* 1,308	2,653,260
Meals and entertainment deducted	* 2,541	0	* 29	3,771	9,070	* 209	1,254,052
Mortgage interest	0	0	0	6,062	23,392	0	296,637
Other interest paid on business indebtedness	* 218	0	* 2,524	12,773	100,386	* 1	548,279
Office expenses	* 1,217	0	* 1,003	7,736	6,540	* 7	2,629,861
Pension and profit-sharing plans	0	0	0	* 613	540	0	285,517
Rent paid on machinery and equipment	* 2,263	0	* 145	15,691	16,857	* 1	757,389
Rent paid on other business property	* 737	* 1,850	* 28,778	33,221	22,919	* 265	4,186,263
Repairs	* 1,183	0	* 2,027	19,226	69,540	* 25	869,754
Supplies	* 134	0	* 3,383	37,096	15,688	* 2	3,033,329
Salaries and wages	* 3,306	0	* 48,733	76,189	100,044	* 33	11,522,451
Taxes paid	* 494	0	* 12,683	23,760	26,765	* 8	1,822,796
Travel	* 1,141	0	* 1	6,804	25,192	* 149	3,770,468
Utilities	* 1,708	0	* 12,060	22,183	18,862	* 28	3,479,267
Other business expenses	* 4,325	0	28,564	95,654	155,840	* 1,667	14,738,363
Home office business deductions, total	0	0	* 2,608	* 2,582	* 2,037	0	2,610,202
Depreciation, Form 8829 [3]	0	0	* 54	* 506	* 643	0	364,305
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	* 6,604
Net income less deficit [1,2]	* 10,691	* 3,014	-5,541	-33,884	-157,665	* -86	72,366,655
Net income [1,2]	* 15,132	* 3,014	* 17,944	134,647	350,310	* 2,458	79,026,268
Deficit [2]	* 4,441	0	* 23,485	168,531	507,975	* 2,543	6,659,612

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Real estate and rental and leasing —continued						Professional, scientific, and technical services
	Rental and leasing services —continued						
	Consumer electronics and appliances rental	Formal wear and costume rental	Video tape and disc rental	General rental centers and other consumer goods rental	Commercial and industrial machinery and equipment rental and leasing	Lessors of nonfinancial intangible assets (except copyrighted works)	Total
	(86)	(87)	(88)	(89)	(90)	(91)	(92)
BUSINESSES WITH NET INCOME							
Number of returns [1]	* 2,030	* 193	* 1,091	5,204	9,873	* 4	2,411,344
Business receipts, total [1,2]	* 27,377	* 4,864	* 178,151	677,450	1,095,820	* 4,487	156,969,442
Income from sales and operations [1]	* 27,377	* 4,864	* 177,688	673,019	1,068,658	* 4,487	153,903,330
Other business income	0	0	* 463	* 4,431	27,162	0	3,066,112
Business deductions, total [1,2]	* 12,245	* 1,850	* 160,207	542,803	744,488	* 2,029	78,006,536
Cost of sales and operations, total	0	0	* 66,319	* 292,232	171,737	* 545	15,898,338
Inventory, beginning of year	0	0	* 10,618	* 48,645	* 43,188	* 467	585,817
Cost of labor	0	0	0	* 37,086	* 6,257	0	1,468,153
Purchases	0	0	* 66,319	* 157,419	43,332	* 408	6,560,447
Materials and supplies	0	0	0	* 32,717	42,500	0	1,890,182
Other costs	0	0	0	* 39,419	82,740	* 170	6,075,093
Inventory, end of year	0	0	* 10,618	* 23,053	* 46,279	* 500	681,354
Advertising expenses	0	0	* 1,952	7,422	2,704	* 110	1,880,077
Car and truck expenses	* 2	0	* 8,932	9,631	45,462	0	5,513,087
Commissions	0	0	0	* 690	4,904	0	1,007,278
Contract labor	0	0	0	* 19,360	6,170	* 83	4,398,997
Depletion	0	0	0	* 6	* 25	0	12,827
Depreciation	* 2	0	* 9,162	37,732	266,522	* 173	2,432,751
Employee benefit programs	0	0	0	* 1,009	* 1,502	0	543,305
Insurance	* [4]	0	* 1,762	6,788	12,620	0	1,339,080
Legal and professional services	* 67	0	* 1,817	3,488	8,820	* 204	2,104,331
Meals and entertainment deducted	* 2,517	0	0	832	1,944	* 209	1,039,050
Mortgage interest	0	0	0	* 3,168	7,368	0	222,527
Other interest paid on business indebtedness	0	0	* 555	6,018	38,690	* 1	380,610
Office expenses	* 1,208	0	* 276	1,065	2,320	* 7	2,182,102
Pension and profit-sharing plans	0	0	0	* 613	* 208	0	265,782
Rent paid on machinery and equipment	* 2,013	0	* 9	* 3,075	10,084	* 1	596,387
Rent paid on other business property	0	* 1,850	* 20,781	11,667	9,813	* 265	3,520,857
Repairs	* 1,015	0	* 981	4,321	32,583	* 25	627,521
Supplies	0	0	* 1,507	14,522	4,515	* 2	2,427,799
Salaries and wages	0	0	* 23,979	59,950	43,401	* 33	9,958,371
Taxes paid	* 3	0	* 4,945	18,556	10,521	* 7	1,565,498
Travel	* 1,007	0	0	3,957	4,862	* 149	3,073,792
Utilities	* 1,380	0	* 6,210	7,288	5,815	* 28	2,728,323
Other business deductions	* 3,031	0	* 8,781	24,434	50,703	* 187	11,638,092
Home office business deductions, total	0	0	* 2,238	* 1,941	* 1,135	0	2,119,105
Depreciation, Form 8829 [3]	0	0	* 54	* 388	* 216	0	255,887
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	* 15,132	* 3,014	* 17,944	134,647	350,310	* 2,458	79,026,268
Returns with Schedule C-EZ:							
Number of returns	0	0	0	* 1,047	1,054	* 1	528,703
Business receipts	0	0	0	* 4,500	37,278	* 8	5,774,063
Business deductions	0	0	0	* 3,077	* 58	* 1	536,329
Net income	0	0	0	* 1,423	37,220	* 7	5,237,734

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Professional, scientific, and technical services —continued						
	Legal services	Offices of certified public accountants	Other accounting services	Architectural, engineering, and related services			
				Total	Architectural services	Engineering services	Drafting, building inspections, and geophysical surveying
	(93)	(94)	(95)	(96)	(97)	(98)	(99)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	353,151	47,236	348,048	254,076	98,943	81,651	52,522
Business receipts, total [1,2]	39,906,046	4,104,686	9,170,086	13,887,989	5,229,767	6,052,526	1,827,190
Income from sales and operations [1]	39,476,319	4,040,042	9,032,899	13,620,454	5,074,497	5,988,613	1,780,465
Other business income (loss) [1]	429,727	64,644	137,187	267,535	155,271	63,912	* 46,725
Business deductions, total [1,2]	22,425,319	2,151,163	5,391,889	8,990,042	3,969,931	3,591,625	916,085
Cost of sales and operations, total	2,336,681	27,172	735,130	2,236,199	918,810	1,121,561	48,800
Inventory, beginning of year	30,124	* 13,426	42,781	53,472	* 8,548	39,407	* 2,184
Cost of labor	60,005	* 2,095	* 189,985	297,247	116,076	138,102	* 23,110
Purchases	57,540	* 4,610	164,750	638,337	255,516	323,680	* 4,498
Materials and supplies	20,933	* 37	17,921	528,301	226,269	295,824	* 884
Other costs	2,196,616	20,349	351,812	775,062	323,703	364,209	* 20,444
Inventory, end of year	28,537	* 13,345	* 32,119	56,219	* 11,303	39,661	* 2,320
Advertising expenses	926,793	22,211	88,976	104,709	48,153	41,346	12,038
Car and truck expenses	1,028,565	103,579	658,807	792,516	248,710	231,094	227,738
Commissions	218,975	* 4,029	129,776	55,799	38,220	10,228	* 7,262
Contract labor	829,265	88,258	313,226	555,853	212,135	272,390	65,429
Depletion	1,946	* 3	* 36	* 3,222	0	* 2,846	* 375
Depreciation	394,247	75,197	179,362	415,624	229,428	146,955	15,708
Employee benefit programs	226,743	43,765	28,663	105,383	29,837	52,330	* 15,939
Insurance	597,817	52,730	97,915	238,769	127,973	59,767	33,287
Legal and professional services	767,093	38,763	80,772	284,139	111,401	134,989	33,448
Meals and entertainment deducted	216,121	21,124	60,745	91,328	17,393	52,594	20,786
Mortgage interest	100,353	10,700	22,281	8,707	5,698	2,737	* 75
Other interest paid on business indebtedness	162,472	19,961	29,374	50,544	19,811	23,550	4,202
Office expenses	944,811	106,234	187,845	155,081	57,597	66,833	24,974
Pension and profit-sharing plans	122,998	13,947	15,446	29,719	7,590	20,996	* 126
Rent paid on machinery and equipment	191,443	15,453	48,542	69,820	33,717	24,553	11,143
Rent paid on other business property	1,859,353	155,382	273,420	216,609	110,946	90,370	* 9,278
Repairs	180,906	37,658	74,865	148,752	102,291	37,319	6,811
Supplies	428,919	40,294	162,267	385,309	231,916	100,273	46,779
Salaries and wages	4,348,283	605,463	639,335	1,112,755	512,748	425,997	71,572
Taxes paid	577,574	78,884	130,010	157,243	72,132	58,967	10,833
Travel	368,535	25,141	104,850	240,325	48,083	161,923	21,896
Utilities	886,882	82,920	295,416	253,891	95,060	97,435	43,883
Other business expenses	4,433,504	424,774	783,967	1,009,035	574,873	274,450	119,592
Home office business deductions, total	228,214	44,820	182,395	220,122	99,995	68,959	44,703
Depreciation, Form 8829 [3]	32,480	7,036	24,681	21,168	6,330	9,947	3,929
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	0
Net income less deficit [1,2]	17,536,312	1,953,524	3,780,074	4,916,993	1,262,563	2,477,155	911,105
Net income [1,2]	18,375,819	1,995,162	4,044,794	5,406,281	1,523,808	2,646,923	948,661
Deficit [2]	839,507	41,639	264,720	489,288	261,245	169,768	37,557

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Professional, scientific, and technical services —continued						
	Legal services	Offices of certified public accountants	Other accounting services	Architectural, engineering, and related services			
				Total	Architectural services	Engineering services	Drafting, building inspections, and geophysical surveying
	(93)	(94)	(95)	(96)	(97)	(98)	(99)
BUSINESSES WITH NET INCOME							
Number of returns [1]	273,935	35,619	290,688	205,326	76,356	64,982	46,711
Business receipts, total [1,2]	38,042,786	3,928,008	8,367,287	12,676,386	4,508,250	5,748,126	1,753,112
Income from sales and operations [1]	37,610,570	3,861,122	8,233,329	12,479,147	4,418,862	5,687,953	1,706,445
Other business income	432,216	66,886	133,959	197,239	89,388	60,173	* 46,667
Business deductions, total [1,2]	19,720,620	1,932,846	4,322,493	7,270,358	2,984,442	3,101,391	804,451
Cost of sales and operations, total	2,025,315	5,836	393,719	1,933,535	659,317	1,093,488	* 47,993
Inventory, beginning of year	28,596	* 13,408	* 11,109	53,009	* 8,548	39,407	* 1,721
Cost of labor	44,080	* 490	* 10,626	278,613	99,383	137,625	* 22,562
Purchases	53,918	* 4,610	156,425	449,047	81,047	309,107	* 4,249
Materials and supplies	19,108	* 7	* 4,649	471,607	174,941	295,782	* 884
Other costs	1,906,894	* 666	222,524	732,113	302,295	350,726	* 20,436
Inventory, end of year	27,280	* 13,345	* 11,614	50,853	* 6,897	39,159	* 1,860
Advertising expenses	828,591	19,353	59,221	76,039	37,758	29,391	6,431
Car and truck expenses	855,828	87,807	514,032	652,778	182,129	190,877	205,251
Commissions	178,696	* 4,020	124,143	52,319	37,540	7,702	* 6,989
Contract labor	709,830	87,325	247,925	478,806	166,073	252,839	55,004
Depletion	1,696	* 2	* 36	* 2,830	0	* 2,830	0
Depreciation	318,032	72,148	143,520	288,454	154,199	97,066	14,450
Employee benefit programs	189,311	38,884	19,499	79,898	25,458	36,171	* 15,931
Insurance	526,042	51,227	68,519	176,838	89,846	48,601	28,858
Legal and professional services	661,146	36,217	69,230	253,386	95,763	123,474	31,835
Meals and entertainment deducted	182,937	20,123	53,227	80,316	15,457	43,931	20,390
Mortgage interest	78,972	9,253	20,978	6,347	* 5,254	* 974	* 75
Other interest paid on business indebtedness	127,469	19,238	27,383	29,894	10,611	16,150	* 197
Office expenses	824,864	101,533	164,042	123,206	46,641	53,336	20,558
Pension and profit-sharing plans	120,617	13,864	15,272	26,219	7,476	17,615	* 126
Rent paid on machinery and equipment	161,111	11,670	46,747	43,882	27,128	15,401	* 946
Rent paid on other business property	1,676,768	148,268	221,187	165,096	83,653	69,260	* 9,241
Repairs	149,978	29,950	60,431	103,522	70,066	26,475	5,215
Supplies	369,308	37,073	141,776	335,340	197,027	88,946	43,304
Salaries and wages	4,025,929	551,121	578,979	804,532	349,427	336,837	* 67,798
Taxes paid	529,963	73,864	120,544	120,004	52,035	51,374	9,402
Travel	295,489	22,175	96,466	203,964	29,489	146,586	20,660
Utilities	777,574	70,221	235,161	202,186	78,014	78,189	34,686
Other business deductions	3,886,262	376,953	671,937	789,407	458,649	205,929	100,003
Home office business deductions, total	172,070	32,023	160,052	192,969	90,016	56,789	39,699
Depreciation, Form 8829 [3]	22,880	5,700	20,964	15,980	4,812	7,554	2,653
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	18,375,819	1,995,162	4,044,794	5,406,281	1,523,808	2,646,923	948,661
Returns with Schedule C-EZ:							
Number of returns	51,009	6,587	78,878	38,548	12,881	12,627	9,619
Business receipts	766,026	52,397	496,459	455,733	103,879	162,585	168,275
Business deductions	46,826	12,696	68,468	48,593	15,416	11,163	* 19,408
Net income	719,200	39,701	427,991	407,140	88,464	151,422	148,867

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Professional, scientific, and technical services—continued						
	Architectural, engineering, and related services—continued		Specialized design services	Computer systems design services	Other professional, scientific, and technical services		
	Surveying and mapping (except geophysical) services	Testing laboratories			Total	Management, scientific, and technical consulting services	Scientific research and development services
	(100)	(101)	(102)	(103)	(104)	(105)	(106)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	** 20,960	**	246,439	250,998	1,746,602	894,136	43,435
Business receipts, total [1,2]	** 778,506	**	7,490,398	9,982,090	83,361,423	44,491,754	1,067,284
Income from sales and operations [1]	** 776,879	**	7,143,366	9,813,085	81,436,442	43,319,450	1,035,225
Other business income (loss) [1]	** 1,627	**	347,032	169,005	1,924,981	1,172,304	32,059
Business deductions, total [1,2]	** 512,400	**	5,179,769	5,494,201	45,981,206	20,637,429	579,041
Cost of sales and operations, total	** 147,029	**	2,182,868	1,257,776	9,973,088	2,918,811	56,602
Inventory, beginning of year	** 3,334	**	195,637	64,599	466,318	186,708	* 1,649
Cost of labor	** 19,960	**	121,926	334,278	844,504	318,782	* 16,880
Purchases	** 54,643	**	1,315,590	597,540	4,724,117	1,318,789	* 4,168
Materials and supplies	** 5,324	**	266,999	85,551	1,329,852	269,047	17,501
Other costs	** 66,704	**	499,064	243,348	3,132,660	1,034,380	* 18,636
Inventory, end of year	** 2,937	**	216,347	67,541	524,363	208,895	* 2,231
Advertising expenses	** 3,172	**	114,856	185,476	911,442	286,508	6,462
Car and truck expenses	** 84,974	**	281,558	478,530	4,002,663	2,081,829	55,579
Commissions	** 88	**	33,109	67,879	713,597	448,024	* 10,091
Contract labor	** 5,899	**	150,716	278,051	2,822,426	1,837,275	30,751
Depletion	**	**	* 12	* 336	10,402	6,113	* 1,350
Depreciation	** 23,533	**	196,391	207,307	2,098,778	862,171	50,547
Employee benefit programs	** 7,277	**	4,649	42,305	231,962	77,702	6,026
Insurance	** 17,742	**	41,677	41,701	571,875	239,693	9,555
Legal and professional services	** 4,302	**	97,367	101,521	1,283,605	770,537	25,533
Meals and entertainment deducted	** 555	**	43,152	83,876	737,707	438,091	5,292
Mortgage interest	** 197	**	7,718	24,229	122,649	48,105	* 5,005
Other interest paid on business indebtedness	** 2,982	**	33,924	20,703	231,300	123,211	1,268
Office expenses	** 5,676	**	100,863	166,622	968,406	466,225	14,188
Pension and profit-sharing plans	** 1,008	**	* 111	11,237	92,060	46,258	* 1,436
Rent paid on machinery and equipment	** 407	**	27,713	40,956	363,462	185,831	5,436
Rent paid on other business property	** 6,014	**	159,956	151,702	1,369,840	616,353	13,443
Repairs	** 2,331	**	21,234	21,688	384,651	148,567	13,440
Supplies	** 6,340	**	193,863	230,038	1,592,639	550,598	24,023
Salaries and wages	** 102,438	**	237,517	530,018	4,049,080	1,455,724	86,085
Taxes paid	** 15,311	**	60,129	79,442	739,514	257,639	12,265
Travel	** 8,424	**	163,875	236,941	2,630,801	1,749,524	25,357
Utilities	** 17,512	**	177,269	197,707	1,585,183	791,080	19,008
Other business expenses	** 40,120	**	563,725	770,124	6,753,234	3,222,698	80,052
Home office business deductions, total	** 6,465	**	255,252	233,389	1,446,010	830,795	9,556
Depreciation, Form 8829 [3]	** 962	**	23,115	32,749	223,076	142,604	1,917
Casualty loss, Form 8829 [3]	**	**	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	**	**	0	0	* 6,604	* 5,380	0
Net income less deficit [1,2]	** 266,170	**	2,310,625	4,497,085	37,372,043	23,867,319	501,670
Net income [1,2]	** 286,889	**	2,733,974	4,993,449	41,476,789	26,175,854	622,479
Deficit [2]	** 20,719	**	423,348	496,364	4,104,747	2,308,535	120,809

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Professional, scientific, and technical services—continued						
	Architectural, engineering, and related services—continued		Specialized design services	Computer systems design services	Other professional, scientific, and technical services		
	Surveying and mapping (except geophysical) services	Testing laboratories			Total	Management, scientific, and technical consulting services	Scientific research and development services
	(100)	(101)	(102)	(103)	(104)	(105)	(106)
BUSINESSES WITH NET INCOME							
Number of returns [1]	** 17,277	**	167,231	196,095	1,242,450	632,625	30,977
Business receipts, total [1,2]	** 666,898	**	6,684,134	9,417,577	77,853,264	41,889,850	977,752
Income from sales and operations [1]	** 665,887	**	6,367,198	9,255,976	76,095,989	40,821,356	948,600
Other business income	** 1,012	**	316,936	161,601	1,757,275	1,068,494	29,152
Business deductions, total [1,2]	** 380,075	**	3,950,130	4,424,128	36,385,960	15,723,192	355,273
Cost of sales and operations, total	** 132,739	**	1,843,281	1,118,606	8,578,046	2,368,377	46,894
Inventory, beginning of year	** 3,334	**	130,899	42,119	306,677	105,960	* 25
Cost of labor	** 19,043	**	114,580	290,629	729,135	241,839	* 16,652
Purchases	** 54,643	**	1,097,924	546,712	4,251,811	1,185,846	* 103
Materials and supplies	**	**	209,408	77,495	1,107,909	211,956	* 12,362
Other costs	** 58,654	**	443,898	213,532	2,555,467	756,371	* 18,501
Inventory, end of year	** 2,937	**	153,428	51,882	372,953	133,594	* 749
Advertising expenses	** 2,460	**	50,385	168,670	677,817	202,502	2,775
Car and truck expenses	** 74,520	**	181,663	301,555	2,919,425	1,443,681	40,229
Commissions	** 88	**	19,989	56,206	571,904	343,437	* 8,903
Contract labor	** 4,889	**	144,768	252,795	2,477,549	1,636,660	27,464
Depletion	**	**	* 9	* 104	8,151	4,688	* 1,350
Depreciation	** 22,739	**	118,325	149,282	1,342,990	595,818	27,509
Employee benefit programs	** 2,339	**	2,089	28,001	185,624	54,240	3,769
Insurance	** 9,533	**	32,716	28,870	454,869	180,529	5,488
Legal and professional services	** 2,314	**	74,583	82,212	927,557	520,969	15,317
Meals and entertainment deducted	** 539	**	32,811	67,089	602,546	354,129	3,849
Mortgage interest	** 44	**	5,554	9,845	91,578	40,115	* 3,849
Other interest paid on business indebtedness	** 2,935	**	23,403	13,006	140,216	63,987	* 315
Office expenses	** 2,669	**	72,620	134,489	761,348	346,836	6,635
Pension and profit-sharing plans	** 1,003	**	* 27	10,576	79,207	35,816	* 1,436
Rent paid on machinery and equipment	** 407	**	16,884	31,757	284,337	135,460	* 534
Rent paid on other business property	** 2,942	**	124,420	113,147	1,071,970	447,446	10,050
Repairs	** 1,766	**	11,875	16,306	255,460	86,001	4,708
Supplies	** 6,063	**	125,449	205,635	1,213,217	387,126	16,475
Salaries and wages	** 50,471	**	158,421	450,832	3,388,556	1,134,689	49,438
Taxes paid	** 7,193	**	38,141	69,867	613,117	212,362	5,650
Travel	** 7,228	**	131,527	173,752	2,150,419	1,408,521	18,293
Utilities	** 11,298	**	122,096	129,057	1,192,028	576,774	13,369
Other business deductions	** 24,826	**	385,383	601,084	4,927,067	2,293,520	23,667
Home office business deductions, total	** 6,465	**	203,456	176,738	1,181,797	676,050	6,615
Depreciation, Form 8829 [3]	** 962	**	14,222	19,897	156,244	100,823	516
Casualty loss, Form 8829 [3]	**	**	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	**	**	0	0	0	0	0
Net income [1,2]	** 286,889	**	2,733,974	4,993,449	41,476,789	26,175,854	622,479
Returns with Schedule C-EZ:							
Number of returns	** 3,422	**	37,720	45,428	270,531	120,615	15,433
Business receipts	** 20,993	**	257,602	671,633	3,074,212	1,978,750	105,128
Business deductions	** 2,606	**	30,263	34,649	294,833	178,067	10,691
Net income	** 18,387	**	227,338	636,984	2,779,379	1,800,684	94,437

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Professional, scientific, and technical services—continued			Administrative and support and waste management and remediation services			Educational services
	Other professional, scientific, and technical services—continued			Total	Administrative and support services	Waste management and remediation services	Total
	Advertising and related services	Market research and public opinion polling	Other miscellaneous services				
	(107)	(108)	(109)	(110)	(111)	(112)	(113)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	139,125	33,279	636,627	2,550,112	2,532,393	17,719	697,834
Business receipts, total [1,2]	7,714,283	1,229,164	28,858,939	67,314,640	65,468,501	1,846,139	9,773,041
Income from sales and operations [1]	7,626,665	1,212,482	28,242,621	66,296,404	64,450,634	1,845,770	9,600,141
Other business income (loss) [1]	87,618	16,683	616,317	1,018,236	1,017,866	370	172,900
Business deductions, total [1,2]	5,638,921	689,866	18,435,949	46,730,471	45,080,129	1,650,341	6,042,469
Cost of sales and operations, total	2,416,851	157,405	4,423,420	13,178,283	12,772,271	406,011	485,811
Inventory, beginning of year	36,148	* 27,168	214,645	338,951	316,112	* 22,839	70,581
Cost of labor	50,960	* 1,347	456,535	2,292,897	2,242,209	50,688	163,858
Purchases	1,146,238	* 6,910	2,248,012	5,453,584	5,207,702	245,882	170,345
Materials and supplies	374,982	* 7,400	660,922	2,430,350	2,409,612	* 20,738	40,529
Other costs	864,589	* 132,226	1,082,829	3,030,596	2,942,234	88,362	125,767
Inventory, end of year	56,066	* 17,647	239,524	368,096	345,598	* 22,497	85,269
Advertising expenses	296,039	13,860	308,574	634,179	610,324	23,855	188,327
Car and truck expenses	326,327	29,355	1,509,573	6,355,393	6,240,098	115,295	698,645
Commissions	41,764	* 30,414	183,304	429,169	420,590	8,579	111,388
Contract labor	345,490	55,104	553,806	2,718,597	2,688,907	29,690	164,804
Depletion	0	* 636	2,304	7,278	6,605	* 673	0
Depreciation	122,879	28,589	1,034,591	2,313,079	2,144,362	168,716	294,245
Employee benefit programs	11,991	15,702	120,541	125,655	115,233	10,422	11,665
Insurance	33,239	12,647	276,741	1,060,684	1,008,734	51,950	87,241
Legal and professional services	81,308	15,722	390,505	496,405	487,444	8,960	118,929
Meals and entertainment deducted	54,359	4,194	235,771	368,649	363,784	4,864	91,017
Mortgage interest	9,263	* 927	59,350	128,007	107,796	20,211	25,903
Other interest paid on business indebtedness	31,044	* 5,889	69,887	206,457	194,490	11,967	27,865
Office expenses	88,997	13,104	385,893	631,154	616,627	14,527	158,372
Pension and profit-sharing plans	1,368	* 3,733	39,265	21,287	19,625	* 1,662	2,257
Rent paid on machinery and equipment	21,708	* 13,312	137,175	395,589	379,380	16,208	44,823
Rent paid on other business property	139,904	12,076	588,064	751,623	727,905	23,719	608,396
Repairs	28,253	9,838	184,553	1,016,393	949,270	67,123	82,316
Supplies	100,037	14,955	903,026	2,381,949	2,327,585	54,365	426,091
Salaries and wages	356,879	64,630	2,085,761	4,488,069	4,298,336	189,733	466,805
Taxes paid	67,894	13,149	388,567	765,978	727,208	38,770	85,237
Travel	113,504	24,472	717,944	638,077	632,204	5,874	264,454
Utilities	134,507	32,655	607,932	1,421,337	1,392,122	29,215	285,724
Other business expenses	651,418	95,129	2,703,937	4,979,296	4,641,436	337,860	902,388
Home office business deductions, total	154,406	19,459	431,793	653,174	645,240	* 7,934	253,974
Depreciation, Form 8829 [3]	16,229	* 1,455	60,871	70,705	70,067	* 638	33,462
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	* 465	0	* 759	* 1	0	* 1	0
Net income less deficit [1,2]	2,079,567	494,629	10,428,856	20,633,061	20,437,271	195,790	3,739,082
Net income [1,2]	2,415,147	601,721	11,661,587	23,924,684	23,664,653	260,031	4,400,022
Deficit [2]	335,580	107,092	1,232,730	3,291,623	3,227,381	64,241	660,940

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Professional, scientific, and technical services—continued			Administrative and support and waste management and remediation services			Educational services
	Other professional, scientific, and technical services—continued			Total	Administrative and support services	Waste management and remediation services	Total
	Advertising and related services	Market research and public opinion polling	Other miscellaneous services				
	(107)	(108)	(109)	(110)	(111)	(112)	(113)
BUSINESSES WITH NET INCOME							
Number of returns [1]	95,700	24,809	458,340	2,116,592	2,108,021	8,571	547,147
Business receipts, total [1,2]	7,032,447	1,185,052	26,768,163	58,757,038	57,337,519	1,419,518	8,375,131
Income from sales and operations [1]	6,953,270	1,169,096	26,203,667	57,834,162	56,417,579	1,416,583	8,216,848
Other business income	79,177	15,956	564,496	922,876	919,940	2,935	158,283
Business deductions, total [1,2]	4,617,387	583,331	15,106,778	34,835,262	33,675,775	1,159,487	3,975,863
Cost of sales and operations, total	2,163,815	157,401	3,841,559	10,350,609	10,080,988	269,621	356,501
Inventory, beginning of year	22,283	* 9,522	168,888	194,042	179,282	* 14,759	37,700
Cost of labor	35,468	* 1,347	433,830	1,746,666	1,700,380	* 46,287	148,298
Purchases	1,088,586	* 6,908	1,970,367	4,136,792	3,985,348	151,445	119,242
Materials and supplies	367,437	* 7,400	508,754	2,079,018	2,060,553	* 18,465	17,798
Other costs	694,798	* 132,225	953,571	2,384,299	2,332,071	52,228	77,554
Inventory, end of year	44,757	0	193,852	190,208	176,646	* 13,562	44,091
Advertising expenses	234,094	10,865	227,581	406,077	385,052	21,025	134,212
Car and truck expenses	221,894	16,093	1,197,529	4,679,265	4,612,995	66,270	397,828
Commissions	26,395	* 28,755	164,413	360,350	352,506	* 7,844	70,137
Contract labor	263,235	55,104	495,086	2,229,894	2,202,897	26,997	136,502
Depletion	0	0	2,113	3,655	2,982	* 673	0
Depreciation	73,135	21,227	625,302	1,527,037	1,414,882	112,156	169,623
Employee benefit programs	11,305	5,054	111,255	98,670	88,423	10,247	5,568
Insurance	28,126	10,545	230,182	781,917	742,803	39,114	55,082
Legal and professional services	54,376	11,671	325,224	323,730	316,831	6,899	66,398
Meals and entertainment deducted	39,364	2,777	202,427	280,542	277,067	3,475	40,348
Mortgage interest	6,265	* 785	40,565	86,359	71,211	15,147	10,966
Other interest paid on business indebtedness	18,160	* 5,610	52,144	154,829	145,218	9,610	8,167
Office expenses	73,361	9,464	325,052	435,495	426,072	9,423	107,510
Pension and profit-sharing plans	1,202	* 3,733	37,020	16,657	14,995	* 1,662	* 923
Rent paid on machinery and equipment	17,652	* 10,495	120,196	272,224	258,874	13,350	32,944
Rent paid on other business property	115,470	8,775	490,230	514,411	500,910	13,501	470,878
Repairs	16,368	8,294	140,088	702,432	655,010	47,422	48,371
Supplies	67,856	11,474	730,286	1,782,577	1,743,837	38,740	305,217
Salaries and wages	311,827	61,468	1,831,134	3,377,972	3,234,690	143,282	300,554
Taxes paid	57,481	10,778	326,846	575,035	549,288	25,747	58,749
Travel	97,378	18,429	607,797	433,064	427,293	5,771	191,820
Utilities	99,671	25,055	477,158	986,190	964,935	21,255	174,177
Other business deductions	495,240	70,160	2,044,480	3,403,896	3,163,687	240,209	518,534
Home office business deductions, total	114,460	16,409	368,263	489,005	481,115	* 7,890	161,826
Depreciation, Form 8829 [3]	12,210	* 1,455	41,241	45,971	45,337	* 634	21,241
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	2,415,147	601,721	11,661,587	23,924,684	23,664,653	260,031	4,400,022
Returns with Schedule C-EZ:							
Number of returns	19,142	9,867	105,475	771,107	768,588	* 2,520	214,331
Business receipts	183,984	37,919	768,431	5,976,941	5,963,386	* 13,554	892,789
Business deductions	9,493	* 2,911	93,672	564,710	562,554	* 2,156	155,792
Net income	174,490	35,008	674,759	5,412,231	5,400,832	* 11,398	736,998

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Health care and social assistance						
	Total	Ambulatory health care services					
		Total	Offices of physicians (except mental health specialists)	Offices of physicians, mental health specialists	Offices of dentists	Offices of chiropractors	Offices of optometrists
	(114)	(115)	(116)	(117)	(118)	(119)	(120)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	2,218,569	1,130,754	185,119	31,568	80,941	43,354	21,994
Business receipts, total [1,2]	124,842,067	101,321,964	34,025,962	3,271,024	28,483,156	5,211,814	4,212,590
Income from sales and operations [1]	122,989,283	100,029,605	33,226,550	3,175,022	28,365,724	5,158,205	4,194,161
Other business income (loss) [1]	1,852,784	1,292,359	799,412	96,002	117,432	53,609	18,429
Business deductions, total [1,2]	73,652,560	58,882,972	18,190,139	1,378,276	19,053,549	3,236,899	2,934,810
Cost of sales and operations, total	6,197,024	5,420,869	1,475,252	56,526	1,519,045	221,650	815,295
Inventory, beginning of year	341,779	302,739	66,789	* 11,181	16,657	* 2,171	103,299
Cost of labor	1,014,151	853,601	98,670	* 58	336,402	* 864	* 162
Purchases	1,999,456	1,791,914	457,903	* 1,222	193,855	164,548	599,583
Materials and supplies	1,032,641	955,326	339,540	0	343,496	* 16,829	130,830
Other costs	2,172,949	1,835,168	596,208	* 55,254	648,106	44,446	75,541
Inventory, end of year	363,951	317,878	83,859	* 11,189	19,471	* 7,209	94,120
Advertising expenses	1,190,799	1,083,396	243,497	8,142	364,685	170,553	40,027
Car and truck expenses	3,706,443	2,462,421	395,342	75,699	168,537	108,211	56,616
Commissions	311,415	193,647	48,259	9,614	65,926	10,685	* 7,420
Contract labor	2,493,749	1,989,996	667,640	81,003	357,262	139,698	86,006
Depletion	11,543	11,283	421	* 7	* 2,097	* [4]	* 104
Depreciation	2,815,423	2,279,235	548,570	57,935	1,083,163	104,730	112,003
Employee benefit programs	641,423	569,734	239,844	12,767	183,813	24,417	39,556
Insurance	2,214,790	1,940,852	981,656	61,942	417,310	95,199	51,536
Legal and professional services	1,582,450	1,422,278	558,138	40,074	340,206	77,185	44,215
Meals and entertainment deducted	1,222,070	355,277	83,889	15,288	64,852	27,242	10,272
Mortgage interest	542,179	288,305	47,600	* 7,641	118,762	36,770	6,716
Other interest paid on business indebtedness	576,464	488,665	94,644	3,461	285,674	20,205	23,212
Office expenses	1,816,490	1,625,373	453,654	48,166	516,096	162,587	51,623
Pension and profit-sharing plans	425,178	422,327	190,370	10,717	181,132	3,862	12,161
Rent paid on machinery and equipment	576,968	480,618	167,991	23,570	94,891	20,743	9,796
Rent paid on other business property	5,552,294	4,749,412	1,346,383	171,236	1,221,394	521,728	280,046
Repairs	1,024,893	706,135	187,368	14,949	265,649	56,089	23,178
Supplies	4,303,990	3,354,834	1,023,255	32,483	1,423,718	222,037	61,166
Salaries and wages	16,868,045	14,192,878	4,525,529	121,687	6,200,583	577,989	676,644
Taxes paid	2,362,952	1,950,892	596,235	32,325	785,028	94,417	101,093
Travel	892,371	739,847	234,194	41,240	98,488	38,015	14,705
Utilities	2,600,622	1,863,974	426,548	50,736	495,606	144,666	70,243
Other business expenses	11,749,491	9,624,459	3,551,559	351,436	2,770,213	334,889	338,374
Home office business deductions, total	1,498,911	417,771	70,641	48,033	23,865	21,881	* 202
Depreciation, Form 8829 [3]	167,795	53,967	11,768	7,085	3,044	* 2,152	* 41
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	* [4]	0	0	0	0	0
Net income less deficit [1,2]	51,268,531	42,519,527	15,845,575	1,892,764	9,429,957	1,974,916	1,289,614
Net income [1,2]	53,551,797	44,017,770	16,136,745	1,919,315	9,653,608	2,018,035	1,292,932
Deficit [2]	2,283,266	1,498,243	291,171	26,551	223,651	43,119	3,318

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Health care and social assistance						
	Total	Ambulatory health care services					
		Total	Offices of physicians (except mental health specialists)	Offices of physicians, mental health specialists	Offices of dentists	Offices of chiropractors	Offices of optometrists
	(114)	(115)	(116)	(117)	(118)	(119)	(120)
BUSINESSES WITH NET INCOME							
Number of returns [1]	1,896,661	942,411	153,813	29,182	70,589	37,977	20,545
Business receipts, total [1,2]	116,753,116	96,280,431	32,447,652	3,162,583	27,459,890	4,923,360	4,061,415
Income from sales and operations [1]	115,141,350	95,128,366	31,720,665	3,112,405	27,343,886	4,882,238	4,042,994
Other business income	1,611,766	1,152,066	726,987	50,178	116,004	* 41,123	18,422
Business deductions, total [1,2]	63,236,372	52,296,369	16,310,880	1,243,269	17,806,592	2,905,326	2,780,317
Cost of sales and operations, total	5,456,831	4,857,126	1,349,774	* 44,249	1,459,856	138,762	796,365
Inventory, beginning of year	283,842	255,252	55,344	* 11,143	12,228	* 1,779	101,990
Cost of labor	925,841	776,922	94,347	* 58	321,393	* 864	* 162
Purchases	1,795,858	1,628,540	444,784	* 1,222	188,290	81,765	597,497
Materials and supplies	943,993	885,942	339,007	0	311,703	* 16,822	126,109
Other costs	1,809,790	1,577,503	489,236	* 43,014	638,130	44,399	63,438
Inventory, end of year	302,494	267,033	72,944	* 11,189	11,888	* 6,867	92,831
Advertising expenses	1,034,992	963,094	228,966	8,048	316,392	160,665	35,885
Car and truck expenses	2,856,677	1,988,750	359,879	74,792	146,426	90,613	54,876
Commissions	222,168	132,758	45,444	* 3,238	36,689	8,321	* 7,420
Contract labor	2,145,796	1,763,206	548,441	79,838	349,761	107,238	85,921
Depletion	11,513	11,252	421	* 7	* 2,097	* [4]	* 104
Depreciation	2,213,708	1,876,168	501,268	43,584	853,938	98,741	109,445
Employee benefit programs	599,493	545,251	231,808	12,764	181,740	21,391	37,105
Insurance	2,000,924	1,791,679	916,974	58,461	398,228	86,364	48,529
Legal and professional services	1,379,627	1,266,545	489,893	38,891	313,713	68,773	43,504
Meals and entertainment deducted	984,563	297,936	75,245	15,030	62,414	26,126	9,909
Mortgage interest	367,466	195,785	38,895	* 7,641	97,883	35,030	6,716
Other interest paid on business indebtedness	503,641	445,017	86,332	3,175	268,378	20,205	23,173
Office expenses	1,625,332	1,489,571	426,411	47,249	482,579	154,279	50,758
Pension and profit-sharing plans	412,600	410,888	181,070	10,674	180,005	3,862	12,155
Rent paid on machinery and equipment	496,788	427,709	159,952	21,429	90,967	18,620	9,762
Rent paid on other business property	4,942,403	4,298,346	1,245,042	143,449	1,140,802	464,661	273,406
Repairs	843,785	636,505	169,539	14,856	257,206	52,542	21,896
Supplies	3,822,871	3,098,063	965,128	32,103	1,359,868	211,081	56,310
Salaries and wages	15,316,370	13,328,093	4,264,204	117,849	5,981,263	548,167	637,936
Taxes paid	2,116,950	1,821,896	557,996	31,562	756,125	89,262	97,155
Travel	759,684	649,729	211,379	40,760	90,943	35,771	14,411
Utilities	2,212,298	1,658,108	390,178	49,550	467,779	131,862	68,779
Other business deductions	9,198,651	7,740,313	2,787,444	294,534	2,486,405	310,606	276,537
Home office business deductions, total	1,245,094	361,396	50,858	47,938	20,095	21,877	* 202
Depreciation, Form 8829 [3]	133,511	46,723	11,083	7,085	2,458	* 2,143	* 41
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	53,551,797	44,017,770	16,136,745	1,919,315	9,653,608	2,018,035	1,292,932
Returns with Schedule C-EZ:							
Number of returns	598,005	242,631	30,929	2,450	7,118	* 1,049	* 4,743
Business receipts	5,551,670	2,748,206	740,157	38,053	148,791	* 25,208	* 33,446
Business deductions	475,540	249,451	31,659	* 1,598	5,553	* 1,452	* 2,602
Net income	5,076,131	2,498,755	708,498	36,455	143,238	* 23,756	* 30,844

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Health care and social assistance —continued						
	Ambulatory health care services—continued						Hospitals
	Offices of mental health practitioners and social therapists	Offices of podiatrists	Outpatient care centers and other miscellaneous health practitioners	Medical and diagnostic laboratories	Home health care services	Other ambulatory health care services (including ambulance services, blood, organ banks)	
	(121)	(122)	(123)	(124)	(125)	(126)	(127)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	199,080	6,574	168,959	30,190	318,740	44,235	7,116
Business receipts, total [1,2]	9,755,587	1,266,972	6,025,912	1,269,305	6,213,433	1,586,208	606,397
Income from sales and operations [1]	9,688,555	1,266,706	5,972,967	1,262,916	6,146,454	1,572,345	598,195
Other business income (loss) [1]	67,032	* 266	52,946	6,389	66,979	13,863	8,203
Business deductions, total [1,2]	4,851,690	793,688	3,223,523	842,235	3,455,032	923,131	328,815
Cost of sales and operations, total	324,565	22,434	392,831	109,971	331,715	151,585	* 7,421
Inventory, beginning of year	* 32,221	* 368	30,756	* 23,052	* 9,029	* 7,215	* 719
Cost of labor	172,008	* 2,503	51,136	* 5,794	* 175,979	* 10,024	0
Purchases	98,230	* 68	92,512	* 38,148	23,063	* 122,780	* 6,799
Materials and supplies	20,325	* 18,032	32,194	* 21,795	31,908	* 377	* 1,538
Other costs	34,871	* 1,740	218,731	43,774	* 99,807	16,689	* 123
Inventory, end of year	* 33,091	* 277	32,499	* 22,592	* 8,071	* 5,500	* 1,758
Advertising expenses	87,317	21,322	83,066	11,676	43,563	9,548	* 1,039
Car and truck expenses	477,926	22,340	350,492	64,668	622,817	119,773	6,008
Commissions	8,725	0	29,670	* 2,135	10,307	* 906	* 1,305
Contract labor	310,741	40,836	139,686	33,030	117,436	16,660	10,041
Depletion	* 1	0	* 487	* 23	* 5,034	* 3,108	* 1
Depreciation	139,318	21,012	74,427	32,419	77,403	28,256	13,075
Employee benefit programs	20,410	5,161	15,150	5,953	16,143	6,519	* 5,529
Insurance	121,980	44,347	73,477	16,073	56,130	21,203	8,496
Legal and professional services	175,507	11,039	83,681	27,146	45,312	19,776	5,033
Meals and entertainment deducted	47,561	5,619	37,392	3,981	45,406	13,777	1,022
Mortgage interest	2,985	* 1,089	3,788	* 869	59,828	* 2,257	* 4,649
Other interest paid on business indebtedness	17,759	6,532	10,263	14,154	9,067	3,693	* 765
Office expenses	154,034	47,179	91,427	16,393	65,895	18,319	3,951
Pension and profit-sharing plans	6,718	5,584	6,468	* 1,990	2,613	* 712	* 287
Rent paid on machinery and equipment	86,887	13,381	16,417	13,284	23,977	9,681	* 1,978
Rent paid on other business property	623,914	134,116	289,950	38,297	76,740	45,607	7,054
Repairs	29,309	10,503	43,124	14,854	43,824	17,288	3,097
Supplies	141,259	50,375	187,721	33,042	141,807	37,970	8,310
Salaries and wages	564,971	150,487	303,767	158,695	775,833	136,695	123,997
Taxes paid	102,044	22,133	62,289	30,189	110,193	14,946	11,582
Travel	86,984	4,784	101,534	27,325	57,006	35,573	3,461
Utilities	289,750	27,861	159,838	29,701	130,839	38,186	5,545
Other business expenses	856,254	124,965	581,867	137,901	425,699	151,303	93,933
Home office business deductions, total	121,748	* 590	63,788	5,989	50,135	10,899	* 288
Depreciation, Form 8829 [3]	14,008	* 120	7,300	* 137	6,444	1,866	* 62
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	* [4]	0	0
Net income less deficit [1,2]	4,905,450	473,284	2,855,974	427,089	2,758,653	666,251	281,645
Net income [1,2]	5,170,910	477,338	3,080,945	482,833	3,055,145	729,964	291,638
Deficit [2]	265,460	* 4,054	224,972	55,744	296,492	63,713	* 9,993

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Health care and social assistance —continued						
	Ambulatory health care services —continued						Hospitals
	Offices of mental health practitioners and social therapists	Offices of podiatrists	Outpatient care centers and other miscellaneous health practitioners	Medical and diagnostic laboratories	Home health care services	Other ambulatory health care services (including ambulance services, blood, organ banks)	
	(121)	(122)	(123)	(124)	(125)	(126)	(127)
BUSINESSES WITH NET INCOME							
Number of returns [1]	155,299	4,504	137,759	24,352	273,243	35,148	6,114
Business receipts, total [1,2]	9,242,991	1,239,345	5,660,785	1,186,818	5,486,915	1,408,677	497,845
Income from sales and operations [1]	9,178,361	1,239,215	5,612,331	1,180,672	5,420,673	1,394,926	490,077
Other business income	64,630	* 130	48,454	6,146	66,242	* 13,751	* 7,768
Business deductions, total [1,2]	4,072,118	762,007	2,601,258	703,985	2,431,904	678,713	206,208
Cost of sales and operations, total	279,387	22,434	308,953	97,163	211,991	148,191	* 4,583
Inventory, beginning of year	* 6,720	* 368	30,747	* 23,052	* 4,666	* 7,215	0
Cost of labor	* 161,111	* 2,503	* 22,100	* 5,794	* 158,565	* 10,024	0
Purchases	85,417	* 68	60,654	* 36,906	9,155	* 122,780	* 4,460
Materials and supplies	8,740	* 18,032	19,541	* 21,795	* 23,818	* 377	0
Other costs	24,347	* 1,740	207,967	32,207	* 19,729	* 13,296	* 123
Inventory, end of year	* 6,948	* 277	32,055	* 22,592	* 3,943	* 5,500	0
Advertising expenses	71,637	21,162	72,153	10,259	30,128	7,799	* 669
Car and truck expenses	386,199	21,721	257,136	39,628	463,555	93,925	4,621
Commissions	1,090	0	17,638	* 2,135	10,037	* 746	* 1,305
Contract labor	293,980	40,011	131,781	22,503	89,787	13,944	* 6,910
Depletion	0	0	* 481	0	* 5,034	* 3,107	* 1
Depreciation	99,486	19,780	57,795	21,909	51,501	18,722	* 7,374
Employee benefit programs	18,278	5,044	13,884	5,563	12,748	4,925	* 5,228
Insurance	102,105	43,293	66,365	15,457	38,525	17,378	4,621
Legal and professional services	160,067	9,906	71,022	23,388	32,384	15,005	5,022
Meals and entertainment deducted	38,397	5,405	29,675	3,174	23,318	9,243	775
Mortgage interest	1,814	* 1,089	1,691	* 239	3,148	* 1,640	* 1,730
Other interest paid on business indebtedness	14,746	6,532	6,692	9,186	4,201	2,398	* 750
Office expenses	136,323	44,851	76,471	14,921	38,279	17,449	3,857
Pension and profit-sharing plans	6,466	5,584	5,805	* 1,990	* 2,606	* 672	0
Rent paid on machinery and equipment	71,554	10,032	10,749	13,179	17,506	3,960	* 1,600
Rent paid on other business property	559,564	130,154	238,539	32,620	51,516	18,593	* 6,880
Repairs	24,888	9,914	34,310	12,314	23,728	15,311	* 1,818
Supplies	119,996	48,233	162,538	30,042	85,605	27,159	* 5,008
Salaries and wages	498,332	149,437	259,380	153,235	624,647	93,644	* 83,173
Taxes paid	88,631	21,828	54,116	29,087	83,475	12,661	9,347
Travel	73,659	4,765	81,504	24,320	38,754	33,462	3,360
Utilities	247,151	27,519	137,463	27,602	83,841	26,382	3,321
Other business deductions	613,077	112,724	431,967	98,146	254,063	74,811	43,023
Home office business deductions, total	113,321	* 590	52,224	* 3,478	42,110	8,703	* 282
Depreciation, Form 8829 [3]	11,598	* 120	4,998	* 63	5,644	* 1,490	* 62
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	5,170,910	477,338	3,080,945	482,833	3,055,145	729,964	291,638
Returns with Schedule C-EZ:							
Number of returns	27,387	0	28,073	8,923	121,410	10,549	* 744
Business receipts	338,798	0	292,157	47,200	1,005,375	79,019	* 11,503
Business deductions	53,023	0	21,880	* 12,477	110,310	8,895	* 949
Net income	285,775	0	270,277	34,722	895,065	70,124	* 10,554

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Health care and social assistance—continued		Arts, entertainment, and recreation			
	Nursing and residential care facilities	Social assistance	Total	Performing arts, spectator sports and related industries	Museums, historical sites, and similar institutions	Amusement, gambling, and recreation industries
	(128)	(129)	(130)	(131)	(132)	(133)
BUSINESSES WITH AND WITHOUT NET INCOME						
Number of returns [1]	72,404	1,008,296	1,435,977	1,165,478	3,508	266,992
Business receipts, total [1,2]	5,079,465	17,834,241	34,080,353	25,342,005	227,511	8,510,836
Income from sales and operations [1]	5,025,044	17,336,439	33,428,451	24,854,357	231,316	8,342,779
Other business income (loss) [1]	54,421	497,801	651,902	487,649	* -3,804	168,057
Business deductions, total [1,2]	4,415,604	10,025,168	25,040,103	16,854,860	164,302	8,020,941
Cost of sales and operations, total	364,475	404,259	4,479,331	2,533,634	* 21,262	1,924,434
Inventory, beginning of year	6,311	32,011	623,354	492,165	* 1,416	129,773
Cost of labor	81,494	79,055	434,123	253,395	0	180,728
Purchases	19,302	181,441	1,810,035	960,734	* 1,041	848,261
Materials and supplies	5,463	70,314	415,386	323,536	* 1	91,849
Other costs	258,547	79,112	1,894,943	1,042,668	* 20,430	831,844
Inventory, end of year	6,641	37,674	698,510	538,864	* 1,626	158,020
Advertising expenses	19,386	86,978	492,576	354,329	* 1,472	136,776
Car and truck expenses	237,847	1,000,166	2,088,651	1,730,130	9,638	348,883
Commissions	16,412	100,051	566,104	538,350	* 29	27,725
Contract labor	162,113	331,599	953,741	744,769	* 75	208,897
Depletion	* 8	* 252	1,595	941	0	* 654
Depreciation	150,886	372,227	1,562,447	1,029,999	2,398	530,050
Employee benefit programs	51,339	14,821	84,285	31,170	* 45	53,070
Insurance	97,102	168,339	271,158	157,732	333	113,092
Legal and professional services	44,050	111,088	477,977	388,492	634	88,852
Meals and entertainment deducted	109,582	756,189	366,688	327,813	796	38,079
Mortgage interest	181,931	67,294	159,206	51,710	* 46	107,449
Other interest paid on business indebtedness	17,607	69,427	164,272	77,083	* 61	87,128
Office expenses	28,881	158,286	337,030	265,264	975	70,791
Pension and profit-sharing plans	2,011	* 552	8,913	6,904	0	2,009
Rent paid on machinery and equipment	29,118	65,254	275,001	166,457	* 15	108,528
Rent paid on other business property	263,014	532,814	1,174,746	686,968	* 1,670	486,108
Repairs	83,007	232,654	338,532	206,588	* 770	131,173
Supplies	172,353	768,493	1,002,878	729,934	* 97,132	175,812
Salaries and wages	1,089,476	1,461,694	1,305,587	514,643	* 5,027	785,916
Taxes paid	177,953	222,525	479,442	190,992	* 434	288,016
Travel	40,576	108,487	1,097,649	964,207	* 2,208	131,235
Utilities	170,905	560,198	813,758	563,555	2,903	247,299
Other business expenses	806,881	1,224,218	5,599,508	3,789,459	7,202	1,802,847
Home office business deductions, total	71,114	1,009,737	668,823	601,191	* 9,174	58,458
Depreciation, Form 8829 [3]	9,245	104,521	83,719	73,563	* 59	10,098
Casualty loss, Form 8829 [3]	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	* 5	* 5	0	0
Net income less deficit [1,2]	674,856	7,792,504	9,138,856	8,527,961	63,209	547,686
Net income [1,2]	812,988	8,429,402	12,883,414	11,363,529	80,367	1,439,519
Deficit [2]	138,131	636,898	3,744,558	2,835,567	17,158	891,833

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Health care and social assistance—continued		Arts, entertainment, and recreation			
	Nursing and residential care facilities	Social assistance	Total	Performing arts, spectator sports and related industries	Museums, historical sites, and similar institutions	Amusement, gambling, and recreation industries
	(128)	(129)	(130)	(131)	(132)	(133)
BUSINESSES WITH NET INCOME						
Number of returns [1]	59,533	888,603	909,607	735,713	2,503	171,391
Business receipts, total [1,2]	3,949,920	16,024,920	27,656,760	21,987,816	222,811	5,446,133
Income from sales and operations [1]	3,937,746	15,585,161	27,182,087	21,577,294	222,490	5,382,302
Other business income	12,173	439,759	474,674	410,522	* 321	63,831
Business deductions, total [1,2]	3,138,277	7,595,519	14,795,057	10,623,074	* 142,444	4,029,539
Cost of sales and operations, total	242,347	352,774	3,331,353	1,970,422	* 20,430	1,340,501
Inventory, beginning of year	* 2,254	26,336	278,059	227,394	0	50,665
Cost of labor	70,218	78,701	299,548	182,309	0	117,239
Purchases	12,845	150,013	1,535,475	795,525	0	739,950
Materials and supplies	* 2,934	55,116	279,495	222,089	0	57,406
Other costs	156,136	76,028	1,279,490	804,235	* 20,430	454,824
Inventory, end of year	* 2,041	33,420	340,714	261,131	0	79,583
Advertising expenses	11,484	59,746	274,532	207,154	* 442	66,937
Car and truck expenses	197,269	666,038	1,114,195	943,566	* 7,985	162,644
Commissions	15,264	72,840	465,152	455,195	* 29	9,928
Contract labor	96,312	279,366	608,542	471,969	* 1	136,572
Depletion	* 8	* 252	* 28	* 28	0	0
Depreciation	87,685	242,481	608,812	474,770	* 801	133,242
Employee benefit programs	36,862	12,152	24,853	15,521	0	9,332
Insurance	72,239	132,385	143,023	93,844	* 78	49,101
Legal and professional services	30,303	77,756	307,985	269,456	* 465	38,064
Meals and entertainment deducted	82,233	603,619	234,076	212,443	* 782	20,851
Mortgage interest	119,510	50,441	37,536	28,289	* 16	9,231
Other interest paid on business indebtedness	7,512	50,362	69,334	41,769	* [4]	27,565
Office expenses	20,701	111,203	211,106	176,017	* 864	34,225
Pension and profit-sharing plans	1,160	* 552	6,859	5,481	0	* 1,377
Rent paid on machinery and equipment	20,830	46,649	178,612	102,444	0	76,168
Rent paid on other business property	202,454	434,723	750,530	465,979	* 1,332	283,220
Repairs	58,038	147,425	150,792	107,660	* 125	43,007
Supplies	117,580	602,221	523,648	352,170	* 96,649	74,830
Salaries and wages	814,237	1,090,867	617,396	286,272	* 2,754	328,371
Taxes paid	120,933	164,774	187,880	122,577	* 259	65,044
Travel	19,887	86,708	706,173	612,142	* 2,135	91,895
Utilities	125,264	425,605	466,842	338,491	* 1,610	126,741
Other business deductions	557,942	857,373	3,047,245	2,240,079	* 5,689	801,477
Home office business deductions, total	52,646	830,769	470,465	434,494	0	35,971
Depreciation, Form 8829 [3]	* 6,957	79,769	37,505	34,093	0	3,412
Casualty loss, Form 8829 [3]	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0
Net income [1,2]	812,988	8,429,402	12,883,414	11,363,529	80,367	1,439,519
Returns with Schedule C-EZ:						
Number of returns	20,941	333,688	315,502	237,192	0	78,310
Business receipts	180,453	2,611,509	1,535,622	1,274,718	0	260,904
Business deductions	27,575	197,566	270,207	202,548	0	67,659
Net income	152,879	2,413,943	1,265,416	1,072,170	0	193,246

Footnotes at end of table.

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Accommodation, food services, and drinking places						Other services
	Total	Accommodation				Food services and drinking places	
		Total	Travel accommodation (including hotels, motels, and bed and breakfast inns)	RV (recreational vehicle) parks and recreational camps	Rooming and boarding houses		
	(134)	(135)	(136)	(137)	(138)	(139)	(140)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns [1]	489,017	50,829	26,618	16,252	7,959	438,188	3,029,079
Business receipts, total [1,2]	53,848,375	5,578,002	4,156,675	741,602	679,725	48,270,373	93,991,394
Income from sales and operations [1]	53,195,828	5,393,012	3,991,299	732,254	669,459	47,802,816	92,749,048
Other business income (loss) [1]	652,547	184,990	165,376	9,348	10,266	467,557	1,242,346
Business deductions, total [1,2]	51,537,557	5,459,248	4,104,306	701,577	653,365	46,078,308	69,994,604
Cost of sales and operations, total	20,434,312	475,195	283,854	138,074	53,267	19,959,117	20,949,752
Inventory, beginning of year	746,379	67,600	64,933	* 2,081	* 586	678,778	1,643,204
Cost of labor	1,560,880	87,849	82,372	* 80	* 5,397	1,473,031	2,452,701
Purchases	16,305,446	220,765	83,113	131,459	* 6,193	16,084,681	11,951,058
Materials and supplies	1,657,495	44,514	37,047	* 2,508	* 4,959	1,612,981	4,637,714
Other costs	895,111	117,080	76,819	* 3,622	* 36,639	778,031	1,997,323
Inventory, end of year	730,998	62,613	60,430	* 1,677	* 506	668,385	1,732,247
Advertising expenses	873,445	109,649	88,073	10,699	10,878	763,796	1,092,991
Car and truck expenses	1,072,483	120,886	59,128	33,184	28,574	951,597	5,956,687
Commissions	185,769	63,032	55,383	* 415	7,234	122,737	536,989
Contract labor	415,525	65,072	43,068	10,582	11,423	350,453	3,329,849
Depletion	* 38	* 14	* 14	0	0	* 25	10,169
Depreciation	1,979,085	678,499	483,490	110,214	84,795	1,300,585	2,760,358
Employee benefit programs	91,931	25,600	18,600	* 870	* 6,130	66,331	142,645
Insurance	746,497	149,143	110,628	22,466	16,049	597,353	1,230,858
Legal and professional services	365,957	57,034	37,410	8,971	10,653	308,923	586,258
Meals and entertainment deducted	164,003	26,047	18,628	1,054	6,365	137,955	399,726
Mortgage interest	553,624	386,311	332,457	18,842	35,011	167,313	319,360
Other interest paid on business indebtedness	347,830	124,872	92,325	20,386	12,162	222,958	406,130
Office expenses	249,915	32,538	19,651	5,796	7,092	217,377	932,407
Pension and profit-sharing plans	9,413	986	975	* 11	0	8,427	25,300
Rent paid on machinery and equipment	374,638	29,927	16,251	* 13,061	* 616	344,711	767,520
Rent paid on other business property	3,756,140	152,600	119,256	* 427	32,916	3,603,540	6,379,818
Repairs	996,698	272,783	189,972	45,687	37,124	723,915	1,142,048
Supplies	1,388,571	222,072	153,920	34,946	33,206	1,166,499	4,507,021
Salaries and wages	7,983,097	671,495	576,169	21,771	73,555	7,311,602	5,157,109
Taxes paid	2,154,879	409,607	353,447	33,515	22,645	1,745,271	1,520,727
Travel	148,814	31,498	13,832	13,353	4,314	117,316	698,623
Utilities	2,757,049	565,887	417,479	85,355	63,053	2,191,162	3,649,562
Other business expenses	4,341,123	757,673	595,372	68,135	94,166	3,583,450	6,093,541
Home office business deductions, total	96,688	28,527	24,926	* 1,464	* 2,137	68,161	693,461
Depreciation, Form 8829 [3]	9,303	2,793	2,049	* 374	* 370	6,510	85,307
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	0
Net income less deficit [1,2]	2,405,041	129,183	63,808	39,853	25,522	2,275,858	24,056,364
Net income [1,2]	5,319,753	651,562	485,709	83,169	82,684	4,668,191	28,354,699
Deficit [2]	2,914,711	522,379	421,901	43,316	57,163	2,392,332	4,298,335

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Accommodation, food services, and drinking places						Other services
	Total	Accommodation				Food services and drinking places	Total
		Total	Travel accommodation (including hotels, motels, and bed and breakfast inns)	RV (recreational vehicle) parks and recreational camps	Rooming and boarding houses		
	(134)	(135)	(136)	(137)	(138)	(139)	(140)
BUSINESSES WITH NET INCOME							
Number of returns [1]	314,726	28,414	15,712	9,275	3,427	286,312	2,387,973
Business receipts, total [1,2]	39,898,737	3,297,486	2,564,642	317,660	415,184	36,601,251	83,220,883
Income from sales and operations [1]	39,469,628	3,218,548	2,497,678	311,845	409,026	36,251,079	82,090,750
Other business income	429,109	78,937	66,964	* 5,815	* 6,158	350,172	1,130,133
Business deductions, total [1,2]	34,585,789	2,649,951	2,082,960	234,492	332,500	31,935,838	54,882,190
Cost of sales and operations, total	14,559,237	83,956	77,843	* 4,621	* 1,492	14,475,281	17,684,332
Inventory, beginning of year	422,857	5,777	3,482	* 2,037	* 259	417,080	1,084,078
Cost of labor	983,722	* 26,568	* 26,519	* 50	0	957,154	2,128,454
Purchases	11,775,714	14,281	10,692	* 2,156	* 1,432	11,761,433	9,998,374
Materials and supplies	1,167,972	* 22,776	* 20,836	* 1,940	0	1,145,197	3,883,288
Other costs	611,211	19,505	19,425	* 80	0	591,706	1,727,723
Inventory, end of year	402,240	4,950	3,110	* 1,642	* 199	397,289	1,137,585
Advertising expenses	565,336	45,664	37,849	4,443	* 3,372	519,672	778,165
Car and truck expenses	615,055	59,801	33,126	4,607	* 22,069	555,253	4,207,287
Commissions	112,657	37,714	31,085	* 113	* 6,516	74,943	502,184
Contract labor	286,715	30,548	24,711	* 2,937	* 2,900	256,167	2,678,907
Depletion	* 23	0	0	0	0	* 23	9,214
Depreciation	903,982	303,945	200,852	58,884	* 44,210	600,037	1,813,485
Employee benefit programs	53,097	10,500	6,084	* 101	* 4,315	42,597	101,551
Insurance	483,973	83,175	69,591	4,610	* 8,974	400,799	912,515
Legal and professional services	208,247	26,093	16,447	4,382	* 5,264	182,154	435,706
Meals and entertainment deducted	75,454	17,413	12,765	* 375	* 4,274	58,041	304,712
Mortgage interest	230,225	152,744	136,998	* 733	* 15,013	77,481	221,853
Other interest paid on business indebtedness	176,156	66,736	61,829	* 581	* 4,326	109,420	278,822
Office expenses	125,190	17,529	11,723	1,977	* 3,828	107,661	633,259
Pension and profit-sharing plans	8,974	* 796	* 785	* 11	0	8,178	23,572
Rent paid on machinery and equipment	217,516	15,771	2,816	* 12,955	0	201,746	581,253
Rent paid on other business property	2,749,397	99,730	83,132	* 44	* 16,554	2,649,666	5,051,167
Repairs	591,362	126,516	108,845	* 7,556	* 10,116	464,845	812,499
Supplies	839,595	149,914	106,050	21,318	* 22,546	689,681	3,528,544
Salaries and wages	5,467,709	346,412	280,592	* 13,581	* 52,240	5,121,297	4,151,940
Taxes paid	1,441,246	249,940	226,153	14,872	* 8,914	1,191,306	1,209,074
Travel	74,958	18,230	4,406	* 10,804	* 3,020	56,728	505,552
Utilities	1,736,318	316,832	255,939	31,332	* 29,561	1,419,486	2,664,161
Other business deductions	2,961,237	377,838	287,088	29,890	* 60,860	2,583,399	4,567,533
Home office business deductions, total	52,095	9,853	* 6,252	* 1,464	* 2,137	42,241	528,365
Depreciation, Form 8829 [3]	4,826	* 2,511	* 1,785	* 374	* 351	2,316	51,553
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0
Net income [1,2]	5,319,753	651,562	485,709	83,169	82,684	4,668,191	28,354,699
Returns with Schedule C-EZ:							
Number of returns	78,117	* 2,973	* 990	* 1,977	* 6	75,144	692,214
Business receipts	479,057	* 10,114	* 5,343	* 4,467	* 305	468,942	5,349,957
Business deductions	50,034	* 2,301	0	* 2,301	0	47,733	705,698
Net income	429,023	* 7,813	* 5,343	* 2,166	* 305	421,210	4,644,259

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Other services—continued							Unclassified establishments
	Auto repair and maintenance				Miscellaneous repairs	Personal and laundry services	Religious, grantmaking, civic, professional, and similar organizations	
	Total	Automotive mechanical and electrical repair and maintenance	Automotive body shops	Other auto repair and maintenance (including oil change, lube, and car washes)				
	(141)	(142)	(143)	(144)	(145)	(146)	(147)	(148)
BUSINESSES WITH AND WITHOUT NET INCOME								
Number of returns [1]	395,085	194,238	95,945	104,902	424,239	1,936,011	273,744	412,381
Business receipts, total [1,2]	25,955,090	12,024,763	8,201,033	5,729,293	15,566,527	48,789,465	3,680,313	6,055,929
Income from sales and operations [1]	25,669,034	11,962,643	8,162,320	5,544,071	15,398,604	48,199,962	3,481,449	5,982,325
Other business income (loss) [1]	286,055	62,120	38,713	185,223	167,923	589,503	198,864	73,604
Business deductions, total [1,2]	23,010,211	10,576,993	7,139,432	5,293,787	12,210,384	32,807,557	1,966,452	3,978,728
Cost of sales and operations, total	10,551,174	4,615,963	3,510,495	2,424,716	4,776,106	5,590,393	32,079	1,496,910
Inventory, beginning of year	742,549	345,448	162,182	234,919	413,921	468,137	* 18,596	999,977
Cost of labor	1,225,744	349,889	524,704	351,150	392,535	834,422	0	* 188,499
Purchases	6,622,511	3,321,008	1,902,879	1,398,625	2,544,912	2,754,144	* 29,492	865,863
Materials and supplies	1,815,287	631,846	718,565	464,876	1,570,402	1,251,435	* 590	265,976
Other costs	901,776	303,399	369,531	228,847	314,747	776,321	* 4,479	131,035
Inventory, end of year	756,693	335,628	167,366	253,699	460,411	494,065	* 21,078	954,440
Advertising expenses	253,153	126,034	73,943	53,176	231,786	594,681	13,371	49,770
Car and truck expenses	1,270,989	551,888	420,507	298,594	1,451,381	2,697,671	536,646	442,709
Commissions	99,123	16,942	80,818	1,363	23,277	414,250	* 339	36,156
Contract labor	844,728	315,776	330,089	198,863	648,530	1,800,512	36,078	45,838
Depletion	* 934	* 934	0	0	* 1,561	7,559	* 114	6,759
Depreciation	905,011	345,956	241,108	317,946	603,932	1,210,097	41,318	73,756
Employee benefit programs	65,515	36,818	18,163	10,534	12,374	57,112	* 7,643	15,919
Insurance	447,561	217,677	118,309	111,575	269,931	493,798	19,568	41,125
Legal and professional services	147,469	76,827	41,592	29,049	80,719	330,045	28,025	50,251
Meals and entertainment deducted	68,014	35,629	24,404	7,981	53,870	225,368	52,473	37,217
Mortgage interest	138,166	41,871	45,779	50,515	47,750	133,427	* 18	* 4,025
Other interest paid on business indebtedness	169,036	87,966	28,070	53,000	62,763	168,758	* 5,573	24,687
Office expenses	221,907	113,963	62,838	45,106	136,797	491,238	82,464	56,420
Pension and profit-sharing plans	2,837	* 1,041	* 1,114	* 682	* 163	10,118	* 12,182	* 193
Rent paid on machinery and equipment	124,449	46,733	42,149	35,567	66,356	562,271	14,443	72,228
Rent paid on other business property	1,243,008	614,393	339,145	289,471	383,578	4,680,880	72,352	89,159
Repairs	299,005	142,646	80,566	75,793	174,373	646,041	22,628	51,159
Supplies	1,054,379	567,112	279,275	207,992	578,088	2,793,271	81,283	254,496
Salaries and wages	1,842,301	869,732	562,647	409,923	592,880	2,705,593	16,336	113,451
Taxes paid	623,790	310,738	188,597	124,455	222,357	665,150	9,430	43,917
Travel	89,626	22,677	45,638	21,311	75,406	407,596	125,994	67,962
Utilities	930,064	432,881	257,011	240,171	427,759	2,170,617	121,122	132,255
Other business expenses	1,496,119	913,900	321,608	260,611	1,027,614	3,061,881	507,926	636,248
Home office business deductions, total	70,445	40,262	18,304	* 11,880	168,613	387,382	67,020	24,998
Depreciation, Form 8829 [3]	10,083	3,905	* 2,442	* 3,736	26,041	38,628	10,555	2,214
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0	0
Carryover of excess casualty losses and depreciation, Form 8829 [3]	0	0	0	0	0	0	0	0
Net income less deficit [1,2]	2,962,829	1,448,367	1,061,601	452,861	3,364,048	16,006,454	1,723,032	2,082,194
Net income [1,2]	4,053,097	1,911,043	1,242,002	900,052	3,964,960	18,248,561	2,088,082	2,591,699
Deficit [2]	1,090,267	462,676	180,401	447,190	600,912	2,242,106	365,050	509,506

Footnotes at end of table.

Sole Proprietorship Returns, 2011

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Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Net income status, item	Other services—continued							Unclassified establishments
	Auto repair and maintenance				Miscellaneous repairs	Personal and laundry services	Religious, grantmaking, civic, professional, and similar organizations	
	Total	Automotive mechanical and electrical repair and maintenance	Automotive body shops	Other auto repair and maintenance (including oil change, lube, and car washes)				
	(141)	(142)	(143)	(144)	(145)	(146)	(147)	(148)
BUSINESSES WITH NET INCOME								
Number of returns [1]	283,184	141,680	72,378	69,125	314,298	1,584,245	206,246	332,642
Business receipts, total [1,2]	22,285,402	10,386,187	7,234,471	4,664,744	14,036,298	43,507,896	3,391,286	4,861,705
Income from sales and operations [1]	22,019,847	10,325,314	7,214,783	4,479,750	13,875,172	42,983,924	3,211,806	4,794,193
Other business income	265,555	60,872	19,688	184,994	161,126	523,973	179,479	67,512
Business deductions, total [1,2]	18,232,305	8,475,144	5,992,469	3,764,693	10,071,338	25,270,503	1,308,043	2,271,490
Cost of sales and operations, total	8,792,051	3,762,565	3,017,395	2,012,092	4,226,125	4,634,156	* 31,999	818,997
Inventory, beginning of year	544,753	235,635	136,673	172,446	219,961	300,793	* 18,570	34,246
Cost of labor	1,034,537	311,398	397,438	325,701	375,385	718,532	0	* 149,208
Purchases	5,616,617	2,768,897	1,682,871	1,164,849	2,186,360	2,165,968	* 29,430	417,698
Materials and supplies	1,348,318	411,278	592,956	344,085	1,426,643	1,107,746	* 580	139,008
Other costs	803,155	274,827	346,981	181,346	280,631	639,466	* 4,471	114,172
Inventory, end of year	555,329	239,471	139,524	176,334	262,855	298,349	* 21,052	35,336
Advertising expenses	192,880	103,398	61,983	27,499	194,332	383,990	6,962	12,161
Car and truck expenses	842,366	399,447	307,310	135,609	1,068,497	1,990,689	305,736	297,043
Commissions	88,213	* 7,696	79,440	* 1,078	20,736	393,119	* 115	30,081
Contract labor	717,377	265,417	291,945	160,014	496,772	1,447,069	* 17,688	24,353
Depletion	* 934	* 934	0	0	* 1,561	* 6,719	0	* 86
Depreciation	575,038	246,108	181,481	147,450	464,955	757,455	16,037	48,996
Employee benefit programs	54,422	30,101	14,359	9,962	11,643	27,843	* 7,643	* 2,857
Insurance	330,235	173,295	91,748	65,191	212,934	359,651	9,695	27,603
Legal and professional services	102,586	54,770	28,408	19,408	62,557	252,083	18,480	21,335
Meals and entertainment deducted	49,857	25,184	20,910	3,762	40,374	173,359	41,122	29,006
Mortgage interest	92,445	25,327	39,342	27,776	41,462	87,945	0	0
Other interest paid on business indebtedness	132,075	70,810	22,166	39,098	47,565	98,847	* 334	7,408
Office expenses	157,745	87,130	47,417	23,198	100,255	319,763	55,496	38,318
Pension and profit-sharing plans	2,829	* 1,041	* 1,109	* 679	* 78	8,484	* 12,182	* 38
Rent paid on machinery and equipment	81,793	31,818	36,114	13,860	44,900	445,624	* 8,936	38,250
Rent paid on other business property	947,028	479,086	270,267	197,676	279,266	3,775,934	48,939	65,185
Repairs	213,852	112,116	65,466	36,270	120,836	472,045	5,766	28,170
Supplies	818,000	481,606	197,272	139,122	505,554	2,157,946	47,044	117,292
Salaries and wages	1,521,080	696,043	529,748	295,289	510,050	2,106,744	14,066	74,061
Taxes paid	531,997	268,244	169,284	94,470	176,951	493,807	6,319	28,173
Travel	66,855	15,798	42,317	8,740	55,904	307,095	75,698	45,214
Utilities	665,588	330,910	215,758	118,921	331,913	1,593,046	73,614	87,205
Other business deductions	1,140,114	740,350	236,700	163,064	835,747	2,197,061	394,611	313,081
Home office business deductions, total	64,877	36,517	* 17,267	* 11,093	130,499	283,346	49,644	11,970
Depreciation, Form 8829 [3]	7,558	3,590	* 726	* 3,242	14,417	24,372	5,207	1,852
Casualty loss, Form 8829 [3]	0	0	0	0	0	0	0	0
Excess—casualty depreciations, Form 8829 [3]	0	0	0	0	0	0	0	0
Net income [1,2]	4,053,097	1,911,043	1,242,002	900,052	3,964,960	18,248,561	2,088,082	2,591,699
Returns with Schedule C-EZ:								
Number of returns	59,523	30,037	12,019	17,466	80,346	474,188	78,157	196,499
Business receipts	436,096	210,749	87,757	137,590	539,316	3,898,566	475,978	1,034,156
Business deductions	51,408	30,634	* 7,261	13,512	92,421	501,846	60,023	111,122
Net income	384,688	180,115	80,495	124,078	446,895	3,396,720	415,955	923,034

Footnotes at end of table.

Table 2. Nonfarm Sole Proprietorships: Income Statements, by Industrial Sectors, Tax Year 2011—Continued

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

Footnotes

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

** Data combined to prevent disclosure of taxpayer information.

[1] Includes returns with Schedule C-EZ attached. Schedule C-EZ was filed for certain small businesses, i.e., those with net incomes, business expenses of \$5,000 or less, used the cash accounting method, with no inventories or employees, and with no deduction for a home office business and no allowable "passive" activity losses. Because only a total is reported for business deductions on Schedule C-EZ, the totals shown in the statistics exceed the sum of the detailed deductions; the detailed deductions are, therefore, slightly understated.

[2] Total business deductions are before subtraction of nonallowable "passive" activity losses and any "passive loss" carryover from the prior years. However, these losses (after subtraction) and any carryover are reflected in net income or deficit. Therefore, total business receipts minus total business deductions may not always equal net income or deficit.

[3] These are selected line items from Form 8829, *Expenses for Business Use of Your Home*, and do not represent the total of the home office business deduction found on the Schedule C.

[4] Less than \$500.

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

Source: IRS, Statistics of Income, July 2013.

Foreign Recipients of U.S. Income, 2010

by Scott Luttrell

Whenever a U.S. entity (the payer) distributes U.S.-source income to foreign persons, it is required to withhold taxes on the income (except where statutory or treaty exemptions apply) or to appoint a third-party withholding agent to do so. Foreign financial institutions that enter into an agreement with the Internal Revenue Service (IRS), known as qualified intermediaries (QIs), may also serve as withholding agents. The payer or withholding agent is fully liable for all taxes owed and is required to report the income paid to each foreign recipient on a Form 1042-S, *Foreign Person's U.S.-Source Income Subject to Withholding*. Absent this withholding requirement, there would be no effective way to enforce taxpayer compliance, because foreign recipients are generally not required to file U.S. tax returns to report this income.

The principal types of income reported on Form 1042-S include interest, dividends, rents, royalties, Social Security and railroad retirement payments, and personal services income, shown separately in Table 2. Other types of income include capital gains, scholarships, pensions and annuities, gambling winnings, and certain real estate distributions. Bank deposit interest and certain other interest payments on specific types of financial obligations are generally not reported on Form 1042-S.¹

As most foreign recipients are not required to file U.S. tax returns, it is generally not possible to tax them at ordinary graduated rates on their consolidated U.S.-source income.² Therefore, the statutory withholding rate for income paid to foreign persons is 30 percent. The flat, statutory rate is frequently reduced or eliminated by an income tax treaty or statutory exemption (see Table 1 for the amount of income exempt from taxation). Income that is exempt from taxation because of a tax treaty or certain other exemptions generally must still be reported by the withholding agent on Form 1042-S.

Data Highlights

During Calendar Year 2010, foreign persons received \$557.8 billion in U.S.-source income, as reported on Form 1042-S, and \$499.8 billion (89.6 percent) of this

income was exempt from withholding taxes. These figures represent increases from 2009 of 2.1 percent and 1.3 percent, respectively. A total of \$10.1 billion in taxes was withheld on the residual \$58.0 billion of income subject to withholding tax. The 65 countries with which the United States maintained a comprehensive tax treaty in 2010 accounted for \$450.8 billion of the total U.S. income paid to foreign persons and \$6.4 billion of the tax withheld (Table 1).

Residents in each of 13 nontreaty jurisdictions received a total of more than \$1 billion of U.S.-source income in 2010: the Bahamas, Bermuda, the British Virgin Islands, the Cayman Islands, Gabon, Guernsey, Hong Kong, Kuwait, Puerto Rico, Saudi Arabia, Singapore, Taiwan, and the United Arab Emirates (Table 2). All nontreaty countries combined to account for 19.2 percent of total income and 36.3 percent of total tax withheld. The average effective tax rate on payments subject to withholding to residents of nontreaty countries was 23.9 percent, compared with 11.0 percent on payments to residents of treaty countries.

Residents of the United Kingdom, Japan, Germany, the Cayman Islands, Switzerland, France, Luxembourg, Canada, the Netherlands, and Belgium received the largest shares of U.S.-source income in 2010 (see Figure A). Recipients from these 10 countries combined to account for 74.2 percent of total income. Residents from the U.K. received 15.3 percent of all income in 2010, down from 17.6 percent in 2009. Japanese recipients collected 10.0 percent of total U.S. income paid to foreign persons, down from 11.0 percent in 2009. Shares of U.S.-source income paid to French, Canadian, and Dutch recipients all increased by at least 0.8 percent from 2009 to 2010.

In 2010 the largest amounts of tax withheld were paid by residents of the Cayman Islands, Canada, Luxembourg, the United Kingdom, Switzerland, Ireland, Australia, Japan, France, Mexico, Bermuda, and Germany. Tax withheld on payments to residents of these countries made up 63.4 percent of total tax withheld. The Cayman Islands accounted for the largest share of any single country with 10.8 percent of total taxes, although their share fell from 13.3 percent in 2009. Payments to Swiss recipients saw the largest increase in tax withheld, accounting for 5.6 percent, up from 2.4 percent in 2009.

Among recipient categories, corporations received the majority of U.S.-source income with \$400.2 billion

Scott Luttrell is an economist with the Special Studies Returns Analysis Section. This data release was prepared under the direction of Chris Carson, Chief.

¹ U.S. Department of the Treasury, Internal Revenue Service, Instructions for Form 1042-S. Bank deposit interest is generally excluded from Form 1042-S reporting, although an exception exists for Canadian residents who are not U.S. citizens. Bank deposit interest paid to Canadian residents is subject to Form 1042-S reporting but is exempt from withholding tax. In addition to bank deposit interest, other payments to foreign persons that are not subject to reporting on Form 1042-S include: interest and original issue discount (OID) from short-term obligations, registered obligations targeted to foreign markets, bearer obligations targeted to foreign markets, notional principal contract payments that are not effectively connected income, and accrued interest and OID. Data for these types of income are not available from other sources.

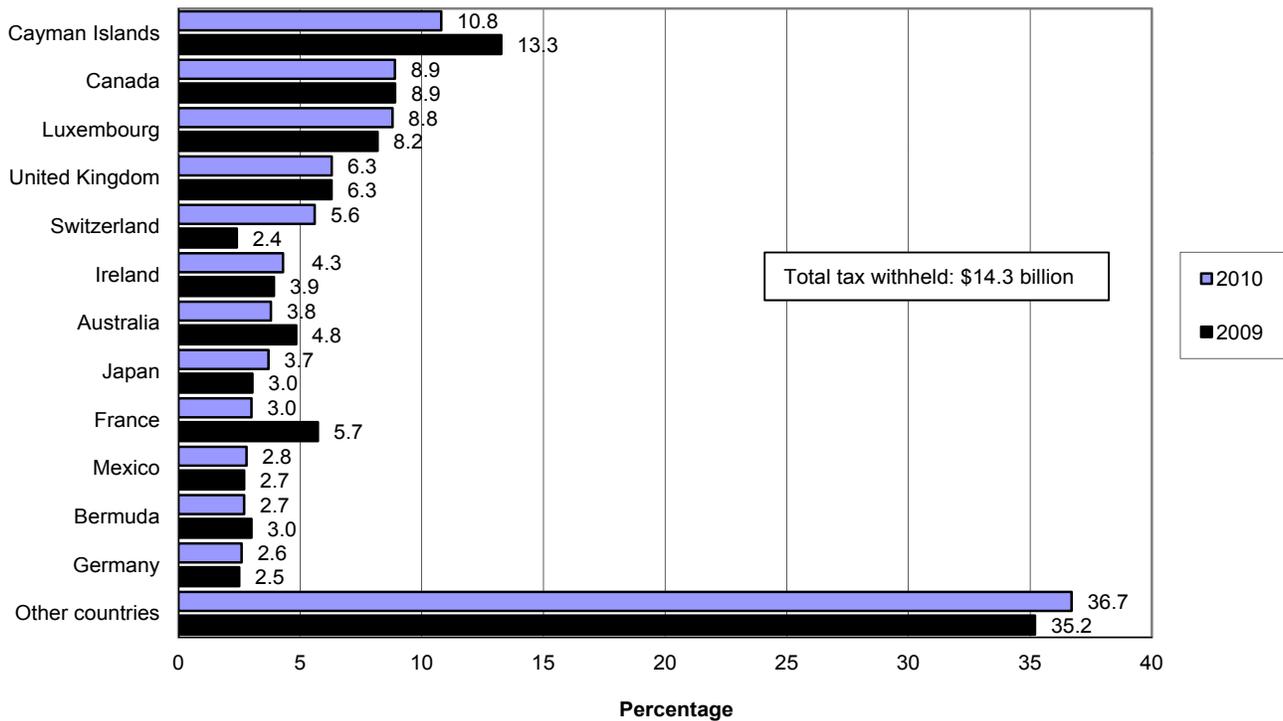
² An exception to this general rule exists in some cases for personal services income.

Foreign Recipients of U.S. Income, 2010

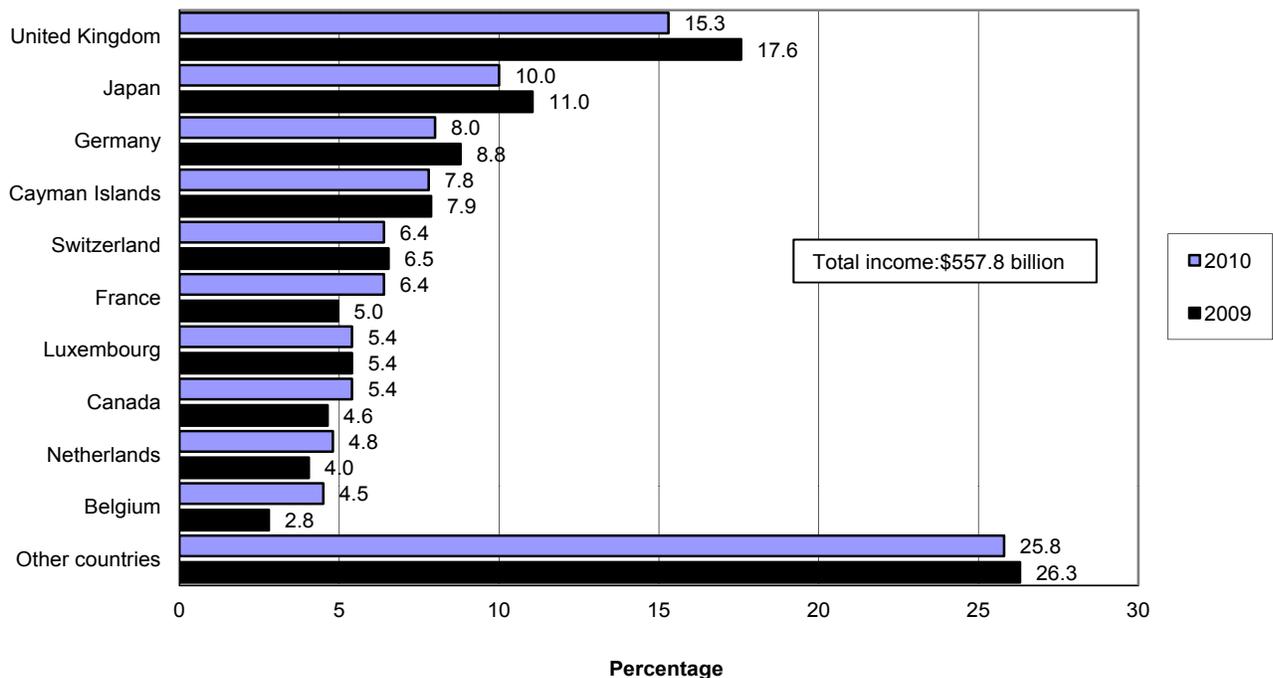
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Figure A

Percentage of Total Taxes Withheld, by Country of Foreign Recipient, 2009 and 2010



Percentage of Total Income Paid, by Country of Foreign Recipient, 2009 and 2010



Foreign Recipients of U.S. Income, 2010

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(71.7 percent). Governments and international organizations were next with \$38.6 billion (6.9 percent), followed by partnerships and trusts with \$16.2 billion (2.9 percent). Recipients classified as individuals accounted for just 2.2 percent (\$12.5 billion) of the total. The largest amounts of tax were withheld on payments made to corporations (52.8 percent) and individuals (10.0 percent). The recipient category QI pools (see Explanation of Selected Terms), shown in Table 2 and Figure B, represents payments made from QIs directly to beneficial owners (or payments that are treated as paid directly to beneficial owners). QI pool payments may include income payable to more than one category of recipient. As such, it is not possible to classify these payments into specific recipient categories. In 2010, payments to QI pools made up 12.9 percent of total income and contributed 24.9 percent of total tax withheld.

U.S. income paid to foreign persons is classified under 1 of 37 possible income categories. Most of these income categories are devoted to specific types of interest, dividends, and passive types of income. For 2010, interest payments (\$261.2 billion) accounted for the largest amount of income paid to foreign recipients, accounting for 46.8 percent of the total. Dividends (\$111.4 billion) made up 20.0 percent of total income while notional

principal contract income (\$86.2 billion) made up 15.4 percent. A notional principal contract is a contract involving two parties who agree contractually to pay each other amounts at specified times, based on the underlying notional amount. The underlying amount is notional because neither party to the notional principal contract is required to actually hold the property comprising the underlying amount. Notional principal contracts are used by financial institutions to reduce the risk of changes in interest rates, commodity prices, and currency exchange rates. Interest rate swaps, currency swaps, and equity swaps are examples of notional principal contracts.³ The next most significant income category was rents and royalties (\$39.6 billion) which accounted for 7.1 percent of total income.

The effective tax rate on all U.S.-source income subject to withholding, as reported on Form 1042-S in 2010, was 17.5 percent. This was significantly below the statutory rate of 30 percent, due largely to reduced withholding rates permitted under tax treaties.

Tax withheld varied among recipient types. For corporations, the effective tax rate was 15.2 percent, on average for 2010. While corporations reported the largest share of income subject to withholding tax for that year, they also reported the largest amounts of dividends

Figure B

U.S.-Source Payments to Foreign Persons: Income, Tax Withheld, and Effective Tax Rate, by Recipient Type, 2010

[Money amounts are in thousands of dollars]

Recipient type	U.S.-source income			U.S. tax withheld	Effective tax rate on income subject to withholding tax [1]
	Total	Exempt from withholding	Subject to withholding		
	(1)	(2)	(3)	(4)	(5)
All recipients	557,779,494	499,782,728	57,996,766	10,123,036	17.5
Individuals	12,492,493	7,828,472	4,664,021	1,008,194	21.6
Corporations	400,175,642	364,983,757	35,191,885	5,341,444	15.2
Partnerships/trusts	16,191,433	13,934,581	2,256,852	489,135	21.7
U.S. branches treated as U.S. persons	2,959,827	2,949,642	10,185	1,145	11.2
Governments and international organizations	38,615,089	38,502,936	112,154	20,789	18.5
Tax-exempt organizations	2,361,759	2,277,918	83,842	16,959	20.2
Private foundations	155,592	58,660	96,932	5,873	6.1
Artists and athletes	546,949	89,404	457,546	136,487	29.8
Qualified intermediary pools	71,978,492	58,986,253	12,992,239	2,516,779	19.4
Other/unknown	12,302,218	10,171,105	2,131,110	586,231	27.5

[1] U.S. tax withheld divided by U.S.-source income subject to withholding.

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

and royalties, which are subject to reduced withholding rates under tax treaties (Figure B). For individuals, the effective tax rate was 21.6 percent. Individuals received 24.5 percent of total income subject to withholding from personal services, Social Security income, and railroad retirement benefits, which are less likely to benefit from reduced treaty rates.

In contrast, individual recipients received 24.5 percent of total income subject to withholding in the form of personal services income and Social Security and railroad retirement benefits, which are less likely to benefit from reduced treaty rates. The effective tax rate for individual recipients was 21.6 percent.

Additional Foreign Income and Withholding Data

To compile the entirety of withholding tax on foreign persons' U.S. income, it is necessary to combine the data from Form 1042-S with information from additional tax forms. U.S. partnership income that is allocable to foreign partners is reported on Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*. Domestic partnerships are required to withhold income tax on effectively connected taxable income deemed allocable to foreign partners. A U.S. partnership files a Form 8805 to show the amount of taxable income and total tax allocable to the foreign partner for the partnership's tax year.⁴ The statutory withholding rate for partnership income allocable to foreign partners is 35 percent. Reduced withholding rates may apply if the foreign partner is an individual and the specific type of income is among those subject to preferential rates. These types of income include capital gains, depreciation recapture, and collectibles gains.

Another tax form that provides information about withholding on foreign persons' U.S. income is the Form 8288-A. The Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) was introduced to ensure that the U.S. collected a portion of the capital gains realized by foreigners from the sales of U.S. real property interests. The sales price of U.S. real property sold by the foreign person and the tax withheld on that sales price is reported on Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests*.⁵ Typically, the sales price is subject to 10-percent withholding, although corporations may be taxed at rates up to 35 percent in certain circumstances. In some instances the seller may elect to pay a 35-percent tax

on the capital gain rather than a 10-percent withholding tax on the sales price. When a foreign person sells real property interests in the United States, the buyer of the property is responsible for collecting and remitting to the IRS the appropriate amount of withholding and filing the necessary tax forms.

A withholding tax equivalent on foreign person's U.S. income in the form of a branch profits tax is reported on Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*. The branch profits tax was created to achieve neutrality for foreign investments in the United States through a U.S. branch or a U.S. subsidiary of a foreign parent corporation. While dividends paid by a U.S. subsidiary to its foreign parent corporation are subject to a 30-percent (or lower) withholding tax, profits of a U.S. branch of a foreign parent would not be subject to an equivalent tax absent the branch profits tax. The amount of income remitted from the U.S. branch to its foreign owner, known as the dividend equivalent amount, is reported on Form 1120-F, along with the associated tax on that amount (i.e., branch profits tax).

The combined withholding tax on U.S.-source income paid to foreign persons for 2010 was \$14.3 billion, with an average effective tax rate of 19.2 percent (Figure C). The effective withholding rates vary widely among the various tax forms. U.S. partnership income allocable to foreign partners is subject to significantly higher rates of withholding than other types of U.S. income because it is not typically reduced by tax treaties and is far more likely to be taxed near the statutory 35-percent tax rate. For 2010, the average effective withholding rate on U.S. partnership distributions to foreign partners was 32.2 percent. The 9.5-percent withholding rate on income from the sale of U.S. real property interests is comparatively low because the statutory rate for this type of income is just 10 percent. The average effective rate on foreign branch profits reported on Form 1120-F was only half of the 30-percent statutory rate because recipients frequently qualify for reduced rates through tax treaties.

The five States with the most U.S. real property interest sales in 2010 made up 56.4 percent of all transactions, 46.6 percent of the total sales revenue, and 49.1 percent of taxes withheld (Figure D). The largest number of real property sales occurred in Florida. In fact, Florida had more than 3.5 times more transactions than New York, which had the second most transactions in 2010. Many real property sales could not be assigned to a specific State for reasons including: the real property transaction

⁴ A withholding credit for the tax withheld by the partnership can be claimed by the partner when the partner attaches Form 8805 to his or her U.S. income tax return.

⁵ For purposes of this article and the accompanying data tables, the terms "sales price" and "income" are used interchangeably to refer to the sales price of disposed U.S. real property interests reported on Form 8288-A. See Figure C, columns 2 and 4.

Foreign Recipients of U.S. Income, 2010

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Figure C

U.S.-Source Payments to Foreign Persons: Number of Forms, Income, and Tax Withheld, by IRS Form Type and Selected Country, 2010

[Money amounts are in thousands of dollars]

Form and selected country	All payments		Payments subject to withholding tax			
	Total number of forms	Income (less loss)	Number of forms [1]	Income [2]	U.S. tax withheld	Effective tax rate [3]
	(1)	(2)	(3)	(4)	(5)	(6)
All forms	3,601,705	575,388,603	2,140,542	74,459,941	14,307,267	19.2
Form 1042-S: All countries	3,362,405	557,779,494	2,020,993	57,996,767	10,123,036	17.5
United Kingdom	363,551	85,586,487	224,302	3,834,269	639,655	16.7
Japan	133,097	55,870,675	49,164	3,786,644	376,293	9.9
Germany	286,791	44,542,844	164,698	1,553,240	259,759	16.7
Cayman Islands	86,055	43,468,124	28,510	3,719,692	1,096,111	29.5
France	66,172	35,890,497	41,448	2,301,903	303,880	13.2
Switzerland	48,448	35,796,845	29,058	4,023,317	569,910	14.2
Luxembourg	9,009	30,253,886	3,861	3,256,487	893,477	27.4
Canada	522,335	30,127,010	300,548	7,898,999	904,330	11.4
Netherlands	54,042	26,905,924	27,690	1,378,628	149,880	10.9
Belgium	25,545	25,285,736	18,370	824,645	171,410	20.8
Ireland	48,930	12,901,376	31,225	2,214,849	438,692	19.8
Australia	181,104	10,203,821	141,918	3,010,073	383,656	12.7
Sweden	21,745	9,752,937	16,995	650,037	87,332	13.4
Bermuda	18,315	9,219,846	7,893	912,422	269,369	29.5
Spain	38,881	6,592,797	28,645	573,076	77,106	13.5
China	114,573	6,591,146	36,971	360,881	49,912	13.8
Hungary	5,046	6,135,161	3,152	2,190,329	112,523	5.1
Norway	9,680	5,250,360	6,868	188,432	29,954	15.9
Mexico	147,941	5,003,421	114,437	2,038,063	287,151	14.1
Singapore	59,958	4,878,739	43,706	242,326	67,606	27.9
British Virgin Islands	60,081	4,498,784	27,487	743,890	221,852	29.8
Form 8805: All countries [4]	229,845	9,178,644	110,511	11,265,695	3,632,683	32.2
Jersey	163	1,701,354	112	1,711,572	598,433	35.0
Germany	175,213	1,358,750	73,883	1,740,153	423,934	24.4
Sweden	292	1,353,665	189	1,355,839	474,131	35.0
United Kingdom	6,481	1,089,774	4,462	1,297,540	444,289	34.2
Switzerland	1,565	604,969	955	622,053	215,653	34.7
France	1,218	579,754	842	592,587	211,237	35.6
Netherlands	1,312	349,606	812	458,534	151,400	33.0
Form 8288-A: All countries	7,982	4,158,164	7,982	4,158,164	395,353	9.5
United Kingdom	828	1,315,020	828	1,315,020	131,555	10.0
Canada	1,759	565,799	1,759	565,799	39,082	6.9
Germany	1,892	340,316	1,892	340,316	32,237	9.5
Switzerland	77	218,457	77	218,457	21,846	10.0
Form 1120-F: Reporting branch profits tax	1,473	4,272,301	1,059	1,039,315	156,195	15.0

[1] Number of forms in this column includes returns with income subject to taxation for Form 1042-S, *Foreign Person's U.S.-Source Income Subject to Withholding*; positive income (excluding losses) for Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*; sales revenue for Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests*; and branch profits tax for Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*.

[2] Amounts in this column represent income subject to taxation for Form 1042-S; positive income (excluding losses) for Form 8805; sales price for Form 8288-A; and dividend equivalent amount subject to taxation for Form 1120-F.

[3] U.S. tax withheld (column 5) divided by income (column 4).

[4] Income (less loss) for all payments (column 2) is less than income on payments subject to tax (column 4) because column 2 includes forms with losses.

Figure D

Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests, 2010: Sales Price and Tax Withheld as Reported on Form 8288-A, by Selected State

[Money amounts are in thousands of dollars]

State location of real property	Total number of forms	Total sales revenue	U.S. tax withheld
	(1)	(2)	(3)
Total	7,982	4,158,164	395,353
Florida	2,615	666,983	66,965
California	584	469,833	47,099
New York	729	429,112	43,045
Tennessee	10	189,150	18,709
Hawaii	564	183,471	18,375
All others	3,480	2,219,615	201,160

involved the transfer of stock in a portfolio of real estate holdings not specific to a geographic area, or the transaction involved the sale of an ownership interest in an entity which controlled real estate in multiple locations in the United States.

Data Sources and Limitations

Payers (or their authorized withholding agents) of most U.S.-source income to foreign persons must withhold tax in accordance with Internal Revenue Code section 1441. Form 1042-S, *Foreign Person's U.S.-Source Income Subject to Withholding*, is filed by the payer to report this income and the U.S. tax withheld. Often a financial institution acts as the payer's withholding agent. The statistics in this data release were tabulated by calendar year, using all Forms 1042-S filed with the Internal Revenue Service during 2010. The data reflect the income that was paid and U.S. tax that was withheld for 2010.

Domestic partnerships (or their authorized withholding agents) must withhold tax in accordance with Internal Revenue Code section 1446 on distributions made to foreign partners. Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*, is filed by the payer to report income paid by U.S. partnerships to their foreign partners and the U.S. tax withheld. The statistics in this data release were tabulated by calendar year, using all Forms 8805 filed with the Internal Revenue Service during 2010. The data reflect the income that was paid and U.S. tax that was withheld for 2010.

Purchasers of U.S. real property held by foreign persons must withhold tax in accordance with Internal Revenue Code section 1445. Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S.*

Real Property Interests, is filed by the buyer of U.S. real property sold by foreign persons. The statistics in this data release were tabulated by calendar year using all Forms 8288-A filed with the Internal Revenue Service with a date of transfer occurring during 2010.

In accordance with Section 884(a), a 30-percent branch profits tax is imposed on after-tax earnings of a foreign corporation's U.S. trade or business that are not reinvested in a U.S. trade or business by the close of the tax year, or are disinvested in a later tax year. Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, is filed by the foreign corporation. The statistics in this data release were tabulated by SOI Year based upon all Forms 1120-F included in the Tax Year 2010 SOI Corporate sample.

Because the population of Forms 1042-S, Forms 8805, and Forms 8288-A were used for the statistics, the data are not subject to sampling error. However, the data are subject to nonsampling error, including data entry and taxpayer reporting errors. Although the data were subjected to tests for certain basic mathematical relationships, including the calculation of the correct tax withheld, the possibility of error cannot be completely eliminated.

Explanation of Selected Terms

Foreign persons—For purposes of this data release, foreign persons include: (a) individuals whose residence is not within the United States and who are not U.S. citizens (i.e., nonresident aliens); and (b) corporations and other organizations (including partnerships, private foundations, estates, and trusts) created or organized outside the United States. Individuals residing, and organizations created or organized, in Puerto Rico and U.S. possessions are also considered foreign persons.

Notional principal contract income—Notional principal contracts involve two parties who agree contractually to pay each other amounts at specified times, based on the underlying contract. The notional amount is an amount specified in the contract and, based on that amount, certain calculations are made. Generally, when amounts under the contract are due at the same time, they are netted, and only one payment is made. Notional principal contract income is not subject to withholding but must be reported on Form 1042-S, if the income is effectively connected with the conduct of a trade or business in the United States.

Qualified intermediary pool—Payments made by a qualified intermediary directly to beneficial owners may generally be reported on the basis of reporting pools. A reporting pool consists of income that falls within a par-

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ticular withholding rate and within a particular income type, exemption type, or recipient type.

U.S. branch treated as U.S. person—The following types of U.S. branches (of foreign entities) may reach an agreement with a withholding agent to treat a branch as a U.S. person: (a) a U.S. branch of a foreign bank subject

to regulatory supervision by the Federal Reserve Board or (b) a U.S. branch of a foreign insurance company required to file an annual statement on a form approved by the National Association of Insurance Commissioners with the insurance department of a State, territory, or the District of Columbia.

Foreign-Controlled Domestic Corporations, 2010

by James R. Hobbs

For Tax Year 2010, some 73,210 foreign-controlled domestic corporations (FCDCs) collectively reported \$4.1 trillion of receipts and \$11.2 trillion of assets.¹ While Federal income tax returns for FCDCs accounted for just 1.3 percent of all United States (U.S.) corporate returns, they made up 15.5 percent of total receipts and 14.1 percent of total assets.² Foreign business activity in the U.S. can take several forms, including corporations. A foreign investor may own stock in a U.S. (i.e., domestic) company or one that operates in the U.S. as a branch of a foreign corporation.^{3,4} The focus of this article, FCDCs, is domestic corporations “controlled” by foreign persons. This control is ownership by one foreign “person,” directly or indirectly, of 50 percent or more of a U.S. corporation’s voting stock, or 50 percent or more of the value of all of the corporation’s stock, at any time during the accounting period.^{5,6} A person is an entity, including an individual, corporation, partnership, estate, or trust. (See “Foreign person” and “Constructive ownership rules” in the Explanation of Selected Terms section of this article.)

Total receipts for FCDCs rose substantially, by 15.3 percent, compared to 5.8 percent for all corporations between 2009 and 2010. FCDCs accounted for 15.5 percent of total receipts reported by corporations in 2010, up from 14.2 percent in 2009. Total receipts includes all income actually (as opposed to constructively) received by a corporation and reported to the Internal Revenue Service (IRS) for the tax year.

Total profits, or “net income (less deficit),” reported by FCDCs for tax purposes under the Internal Revenue

Code rose significantly to \$99.2 billion for 2010, compared to \$36.4 billion for 2009. FCDC profits accounted for 7.3 percent of all profits reported by corporations for 2010, up from 4.0 percent from the previous year. Placed in context, profits for all corporations totaled \$1.4 trillion, also a significant increase compared to \$0.9 trillion for 2009.

About 43 percent (31,473) of FCDCs reported positive profits totaling \$174.3 billion with taxable income (i.e., “income subject to tax”) of \$127.2 billion for 2010. The U.S. tax liability (i.e., “total income tax after credits”) of FCDCs was \$33.2 billion for 2010, up 17.4 percent from the prior year. In comparison, the U.S. tax liability reported on all corporate returns was \$223.0 billion for 2010 or 8.8 percent more than that for 2009.

Tax Return Forms

Foreign-controlled domestic corporations report tax information on: (1) Form 1120, *U.S. Corporation Income Tax Return*; (2) Form 1120-L, *U.S. Life Insurance Company Income Tax Return*; (3) Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*; (4) Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*; and (5) Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*. The FCDC statistics include data from these tax returns, unless otherwise stated. Data for all corporations include (unless otherwise stated) these same five forms, and two types filed by domestic corporations: Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*, and Form 1120S, *U.S. Income Tax Return for an S Corporation*. Also included in the corporate total is Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, for foreign corporations with income effectively connected with a U.S. trade or business. All of these form types are included in the Statistics of Income Corporate Study, from

James R. Hobbs is a management official with the Special Studies Branch. This article was prepared under the direction of Barry W. Johnson, Chief.

¹ Data for Tax Year 2010 are based on FCDC income tax returns with accounting periods ending between July 2010 and June 2011. (See the Period Covered section of this article for additional information.) For additional Tax Year 2010 statistics covering foreign-controlled domestic corporations, see Tables 24 and 25 of *Statistics of Income—2010, Corporation Income Tax Returns*, IRS Publication 16, May 2013. Statistics for tax years prior to 2010 are available in earlier editions of Publication 16. For 2009 statistics covering FCDCs, see Hobbs, James R., “Foreign-Controlled Domestic Corporations, 2009,” *Statistics of Income Bulletin*, Summer 2012, Volume 32, Number 1. FCDC data are included on the IRS Internet site at www.irs.gov, under Tax Stats/International/Foreign-Controlled Domestic Corporations.

² Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Publication 1136, selected issues; (2) *Statistics of Income—Corporation Income Tax Returns*, Publication 16, selected years; (3) *Source Book of Statistics of Income—Corporation Income Tax Returns*, Publication 1053, selected years; and (4) unpublished Statistics of Income tabulations.

³ Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is “one which is not domestic.”

⁴ In addition to the foreign-controlled domestic corporations study discussed in this article, the Statistics of Income program conducts a separate study covering branches of foreign corporations operating in the United States. For the most recent statistics from that study, see Tables 10 and 11 that cover branch operations of foreign corporations with income “effectively connected” with a U.S. trade or business, in *Statistics of Income—2010, Corporation Income Tax Returns*, IRS Publication 16. Statistics for tax years prior to 2010 are available in earlier editions of Publication 16 and on the IRS Internet site at www.irs.gov, under Tax Stats/International/Foreign Corporations with U.S. Business Operations.

⁵ This study excludes returns of domestic corporations with stock owned by a single foreign person of 49 percent or less. However, the tax forms filed by domestic corporations do indicate the presence of 25-percent to 49-percent foreign owners, and the Statistics of Income program does separately compile data on these domestic corporations. For 2010, some 5,152 returns indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$217.5 billion of assets, \$150.0 billion of receipts, \$5.7 billion of taxable income, and \$1.5 billion of total income tax after credits. All of these amounts were small in comparison to data for the corporations with at least 50-percent foreign ownership. This study also excludes domestic corporations with only foreign “portfolio” investors. A foreign portfolio investor, having only a minimal interest in a domestic company, exerts no control over the management of a domestic corporation, except to the extent, for example, of the rights to vote in corporate stockholder meetings. A foreign portfolio investor primarily seeks dividend payments, an increase in the company’s stock value, or both.

⁶ Returns of certain domestic companies that are effectively controlled by foreign persons, i.e., those public companies in which “control” may be exercised with as little as 10 percent to 20 percent of the stock holdings, are excluded from both the 50-percent-or-more and the 25-percent to 49-percent tabulations. Tax return forms filed by domestic corporations do not include information about foreign persons with less than 25-percent stock holdings.

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which FCDC statistics are derived.⁷ However, FCDCs cannot file Forms 1120-A, 1120-F, or 1120S.

Growth of FCDCs, 1971–2010

The growth of FCDCs can be measured from the early 1970s, when a question concerning foreign ownership of corporations was first asked on the income tax return. For Tax Year 1971, the 5,154 FCDCs reported \$36.7 billion of total assets and \$39.2 billion of total receipts. They accounted for just 0.3 percent of returns, 1.3 percent of assets, and 2.1 percent of receipts reported by all corporations for that year (Table 1).

A 10-year period (most recent data for Tax Years 2001–2010) shows that FCDC returns have been a rather constant percentage of all corporate return filings—between 1.0 percent and 1.3 percent. Foreign-controlled domestic corporations filed 60,618 returns for 2001 and 73,210 for 2010, a 20.8-percent increase. During this period, the number of U.S. corporation income tax returns grew by 13.2 percent, from 5.1 million to 5.8 million. This increase in total filings of U.S. corporation income tax returns has largely been due to the growth in the number of Forms 1120S filed by S corporations. Form 1120S returns made up 58.2 percent of all corporation returns (3.0 million of the total 5.1 million returns) for 2001, compared to 71.0 percent of all returns (4.1 million of the total 5.8 million returns) in 2010. FCDCs are not eligible to elect to be treated as S corporations for Federal income tax purposes. (See “S corporations” in the Explanation of Selected Terms section of this article.)

The counts of corporation income tax returns include consolidated returns. These returns contain the combined financial data of two or more corporations in which a common parent corporation owns at least 80 percent of the stock of at least one member of the group, and at least 80 percent of the stock of each other member of the group is owned within the group. For the purposes of this study, a consolidated return filed by a common parent is treated as a single unit, with each statistical item representing the combined data of the affiliated group.

FCDCs, like most other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. For 2010, FCDCs filed 5,897 consolidated returns, accounting for 8.1 percent of all FCDC returns. These returns accounted for the majority of economic activity reported by all FCDCs. Specifically, they accounted for \$10.0 trillion of assets (88.5 percent of the total for all FCDCs), \$3.4 trillion of receipts (84.8 percent of the total), \$89.7 billion of profits (90.4 percent of the total), \$105.8 billion of taxable income (83.1 percent of the total), and \$26.7 billion of total income tax after credits (80.4 percent of the total). To the extent that FCDCs filed consolidated income tax returns, the data included in this article actually represent more corporations than the stated number of returns.

The growth of foreign investment in the U.S. by foreign-controlled domestic corporations during the last 10 years was evident in most of the financial items.⁸ In particular, the assets of FCDCs rose 73.0 percent between 2001 (\$6.5 trillion) and 2010 (\$11.2 trillion), compared to 62.6 percent for those reported on all U.S. corporation income tax returns (\$49.2 trillion for 2001 to \$79.9 trillion for 2010).⁹ As a result of these changes, the percentage of total corporate assets accounted for by FCDCs increased from 13.2 percent for 2001 to 14.1 percent for 2010 (Figure A).

Total receipts of FCDCs increased by 63.4 percent between 2001 (\$2.5 trillion) and 2010 (\$4.1 trillion), compared to a 29.2-percent increase for all corporations (\$20.3 trillion for 2001 to \$26.2 trillion for 2010). As a result, the share of the receipts reported on all corporate returns attributed to FCDCs increased from 12.3 percent for 2001 to 15.5 percent for 2010, the highest share for any reported year.

Receipts, Deductions, and Profits

A corporation’s total receipts include all income “actually” received during the year. These receipts include business receipts, as well as investment and incidental income. Business receipts are gross receipts from sales

⁷ As a result of the Statistics of Income (SOI) sampling process, data shown in this article for “all corporations” exclude certain out-of-scope returns, such as returns for homeowners’ associations (Form 1120-H), certain political organizations (Form 1120-POL), exempt farmers’ cooperatives (Form 1120-C), and nonprofit corporations. For a more complete listing of the returns excluded from the SOI corporation sample, see the Description of the Sample and Limitations of the Data section of *Statistics of Income—2010, Corporation Income Tax Returns*. On the other hand, in addition to legally defined corporations, the Internal Revenue Code recognizes many types of businesses as corporations, including joint stock companies and unincorporated associations (e.g., certain partnerships, savings and loan associations, mutual savings banks, cooperative banks, and business trusts). These organizations possess characteristics typical of the corporate form, such as continuity of life, limited liability of owners, and transferability of shares of capital ownership. They filed Forms 1120 and were included in the SOI corporation sample.

⁸ For additional information on foreign investment in the United States, see *Survey of Current Business* reports, produced by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). BEA periodically produces several articles related to this subject. Electronic versions of the articles can be obtained from the Internet at www.bea.gov/international/index.htm. The data in these reports may not be directly comparable to the information shown in this article because of definitional differences, such as those relating to periods covered, and levels of foreign ownership and company consolidation.

⁹ The percentage changes in the assets between 2001 and 2010 of domestic corporations controlled by foreign persons, as well as those of all corporations, may overstate the actual “change in investment.” Assets are generally reported at book value on tax returns (i.e., the value at the time of acquisition). The book value of newly acquired assets is generally greater than the book value of similar assets they replaced.

Foreign-Controlled Domestic Corporations, 2010

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Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 2001–2010



and operations and frequently make up most of a corporation's total receipts. Investment income includes interest, dividends, and gains on the sale or exchange of both capital and noncapital assets. Interest, in turn, includes both taxable interest from all sources and nontaxable interest on State and local government obligations.

A domestic corporation, whether controlled by a foreign person or not, could have business activities in the United States and foreign countries. The estimates for total receipts include business activities in the U.S. and certain foreign activities as reported on tax returns of domestic corporations. The latter include the receipts of foreign branch operations of domestic companies and dividends remitted to U.S. corporations by their foreign subsidiaries.

In this article, receipts and deductions of FCDCs do not include amounts generated by their foreign parent or other related foreign companies. However, FCDCs could have had business transactions with their related foreign companies. FCDC receipts and deductions stemming from these transactions are included in the statistics.¹⁰

An FCDC that transacts business with a related foreign company must determine “transfer prices” for those transactions. These include the sale and purchase of tangible goods, fees for services, interest payments on debts, leasing expenses, and royalties. How transfer prices are determined may affect the amount of receipts and deductions, as well as profits (i.e., net income or deficit), taxable income, and taxes reported on a U.S. income tax return of an FCDC. Section 482 of the Internal Revenue Code, and the related regulations, provide guidance in determining transfer prices. In general, the objective is to use “arm's length prices,” which means prices that would be used for transactions between unrelated enterprises and determined by market forces.

FCDCs produced substantially more total receipts during the year, rising 15.3 percent from \$3.5 trillion in 2009 to \$4.1 trillion in 2010 (Figure B). About 90 percent of the total receipts reported by domestic corporations controlled by a foreign person consisted of “business receipts” (i.e., receipts from sales and operations). While total receipts increased between 2009 and 2010, the

¹⁰ For the most recent detailed information on transactions between “foreign-owned domestic corporations” and their related foreign persons, see Goodwin, Isaac J., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2008,” *Statistics of Income Bulletin*, Fall 2012, Volume 32, Number 2. The data contained in that article are not completely comparable to the data contained in this article, since they cover different periods and are for U.S. corporations owned (25 percent or more) by a foreign person. By contrast, the foreign ownership level used for the FCDC statistics shown in this article was 50 percent or more. Additionally, returns included in the “foreign-owned” study showed total receipts of \$500 million or more and reported transactions with related foreign persons on Form 5472, *Information Return of a 25-Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. Neither of these conditions was a requirement for inclusion in the FCDC study.

Foreign-Controlled Domestic Corporations, 2010

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Figure B

Selected Items of Foreign-Controlled Domestic Corporations, Tax Years 2009–2010

[Money amounts are in millions of dollars]

Selected item	Tax year		Percentage change
	2009	2010	
	(1)	(2)	(3)
Number of returns, total	66,197	73,210	10.6
With net income	25,158	31,473	25.1
With total income tax after credits	18,745	23,088	23.2
Total assets	10,461,430	11,245,199	7.5
Net worth	2,219,651	2,317,910	4.4
Total receipts	3,518,194	4,056,172	15.3
Business receipts	3,147,948	3,671,712	16.6
Interest [1]	175,969	161,677	-8.1
Royalties	17,810	18,139	1.8
Dividends received from domestic corporations	3,807	4,758	25.0
Dividends received from foreign corporations	9,832	9,646	-1.9
Total deductions	3,487,675	3,966,077	13.7
Cost of goods sold	2,204,868	2,655,897	20.5
Compensation of officers	16,313	18,339	12.4
Salaries and wages [2]	262,260	279,307	6.5
Interest paid	151,639	136,187	-10.2
Depreciation	113,140	123,810	9.4
Total receipts less total deductions	30,519	90,095	195.2
Constructive taxable income from related foreign corporations, total	7,926	10,752	35.7
Includable income of controlled foreign corporations	3,127	5,218	66.9
Foreign dividend income resulting from foreign taxes deemed paid	4,799	5,534	15.3
Net income (less deficit)	36,431	99,173	172.2
Net income	152,727	174,256	14.1
Deficit	-116,296	-75,083	-35.4
Statutory special deductions, total	55,649	50,415	-9.4
Net operating loss deduction	43,072	41,611	-3.4
Income subject to tax	105,152	127,237	21.0
Total income tax before credits	37,783	45,078	19.3
Income tax	36,631	44,404	21.2
Alternative minimum tax	1,118	627	-43.9
Foreign tax credit	7,890	9,640	22.2
General business credit	1,433	1,896	32.3
Total income tax after credits	28,271	33,192	17.4

[1] Excludes nontaxable interest received on State and local government obligations.

[2] Excludes amounts included in cost of goods sold.

NOTE: Percentages are computed using rounded data.

amount for 2010 (\$4.1 trillion) was still less than the pre-recession totals for 2007 (\$4.2 trillion) and 2008 (\$4.4 trillion). To put this in perspective, total receipts reported on all U.S. corporate income tax returns increased by 5.8 percent between 2009 and 2010, but remained less than the 2007 and 2008 levels. (See “Total receipts” and “Business receipts” in the Explanation of Selected Terms section.)

Along with the increased receipts of FCDCs, these companies also substantially increased their costs as measured by total deductions, which rose by 13.7 percent, from \$3.5 trillion in 2009 to \$4.0 trillion in 2010. Cost of goods sold was about two-thirds of that total. The resulting difference between total receipts and total deductions markedly increased to \$90.1 billion for 2010, up from \$30.5 billion for 2009. (See “Total deductions”

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and “Cost of goods sold” in the Explanation of Selected Terms section.)

It is noteworthy to look at the “gross profit” of FCDCs. Gross profit is the difference between business receipts and cost of goods sold. Two important industrial sectors for FCDCs, manufacturing and wholesale trade, accounted for most of the reported amounts of business receipts and cost of goods sold. In manufacturing, FCDCs reported \$.77 of cost of goods sold for every dollar of business receipts, while the amount was \$.73 for all other corporations classified in this sector, excluding S corporations because of their passthrough nature of income or losses to their shareholders. Thus, FCDCs had smaller gross profits than other corporations, \$.23 compared to \$.27 for every dollar of business receipts. In wholesale trade, all FCDCs reported \$.83 of cost of goods sold for every dollar of business receipts. The amount was slightly less (\$.81) for all other corporations classified in this sector (again, excluding S corporations). As a result, FCDCs had smaller gross profits than other corporations, \$.17 and \$.19, respectively, for every dollar of business receipts.

Taxable interest received by FCDCs for Tax Year 2010 amounted to \$162 billion, or 4.0 percent of their total receipts. Interest paid by FCDCs for the year amounted to \$136 billion, or 3.4 percent of their total deductions. Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income—2010, Corporation Income Tax Returns*, IRS Publication 16.

FCDCs total receipts less total deductions equaled \$90.1 billion for 2010, while net income (less deficit) amounted to \$99.2 billion. Total receipts less total deductions include all income actually received by corporations, while net income (less deficit) focuses on taxable sources of corporate income, including “constructive” taxable income, which is made up of includable income from foreign corporations owned by U.S. shareholders and foreign dividend gross-up. (See “Constructive taxable income from related foreign corporations” in the Explanation of Selected Terms section for discussions of these terms.) Also, unlike total receipts less total deductions, net income (less deficit) excludes nontaxable

interest on State and local government obligations.¹¹ For 2010, FCDCs reported \$10.8 billion of constructive taxable income, and received \$1.7 billion of nontaxable interest on State and local government obligations.

Net income (less deficit) reported by FCDCs rose 172.2 percent to \$99.2 billion for 2010, up from \$36.4 billion for the previous year. In comparison, net income (less deficit) reported on all corporation income tax returns increased 47.6 percent to \$1.4 trillion for 2010, up from \$0.9 trillion reported for 2009.

The total FCDC net income (less deficit) reported for 2010 (\$99.2 billion) resulted from 31,473 corporations collectively reporting \$174.3 billion of positive net income and 41,737 companies reporting \$75.1 billion of deficits.¹² Thus, more than four out of every ten (43.0 percent) domestic corporations with foreign owners reported a positive net income. In comparison, 56.2 percent of all corporations filing U.S. income tax returns reported a positive net income for the year.

The percentage of FCDCs reporting positive net income varied greatly among the different industrial groups. At the industrial sector level, the portion reporting positive net income ranged from a low of 3.1 percent for health care and social assistance to a high of 85.0 percent for educational services. For the more predominant sectors of FCDCs, the percentages of profitable companies were 50.4 percent for manufacturing and 55.2 percent for wholesale trade.

The \$75.1 billion of deficits for 2010 could be carried back or forward to other tax years, under prescribed rules, to reduce the taxable income of those years (see “Net operating loss deduction” (NOL) in the Explanation of Selected Terms section). Net operating losses carried back to Tax Year 2010 from 2011 and beyond, and reported on Forms 1120X and 1139, are not included in the statistics shown in this article.¹³ However, NOLs carried forward to Tax Year 2010 from prior years are included in the statistics and discussed in the next section.

Taxable Income and Taxes

For most corporations, taxable income (i.e., “income subject to tax”) is generally equal to positive net income less

¹¹ In general, the computation of net income (less deficit) can be shown as follows:

Begin With: Total Receipts (includes Business Receipts)

Less: Total Deductions (includes Cost of Goods Sold)

Equals: Total Receipts Less Total Deductions

Plus: Constructive Taxable Income from Related Foreign Corporations (includes Includable Income from Controlled Foreign Corporations and Foreign Dividend Gross-Up)

Less: Nontaxable Interest on State and Local Government Obligations (included in Total Receipts, above)

Equals: Net Income (Less Deficit)

¹² The 41,737 companies reporting a deficit may include a small number of “break-even” companies, i.e., those whose receipts and deductions were equal.

¹³ When a company carried back a deficit to a previous tax year, it could file Form 1120X, *Amended U.S. Corporation Income Tax Return*, or Form 1139, *Corporation Application for Tentative Refund*.

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statutory special deductions.¹⁴ Statutory special deductions include deductions for net operating loss (NOL) carryovers from prior years and special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code. For 2010, the difference between the \$174.3 billion of positive net income and \$127.2 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was \$41.6 billion and accounted for 82.5 percent of the \$50.4 billion of total statutory special deductions. In calculating taxable income for 2010, FCDCs reduced their positive net incomes by 23.9 percent using NOLs carried over from prior years. NOLs of taxable years prior to 2010 could first be carried back 2 years to reduce the taxable income of those years. Any remaining amounts of NOLs not used to decrease taxable income of those years, could be carried forward to offset taxable income for up to 20 years, including taxable income for 2010.

For 2010, foreign-controlled domestic corporations reported \$127.2 billion of taxable income. This was the base on which \$44.4 billion of income tax was computed. The \$45.1 billion of total income tax before credits reported by FCDCs consisted primarily of the income tax, plus alternative minimum tax and certain other taxes. The alternative minimum tax was \$0.6 billion. The remaining taxes comprised a very small part of the total.

Tax credits totaling \$11.9 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations from \$45.1 billion to \$33.2 billion for 2010. The largest credits claimed were \$9.6 billion of foreign tax credits and \$1.9 billion of general business credits. The \$33.2 billion of total U.S. income tax after credits represent the tax liability as originally reported by taxpayers. However, this amount may differ from the actual income tax collected and the final income tax liability of corporations for the year. The originally reported tax liability does not take into account either: (1) amended or superseded returns filed by the corporations, or (2) IRS adjustments made as a result of tax examinations or

enforcement activities. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits earned in future tax years.

The percentage of FCDCs reporting U.S. tax liabilities (i.e., total income tax after credits) for 2010 was 31.5 percent, significantly higher than the 28.3 percent for 2009. The amount of tax liability reported by FCDCs also increased to \$33.2 billion for 2010 from \$28.3 billion for 2009, a 17.4-percent increase.¹⁵

Industry Characteristics

For 2010, foreign-controlled domestic corporations were involved in each of the 19 industrial sectors (treating wholesale trade and retail trade as separate sectors) listed in Figure C. However, 67 percent (49,122) of FCDCs reported primary business activities in one of the following industrial sectors: (1) wholesale trade (16,996); (2) real estate and rental and leasing (14,660); (3) professional, scientific, and technical services (9,563); and (4) manufacturing (7,903). By comparison, relatively few FCDCs were primarily involved in health care and social assistance (382), educational services (307), and utilities (139). The Data Sources and Limitations section discusses how returns were classified by industry.¹⁶

The financial characteristics of companies often differ across industries. For instance, the relative levels of assets and receipts of companies primarily engaged in wholesale trade differ significantly from those primarily engaged in credit intermediation (e.g., commercial banks, credit card issuers, credit unions, mortgage banks, and savings institutions). FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (valued as of the end of their accounting periods), resulting in \$1.47 of receipts for each dollar of end-of-year assets for 2010. By comparison, credit intermediation companies reported large amounts of assets, but relatively small amounts of receipts. These FCDCs produced only \$.06 of receipts for each dollar of end-of-year assets (Table 2).

¹⁴ There were certain exceptions to the relationship of positive net income minus statutory special deductions equaling taxable income. The tax bases of S corporations and life insurance companies were not defined as net income less statutory special deductions. Rather, these types of corporations computed taxable income using special provisions of the Internal Revenue Code. S corporations were usually not taxable at the corporate level and, thus, did not have taxable income. Some, however, did have a limited tax liability on capital gains. The taxable income of life insurance companies was based on changes in reserve accounts. Also, regulated investment companies and real estate investment trusts generally passed their net incomes on to be taxed at the shareholder level; but any taxable amounts not distributed were included in income subject to tax.

¹⁵ One focus of this article is U.S. total income tax after credits. The reader might choose to focus instead on total worldwide taxes, which may be approximated by adding the foreign tax credits claimed by corporations to the U.S. tax liabilities (i.e., total income tax after credits) of these corporations. There are limitations in using this procedure, and the foreign tax credit only approximates the foreign tax liabilities of the corporations. For the most recent statistics covering corporate foreign tax credits in depth, see McGrath, Nuria E., "Corporate Foreign Tax Credit, 2009," in this issue of the *Statistics of Income Bulletin* (Summer 2013, Volume 33, Number 1). In addition, foreign tax credit data are included on the IRS Internet site at www.irs.gov, under Tax Stats/International/Corporate Foreign Tax Credits.

¹⁶ Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 24.9 percent and 24.6 percent of the receipts of all companies classified as manufacturers and wholesalers, respectively. However, these percentages may overstate the FCDC portion of wholesaling and understate the FCDC portion of manufacturing. This is because certain U.S. companies (not foreign-controlled) and their subsidiaries may have been involved in both manufacturing and wholesaling of the same product(s) and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the industry of its principal business activity, that being manufacturing, rather than trade. Conversely, many FCDCs acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These foreign-controlled domestic companies were classified in the wholesale trade industrial sector. See the Data Sources and Limitations section for additional information about industrial classification limitations.

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Figure C

Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2010

[Money amounts are in millions of dollars]

Industrial sector	Returns		Total assets		Total receipts	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	73,210	100.0	11,245,199	100.0	4,056,172	100.0
Agriculture, forestry, fishing, and hunting	695	0.9	9,235	0.1	9,479	0.2
Mining	997	1.4	234,154	2.1	96,576	2.4
Utilities	139	0.2	125,837	1.1	61,261	1.5
Construction	1,415	1.9	44,669	0.4	42,013	1.0
Manufacturing	7,903	10.8	2,634,340	23.4	1,841,444	45.4
Wholesale and retail trade	21,327	29.1	730,649	6.5	1,089,889	26.9
Wholesale trade	16,996	23.2	647,781	5.8	952,828	23.5
Retail trade	4,331	5.9	82,868	0.7	137,061	3.4
Transportation and warehousing	1,870	2.6	80,864	0.7	68,277	1.7
Information	2,637	3.6	295,694	2.6	108,398	2.7
Finance and insurance	3,074	4.2	5,278,447	46.9	406,997	10.0
Real estate and rental and leasing	14,660	20.0	184,846	1.6	25,968	0.6
Professional, scientific, and technical services	9,563	13.1	193,190	1.7	124,338	3.1
Management of companies (holding companies)	3,391	4.6	1,264,710	11.2	73,507	1.8
Administrative and support and waste management and remediation services	1,833	2.5	64,239	0.6	47,279	1.2
Educational services	307	0.4	4,541	[1]	1,992	[1]
Health care and social assistance	382	0.5	33,464	0.3	13,590	0.3
Arts, entertainment, and recreation	1,479	2.0	11,170	0.1	5,345	0.1
Accommodation and food services	708	1.0	47,900	0.4	31,041	0.8
Other services	830	1.1	7,250	0.1	8,777	0.2

[1] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

Corporations classified as wholesalers accounted for a significant percentage of the total receipts (23.5 percent) and returns (23.2 percent) for all FCDCs. However, these companies reported only 5.8 percent of the total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 1.6 percent of the assets and 0.6 percent of the receipts of all FCDCs. These percentages were substantially less than the 20.0 percent of the FCDC returns that they filed.

For the professional, scientific, and technical services industrial sector, corporations reported only 1.7 percent of the assets and 3.1 percent of the receipts of all FCDCs. Both percentages are significantly lower than the portion (13.1 percent) of total FCDC returns this service sector represented. These service corporations were often small, with reported average amounts of assets and receipts of \$20.2 million and \$13.0 million, respectively.

Manufacturing corporations filed 10.8 percent of the FCDC returns for 2010. These capital-intensive, goods-producing companies accounted for far greater percentages of the total FCDC assets (23.4 percent) and receipts (45.4 percent). These corporations were often large, with reported average amounts of assets and receipts of \$333.3 million and \$233.0 million, respectively.

While corporations in the finance and insurance industrial sector composed only 4.2 percent of total returns filed by FCDCs for 2010, they accounted for the largest share (46.9 percent) of total assets reported for any of the industrial sectors. Additionally, finance and insurance companies accounted for 10.0 percent of total FCDC receipts for the year.

Management (or holding) companies contributed a significant portion (11.2 percent) of the FCDC total assets. However, this sector accounted for just 4.6 percent of returns filed by FCDCs and 1.8 percent of receipts.

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Figure D

Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2010

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
All industries [1]	26,198,523	4,056,172	15.5
Agriculture, forestry, fishing, and hunting	167,965	9,479	5.6
Mining	425,067	96,576	22.7
Utilities	619,791	61,261	9.9
Construction	1,084,007	42,013	3.9
Manufacturing	7,380,556	1,841,444	24.9
Wholesale and retail trade [2]	7,285,484	1,089,889	15.0
Wholesale trade	3,876,417	952,828	24.6
Retail trade	3,409,045	137,061	4.0
Transportation and warehousing	737,267	68,277	9.3
Information	1,057,570	108,398	10.2
Finance and insurance	3,216,738	406,997	12.7
Real estate and rental and leasing	332,497	25,968	7.8
Professional, scientific, and technical services	1,082,645	124,338	11.5
Management of companies (holding companies)	823,011	73,507	8.9
Administrative and support and waste management and remediation services	476,883	47,279	9.9
Educational services	64,926	1,992	3.1
Health care and social assistance	691,057	13,590	2.0
Arts, entertainment, and recreation	97,646	5,345	5.5
Accommodation and food services	455,202	31,041	6.8
Other services	200,204	8,777	4.4

[1] Includes small amounts for "Nature of business not allocable," which is not shown separately.

[2] Includes small amounts for "Wholesale and retail trade not allocable," which is not shown separately.

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

Foreign-controlled domestic corporations accounted for 15.5 percent of the total receipts reported by all corporations (\$26.2 trillion) for 2010, but played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for manufacturing (24.9 percent), wholesale trade (24.6 percent), and mining (22.7 percent). Conversely, FCDC involvement in a number of other business activities was relatively low and accounted for a small percentage of the receipts for all companies classified in construction (3.9 percent), educational services (3.1 percent), and health care and social assistance (2.0 percent) (see Figure D).

FCDC industrial data at the sector level can be broken down into more specific industrial classifications for analysis purposes. In general, sectors are composed of major groups, which in turn are composed of minor industries. For 2010, FCDCs in 10 minor industries

accounted for 50 percent or more of the total receipts of each of those industries. Manufacturers (4) made up the largest portion of these minor industries, followed by wholesalers and finance (2 each), and mining and information (1 each) (see Figure E). The minor industry in which FCDCs accounted for the largest portion of receipts was breweries with 79.8 percent of the industry total receipts (\$22.2 billion). FCDCs in commodity contracts dealing and brokerage followed with 73.2 percent of the industry receipts (\$6.0 billion), and FCDCs in securities brokerage had 65.0 percent of the industry receipts (\$97.9 billion).

Country Characteristics

Persons (including individuals, corporations, and other entities) resident in any country throughout the world can control U.S. corporations. As reported on the U.S. income tax returns of the FCDC's, a country represents

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Figure E

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Minor Industries, Tax Year 2010

[Money amounts are in millions of dollars]

Minor industry [1]	Number of returns	Total assets	Net worth	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Breweries (manufacturing), total	759	91,582	23,674	22,231	2,779	2,789	2,325	656
Foreign-controlled domestic corporations (FCDCs)	27	79,306	17,826	17,749	1,858	1,859	1,744	608
FCDCs as a percentage of the total	3.6	86.6	75.3	79.8	66.9	66.7	75.0	92.7
Commodity contracts dealing and brokerage, total	2,609	124,828	7,423	6,031	93	595	230	78
Foreign-controlled domestic corporations (FCDCs)	138	109,615	6,011	4,414	119	308	192	65
FCDCs as a percentage of the total	5.3	87.8	81.0	73.2	128.0	51.8	83.5	83.3
Securities brokerage, total	6,883	1,740,779	110,592	97,864	9,629	11,443	5,044	1,699
Foreign-controlled domestic corporations (FCDCs)	165	1,495,695	77,355	63,573	6,275	7,159	1,676	543
FCDCs as a percentage of the total	2.4	85.9	69.9	65.0	65.2	62.6	33.2	32.0
Audio and video equipment manufacturing and reproducing magnetic and optical media, total	837	43,500	15,583	24,318	371	964	557	143
Foreign-controlled domestic corporations (FCDCs)	301	33,602	11,128	15,296	110	246	107	31
FCDCs as a percentage of the total	36.0	77.2	71.4	62.9	29.6	25.5	19.2	21.7
Sound recording industries, total	6,572	28,299	12,143	9,434	61	376	55	17
Foreign-controlled domestic corporations (FCDCs)	44	19,860	12,255	5,375	-43	131	12	4
FCDCs as a percentage of the total	0.7	70.2	100.9	57.0	-70.5	34.8	21.8	23.5
Rubber products (manufacturing), total	864	45,411	9,259	53,843	1,044	1,465	745	197
Foreign-controlled domestic corporations (FCDCs)	80	24,829	5,205	29,523	644	727	430	105
FCDCs as a percentage of the total	9.3	54.7	56.2	54.8	61.7	49.6	57.7	53.3
Metal ore mining, total	1,501	151,878	84,054	60,581	17,109	18,015	15,112	1,573
Foreign-controlled domestic corporations (FCDCs)	229	83,330	44,124	32,412	10,267	10,602	7,870	1,051
FCDCs as a percentage of the total	15.3	54.9	52.5	53.5	60.0	58.9	52.1	66.8
Electrical and electronic goods (wholesale trade), total	27,608	196,400	73,499	368,385	6,530	8,739	4,319	1,143
Foreign-controlled domestic corporations (FCDCs)	2,021	107,368	33,007	194,518	1,732	2,773	1,956	501
FCDCs as a percentage of the total	7.3	54.7	44.9	52.8	26.5	31.7	45.3	43.8
Cement, concrete, lime and gypsum products (manufacturing), total	4,734	106,427	44,342	54,196	-3,095	1,131	384	119
Foreign-controlled domestic corporations (FCDCs)	57	80,126	32,539	28,470	-2,328	257	96	46
FCDCs as a percentage of the total	1.2	75.3	73.4	52.5	75.2	22.7	25.0	38.7
Motor vehicle and motor vehicle parts and supplies (wholesale trade), total	19,186	146,797	29,789	210,105	2,520	4,526	1,919	613
Foreign-controlled domestic corporations (FCDCs)	956	94,950	12,176	105,562	-562	1,087	594	196
FCDCs as a percentage of the total	5.0	64.7	40.9	50.2	-22.3	24.0	31.0	32.0

[1] This figure includes minor industries in which foreign-controlled domestic corporations accounted for at least 50 percent of the total receipts (Column 4). The minor industries are listed by decreasing percentage of FCDC total receipts to total receipts of all corporations.

NOTE: Percentages are computed using rounded data.

the geographic location of the foreign owner's place of residence in the case of individuals, and place of incorporation, organization, creation, or administration in the case of corporations or other entities. A foreign corporation, or a chain of related foreign corporations, is

frequently the owner of a U.S. subsidiary corporation. Because a foreign corporation in the chain of related companies, which directly owns the stock of a U.S. subsidiary, may be located in a country different from that of the ultimate owner, the country reported on the tax return

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may not necessarily reflect the country of the ultimate owner (see the Data Sources and Limitations section of this article for a brief discussion of the possible limitations of the data classified on a country basis).

For 2010, residents of 43 countries made up 90.0 percent of the domestic corporations classified as 50-percent-or-more controlled by a foreign person. The 65,890 corporations controlled by persons resident in the 43 countries accounted for nearly all of the total FCDC financial items, including 99.5 percent of total assets, 99.2 percent of total receipts, 99.2 percent of taxable income, and 99.1 percent of total income tax after credits (Table 3).

From among these 43 countries, domestic corporations controlled by persons from just 7 countries accounted for 75.4 percent of the total receipts of all FCDCs. These top seven countries, in decreasing size of receipts, are the United Kingdom, Japan, Germany, Canada, Switzerland, the Netherlands, and France.

Domestic corporations controlled by persons resident in the United Kingdom reported total receipts of \$0.9 trillion for 2010. These receipts represented 21.8 percent of the total for all FCDCs for the year, and were substantially larger than the United Kingdom's share for 2001 (13.8 percent) (see Figure F).

For 2010, domestic corporations with owners resident in Japan (\$611 billion), Germany (\$404 billion), Canada (\$345 billion), Switzerland (\$287 billion), the Netherlands (\$268 billion), and France (\$256 billion) also accounted for significant amounts of receipts. Of these six countries, Japan's portion of total receipts decreased significantly from 19.5 percent for 2001 to 15.1 percent for 2010, followed by Germany (13.1 percent down to 10.0 percent) and the Netherlands (11.8 percent down to 6.6 percent). In contrast, Switzerland's portion of FCDC total receipts increased from 5.1 percent for 2001 to 7.1 percent for 2010.

The portion of FCDC total receipts accounted for by countries other than the largest seven also increased in size over the 10-year period, from 20.9 percent to 24.6 percent. For 2010, these countries included South Korea (\$105 billion), Australia (\$58 billion), Sweden (\$57 billion), Luxembourg (\$53 billion), Ireland (\$49 billion), Italy (\$46 billion), and Belgium, Bermuda, Mexico, and Spain (\$41 billion each).

Domestic corporations controlled by persons resident in the United Kingdom (U.K.) accounted for \$2.7 trillion of assets, the largest portion held by any country, followed by Canada (\$1.3 trillion), Switzerland (\$1.2 trillion), Germany (\$1.2 trillion), France (\$1.2 trillion), the Netherlands (\$1.0 trillion), and Japan (\$1.0 trillion).

Although U.K.-controlled domestic corporations made up the largest share of total FCDC receipts and

assets for 2010, Canadian-controlled domestic corporations filed the most tax returns (10,284), followed by Japanese-controlled domestic corporations (6,204), U.K.-controlled domestic corporations (5,952), and German-controlled domestic corporations (4,498).

For 2010, the U.S. tax liability of all FCDCs was \$33.2 billion, representing 0.8 percent of total receipts reported by all FCDCs (\$4.1 trillion) for the year. U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability (\$6.2 billion), followed by Japanese-controlled corporations (\$4.5 billion), and Swiss-controlled corporations (\$4.0 billion). For U.K.-controlled corporations, tax liabilities were 0.7 percent of their \$885 billion of receipts. Tax liabilities as a percent of receipts were also 0.7 percent for Japanese-controlled corporations, while Swiss-controlled corporations paid 1.4 percent of their receipts in U.S. income taxes. Many factors, including differences in industrial apportionments and age apportionments (discussed later in this article), may have caused the resulting differences between countries in calculating tax as a percentage of receipts.

Combined Country and Industry Characteristics

There were some similarities but also important differences among the primary industrial activities of the corporations with owners from the top seven countries. Figure G shows the industries that accounted for at least 10 percent of the total receipts of corporations with owners in each of these countries.

For the United Kingdom, manufacturing was the predominant industrial sector, accounting for 65.8 percent of its total \$885 billion of receipts. More specifically, manufacturers of petroleum and coal products produced the most receipts of any major industrial group, accounting for \$469 billion, or 53.0 percent of the country's total receipts for 2010.

Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the \$611 billion of receipts: manufacturing (46.4 percent of the total) and wholesale trade (42.5 percent). More specifically, wholesale trade of durable goods was the leading major industrial group, producing 31.0 percent of the total receipts for this country. Following closely was transportation equipment manufacturing with 30.8 percent of the receipts.

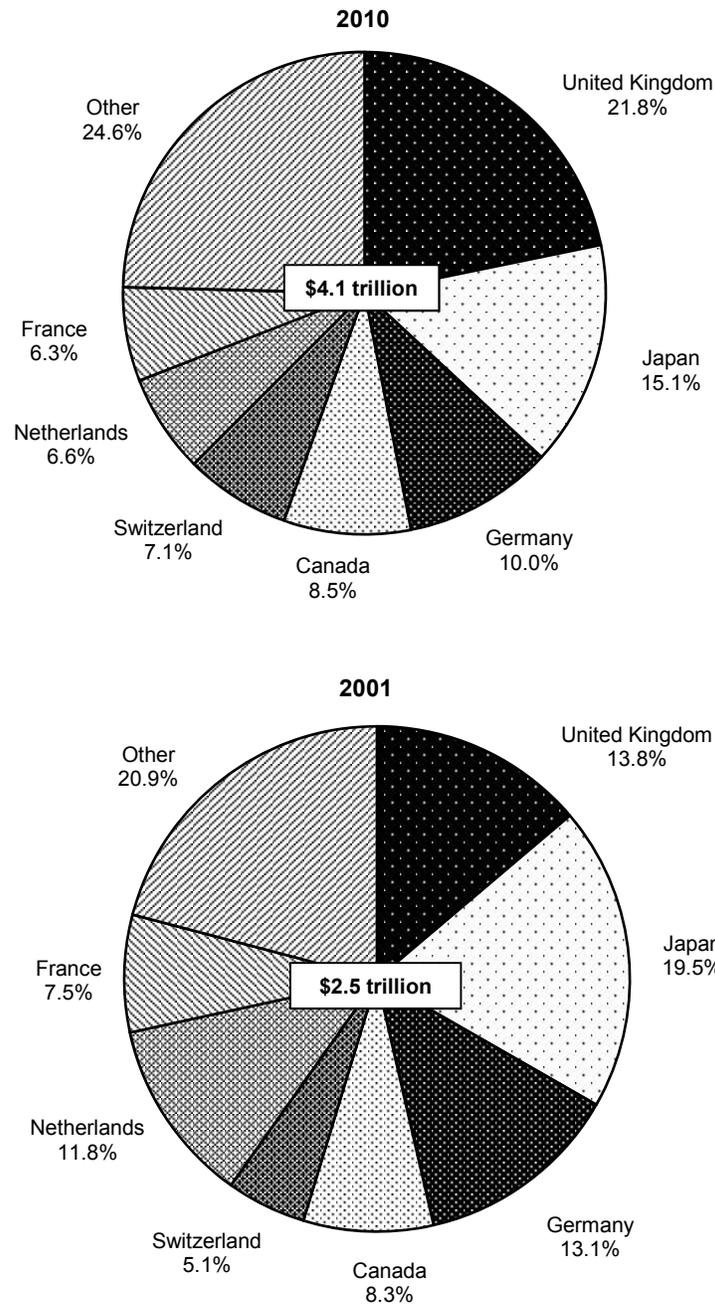
Like those companies controlled by residents of the United Kingdom and Japan, German-controlled corporations were primarily concentrated in manufacturing, with 50.0 percent of the \$404 billion of receipts for that country coming from corporations in this industrial sector. Within this sector, chemical manufacturers (16.3

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Figure F

Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 2001 and 2010



NOTE: All amounts are in current dollars.

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Figure G

Foreign-Controlled Domestic Corporations: Selected Items for Selected Countries and Selected Industries, Tax Year 2010

[Money amounts are in millions of dollars]

Country and industry	Number of returns	Total assets	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits	
							Amount	As a percentage of total receipts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United Kingdom, total	5,952	2,730,597	885,455	29,965	35,010	30,353	6,182	0.7
Manufacturing	369	929,412	582,851	16,020	16,992	15,951	2,208	0.4
Petroleum and coal products manufacturing	3	740,475	469,441	9,958	9,958	9,861	344	0.1
Japan, total	6,204	984,276	610,660	11,661	19,268	15,677	4,516	0.7
Manufacturing	1,236	255,190	283,067	3,285	5,445	3,878	1,165	0.4
Transportation equipment manufacturing	243	162,232	188,142	337	1,514	881	250	0.1
Wholesale trade	1,437	175,875	259,303	6,339	8,361	7,459	2,224	0.9
Wholesale trade, durable goods	1,192	117,103	189,035	1,546	3,384	3,043	858	0.5
Wholesale trade, nondurable goods	244	58,721	70,262	4,789	4,974	4,414	1,365	1.9
Germany, total	4,498	1,189,157	403,873	17,883	22,513	12,375	3,653	0.9
Manufacturing	1,084	399,570	201,898	8,894	11,275	5,189	1,483	0.7
Chemical manufacturing	51	79,108	65,894	2,651	2,960	1,618	395	0.6
Transportation equipment manufacturing	63	187,802	54,582	3,808	4,147	95	90	0.2
Wholesale trade	1,265	84,793	73,510	526	1,414	1,077	341	0.5
Wholesale trade, durable goods	781	73,922	59,029	245	996	705	222	0.4
Finance and insurance	80	575,850	46,539	5,502	5,636	3,109	994	2.1
Canada, total	10,284	1,267,869	344,753	-982	10,806	7,808	2,507	0.7
Manufacturing	1,165	91,749	93,820	1,196	3,245	2,732	896	1.0
Wholesale trade	1,727	66,604	61,490	-1,238	828	694	230	0.4
Finance and insurance	230	652,341	74,229	-694	1,413	861	297	0.4
Insurance carriers and related activities	30	497,929	67,835	-1,639	176	105	50	0.1
Switzerland, total	1,772	1,230,363	286,841	16,544	18,612	13,127	3,994	1.4
Manufacturing	191	141,763	100,377	7,595	8,005	7,585	2,473	2.5
Chemical manufacturing	20	62,773	45,699	5,697	5,852	5,694	1,832	4.0
Wholesale trade	560	31,741	103,751	1,166	1,398	1,307	403	0.4
Wholesale trade, nondurable goods	75	22,776	89,675	968	1,029	1,013	310	0.3
Finance and insurance	63	1,000,692	56,940	6,772	7,575	2,826	868	1.5
Insurance carriers and related activities	16	238,081	29,510	2,997	3,289	2,678	813	2.8
Netherlands, total	1,507	1,044,821	267,614	4,966	10,573	8,043	2,000	0.7
Manufacturing	249	198,228	94,820	3,838	4,872	4,480	970	1.0
Chemical manufacturing	48	58,501	37,799	1,941	2,101	1,972	154	0.4
Wholesale trade	532	18,331	30,417	151	482	424	132	0.4
Retail trade	11	17,126	32,102	345	362	227	74	0.2
Finance and insurance	109	696,239	61,641	1,479	2,648	1,117	296	0.5
Insurance carriers and related activities	10	453,049	55,542	14	1,049	526	106	0.2
France, total	2,352	1,174,137	256,356	9,544	15,360	11,682	3,168	1.2
Manufacturing	482	169,225	116,405	3,463	5,328	4,798	1,012	0.9
Petroleum and coal products manufacturing	3	15,932	33,230	-353	0	0	0	0.0
Wholesale trade	340	34,600	35,872	-535	720	671	223	0.6
Finance and insurance	147	770,376	41,673	2,422	3,514	1,101	375	0.9

NOTES: This figure includes the seven countries with the largest amounts of total receipts. For each of these countries, this table also includes industries that accounted for at least 10 percent of the total receipts of the country. Percentages are computed using rounded data.

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percent of the country total) and transportation equipment manufacturers (13.5 percent) produced the most receipts. Wholesale trade (18.2 percent of the country total) and finance and insurance (11.5 percent) were the other predominant industrial sectors.

Canadian-controlled corporations were primarily concentrated in manufacturing, which accounted for 27.2 percent of the \$345 billion of receipts for the country. Other key sectors, in order of importance, were finance and insurance (21.5 percent) and wholesale trade (17.8 percent). More specifically, insurance carriers reported 19.7 percent of the total receipts.

For Switzerland, the wholesale trade sector accounted for 36.2 percent of the country's total receipts (\$287 billion), followed by manufacturing (35.0 percent), and finance and insurance (19.9 percent). Switzerland was the only country of the top seven in which wholesale trade (not manufacturing) was the leading sector in producing receipts. More specifically, wholesale trade of nondurable goods (31.3 percent of the total) was the leading major industry. Other important major indus-

tries were chemical manufacturers (15.9 percent) and insurance carriers (10.3 percent).

For the Netherlands, manufacturing was the largest industrial sector with 35.4 percent of the total receipts (\$268 billion), followed by finance and insurance (23.0 percent), retail trade (12.0 percent), and wholesale trade (11.4 percent). Insurance carriers reported 20.8 percent of the total receipts for the country, the largest portion for any major industrial group.

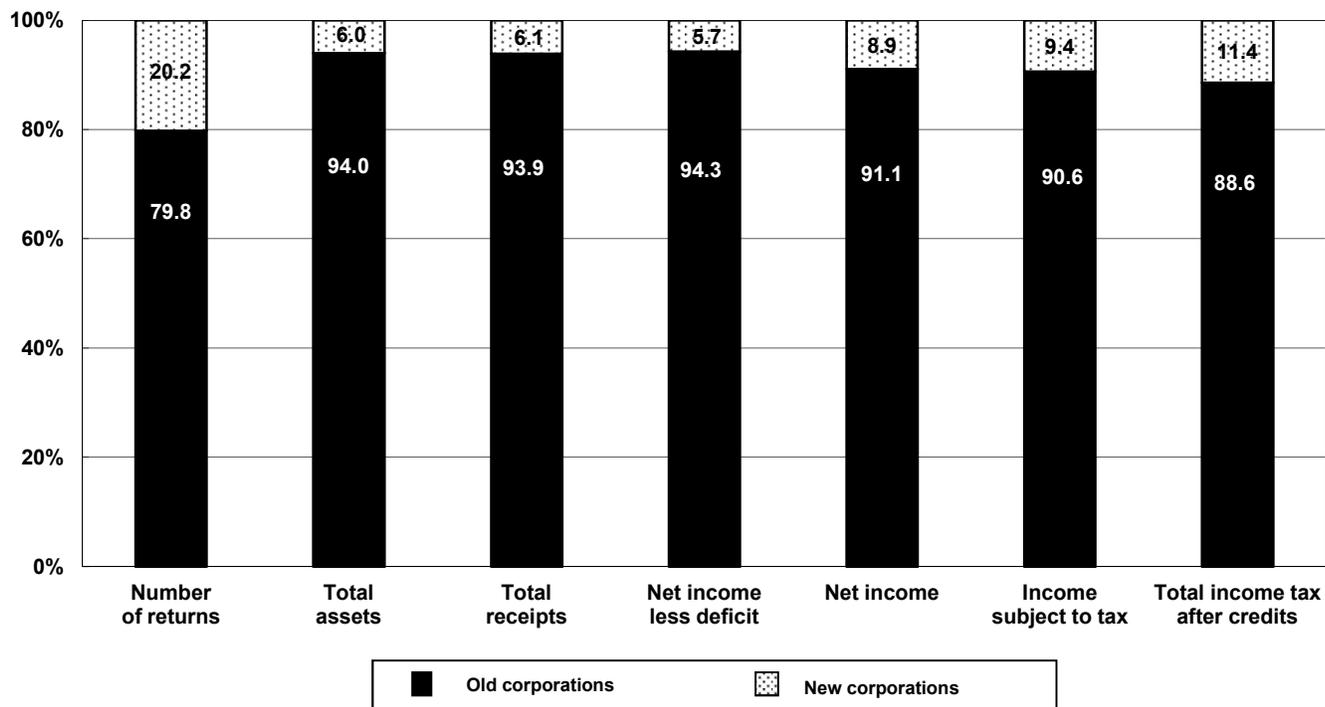
For France, manufacturers produced the largest percentage (45.4 percent) of the \$256 billion of the country's receipts, followed by finance and insurance (16.3 percent) and wholesale trade (14.0 percent). More specifically, petroleum and coal products manufacturers produced 13.0 percent of the receipts for the country.

Age Characteristics

Figure H presents data for two groups of FCDCs based on the age of each corporation. A "new" corporation is defined as having been incorporated in 2008 or after, as reported on the FCDCs income tax return. An "old"

Figure H

Foreign-Controlled Domestic Corporations: Distribution of Selected Items by Age of Corporations, Tax Year 2010



Note: "New" corporations were those with dates of incorporation between 2008 and 2011; "old" corporations were those with dates of incorporation prior to 2008 or with unknown dates of incorporation.

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corporation is defined as having been incorporated in or prior to 2007, or with an unknown (i.e., unreported) date of incorporation.¹⁷

The year of incorporation may be somewhat unreliable as an indicator of the true age of corporations. For example, a consolidated return may include companies that fall into both the new and old categories. However, the return (including all of the financial information contained in it) was classified based on the year of incorporation of the parent company. Another example is the reorganization of an existing corporation into a new corporation, which results in a recent year of incorporation, even though it is an “old” business. An additional limitation is that the year of incorporation is difficult to verify during statistical processing because there are no other items to which it can be compared on a tax return, and recourse to other sources is not always practical. Thus, it is subject to higher levels of taxpayer reporting and data entry errors, as compared to statistical items that can be evaluated against other reported items.

For 2010, there were 14,782 returns of FCDCs incorporated in 2008 or later (Table 3). Six industrial sectors accounted for most of these “new” corporations, as follows: real estate and rental and leasing (3,047 returns); wholesale trade (2,547); professional, scientific, and technical services (2,141); manufacturing (1,178); management of companies (1,172); and retail trade (1,022). The major industries that accounted for the largest number of new FCDCs were real estate (2,949) and wholesale trade of durable goods (1,571).

Nearly four out of every five (79.8 percent) FCDCs were incorporated prior to 2008 and were, therefore, considered “old” corporations. These corporations accounted for 94.0 percent of the FCDC assets and 93.9 percent of the receipts and, thus, tended to be larger than the new corporations.

In past years, older corporations were often more profitable than newer corporations, as measured by net profits (i.e., net income less deficit) as a percentage of total receipts. Among other factors, newer companies may have had more expenses (including startup costs) relative to receipts than the older companies. For 2010, however, the “profits percentages” were rather similar for the two FCDC groups. Old corporations reported \$93.5 billion of net profits on \$3.8 trillion of receipts, while new corporations reported \$5.6 billion of net profits on \$0.2 trillion of receipts. Thus, net profits as a percentage of total receipts were 2.5 percent for old corporations and 2.3 percent for new corporations.

Old corporations accounted for 91.1 percent of the positive profits (i.e., net income) of all FCDCs. As a result, old corporations also accounted for most of the U.S. taxable income (90.6 percent) and U.S. tax liabilities after credits (88.6 percent) of all FCDCs. The old corporations had \$29.4 billion of tax liabilities after credits, equaling 0.8 percent of their total receipts. The new corporations had \$3.8 billion of tax liabilities after credits, equaling 1.5 percent of their total receipts. Deductions for net operating losses (93.0 percent of the total \$41.6 billion reported by all FCDCs) and tax credits (95.9 percent of the total \$11.9 billion) were claimed mostly by old corporations. NOLs and tax credits affected the amounts of U.S. tax liabilities after credits reported by FCDCs.

Summary

FCDCs accounted for only 1.3 percent of all corporation income tax returns filed for Tax Year 2010. This percentage is much smaller than the percentages of assets (14.1 percent) and receipts (15.5 percent) that those FCDCs produced.

The value of FCDC assets increased for 2010, as did the value of assets for all corporations. FCDC assets totaled \$11.2 trillion for 2010, a 7.5-percent increase from the previous year. By comparison, all corporations reported a total of \$79.9 trillion of assets for 2010, a 5.2-percent increase over the previous year. FCDCs accounted for 14.1 percent of total corporate assets for 2010, up from 13.8 percent for 2009.

Foreign business activity in the United States through FCDCs increased for Tax Year 2010. FCDCs reported \$4.1 trillion of total receipts for the year, a 15.3-percent increase over the 2009 level. Total receipts reported on all U.S. corporation income tax returns also increased, by a smaller percentage (5.8 percent). As a result, the share of total corporate receipts accounted for by FCDCs increased from 14.2 percent for 2009 to 15.5 percent for 2010.

Two of the 19 industrial sectors, manufacturing and wholesale trade, generated nearly 70 percent of the \$4.1 trillion of total FCDC receipts. Manufacturers produced \$1.8 trillion of receipts, while wholesalers accounted for an additional \$1.0 trillion.

Domestic corporations controlled by persons in the United Kingdom reported total receipts of \$885 billion, or 21.8 percent of the total FCDC receipts. In addition, FCDCs owned by persons in Japan (15.1 percent), Germany (10.0 percent), Canada (8.5 percent), Switzerland (7.1 percent), the Netherlands (6.6 percent),

¹⁷ Dates of incorporation are reported on Form 1120, page 1, question C. This information is also reported on Forms 1120L, 1120-PC, 1120-REIT, and 1120-RIC, in different locations.

and France (6.3 percent) accounted for significant portions of receipts.

Between 2009 and 2010, FCDCs increased their receipts by a greater amount than that of their deductions, thereby increasing the net difference between total receipts and total deductions. The collective net income (less deficit) reported by foreign-controlled domestic corporations increased from \$36.4 billion for 2009 to \$99.2 billion for 2010, a 172.2-percent increase. To place the performance of FCDCs in context, total corporate net profits increased 47.6 percent, from \$919.0 billion for 2009 to \$1.4 trillion for 2010. FCDCs accounted for 7.3 percent of the net profits of all U.S. corporations for 2010, up from 4.0 percent for the previous year.

The FCDC aggregate profits (i.e., net income) increased between 2009 and 2010, while aggregate deficits decreased during this period. Net income increased by 14.1 percent, from \$152.7 billion to \$174.3 billion. Deficits decreased by 35.4 percent, from \$116.3 billion to \$75.1 billion.

The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the same direction as did net income, increasing 17.4 percent, from \$28.3 billion for 2009 to \$33.2 billion for 2010. To place this in perspective, the U.S. tax liabilities of all corporations were 8.8 percent higher for 2010 compared to the previous year. Thus, the FCDCs share of total corporate post-credit U.S. tax liabilities increased from 13.8 percent for 2009 to 14.9 percent for 2010.

Explanation of Selected Terms

The following are brief explanations of some of the terms used in this article. For more extensive definitions, see *Statistics of Income—2010, Corporation Income Tax Returns*, IRS Publication 16.

Alternative minimum tax—This tax was designed to ensure that a taxpayer with substantial economic income would have at least a minimum amount of income tax liability in spite of the legitimate use of exclusions, deductions, and credits. In effect, it provided a second tax system that curtailed or eliminated many of the means of reducing taxes allowed in the regular tax system and taxed the resulting alternative taxable income at a reduced rate. The AMT is included in the amounts reported for both total income tax before (and after) credits.

Balance sheets—The balance sheet data presented in this article were the amounts reported by the taxpayer as of the end of the taxpayer's accounting year. Taxpayers were instructed to provide data that agreed with their books of account, but were given very few other guidelines. Thus, the statistics for balance sheets contained more reporting variability than those for

income statement and tax computation items. Since balance sheet data were from the taxpayer's books, they were normally governed by generally accepted accounting principles rather than the special rules of tax accounting. A number of steps were taken during statistical processing to reduce the variability due to taxpayer reporting practices. Misreported amounts were transferred to their proper accounts. Missing balance sheets were either supplied from reference books or statistically imputed based on other data and the company's characteristics. Some balance sheets were suppressed during statistical processing, including those for final returns of corporations going out of existence because they should have had either zero assets (if liquidating) or assets included in another corporation's return (if merging). Additionally, balance sheets of part-year returns (for the most part, by continuing corporations changing their accounting periods) were not included in the statistics because the same corporations' data could have been subject to inclusion from their full-year returns. Corporations with less than \$250,000 of receipts and less than \$250,000 of assets were not required to file balance sheets.

Business receipts—These receipts are, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. They represent all of a corporation's receipts except investment and incidental income. Some corporations report sales and excise taxes as part of their gross receipts from sales (and deduct these taxes as part of "cost of goods sold" or as "taxes paid"); others report their receipts after adjustment for these taxes. Business receipts include rents reported by real estate operators and other corporations for which rent made up a significant portion of income. The latter corporations included manufacturers that rented their products, lessors of public utility facilities, and companies engaged in rental services, such as lodging places and the rental of automobiles and clothing. Business receipts include such banking items as fees, commissions, credit card income, and profits from Federal funds transactions. Interest, the principal operating income of banking and other financial institutions, is excluded from business receipts; rather, it is included in the separate statistics for interest received. Also, premium income of most insurance companies is included in business receipts. Security dealers include profits from security trades in business receipts. Regulated investment companies and real estate investment trusts do not report business receipts; rather they report types of investment income. Business receipts also exclude gains from the sale of assets.

Constructive ownership rules—The constructive ownership rules of Internal Revenue Code (IRC) section 318 apply in determining if a U.S. corporation is foreign

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owned. However, if a corporation is owned by two or more “unrelated” foreign persons, neither of which owned 50 percent or more of the corporation, then that corporation was excluded from the FCDC statistics even though, together, these persons may have met the 50-percent-or-more ownership criterion. See also, “Foreign person,” defined below.

Constructive taxable income from related foreign corporations—This item is the sum of includable income from Controlled Foreign Corporations (CFCs) and foreign dividend gross-up. IRC sections 951-964 (“Subpart F”) created an exception to the general rule that the earnings and profits of CFCs were subject to U.S. taxation only when the income was actually distributed to U.S. shareholders.¹⁸ Under Subpart F, some types of foreign income are required to be included in the income of the U.S. shareholders, even if not actually distributed. This includable income comprises passive investment income, income from sources thought especially easy to shift between tax jurisdictions, and income from sources contrary to public policy. Foreign dividend gross-up is constructive taxable income to corporations that claim a foreign tax credit. A U.S. corporation could claim a foreign tax credit for a share of the foreign taxes actually paid by its related foreign corporations. The share of foreign taxes was treated as deemed paid by the U.S. corporation. To receive credit against U.S. tax, the foreign taxes deemed paid need to be included in the corporation’s worldwide income. The dividend gross-up, which is the equivalent amount of the foreign taxes deemed paid by the U.S. corporation, is included as income of the U.S. corporation. Constructive taxable income from related foreign corporations is not included in the statistics for total receipts.

Cost of goods sold—This item generally consisted of the costs incurred by corporations in producing the goods or providing the services that generated the business receipts. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and a share of overhead expenses, such as rent, utilities, supplies, maintenance, and repairs. For statistical processing purposes, however, certain items (such as advertising, amortization, bad debts, compensation of officers, depletion, depreciation, interest paid, taxes, and contributions to charitable organizations, employee benefit programs, and pension plans) reported by taxpayers in cost of goods sold schedules were transferred to their respective and separate deduction categories. Companies who produced goods or acquired goods for resale were

subject to the “uniform capitalization rules” of Internal Revenue Code section 263A. Under these rules, corporations were required to capitalize direct costs and an allocable portion of most indirect costs that relate to the goods produced or acquired for resale. Costs attributable to property that is inventory are included in inventory costs, while costs attributable to other property are included in capital accounts. For insurance companies, benefits paid (e.g., the death benefits paid by life insurance companies) were included in the cost of goods sold. In general, finance corporations did not have any cost of goods sold.

Dividends received from domestic corporations—These dividends are included in total receipts and represent most distributions from the earnings and profits of companies incorporated in the United States. Dividend distributions among member corporations electing to file a consolidated return are eliminated from the statistics as part of the consolidated reporting of tax accounts. Thus, dividends shown for consolidated returns represent amounts received from domestic corporations that are outside the affiliated group. In general, dividends received from domestic corporations are part of the computation of the statutory special deductions from net income. See, also, “Statutory special deductions,” discussed below.

Dividends received from foreign corporations—These dividends are included in total receipts and are paid from the earnings and profits of companies incorporated in foreign countries. Dividends received from foreign corporations out of U.S. source earnings and profits were usually eligible for the dividends received deduction, a part of statutory special deductions. Not eligible were dividends out of foreign-source earnings and profits. This item does not include constructive taxable income from related foreign corporations (discussed above) because it was not an actual receipt.

Foreign person—A foreign person (or entity) includes: (1) a foreign citizen or nonresident alien, (2) an individual who is a citizen of a U.S. possession (but who is not a U.S. citizen or resident), (3) a foreign corporation, (4) a foreign partnership, (5) a foreign estate or trust within the meaning of IRC section 7701(a)(31), and (6) a foreign government (or one of its agencies or instrumentalities) to the extent that it is engaged in the conduct of a commercial activity as described in IRC section 892.

Foreign tax credit—Although the United States taxes the worldwide income of U.S. persons (including corporations), foreign source income is often taxed as

¹⁸ For the most recent statistics covering CFCs, see Mahony, Lee, and Miller, Randy, “Controlled Foreign Corporations, 2008,” *Statistics of Income Bulletin*, Winter 2013, Volume 32, Number 3. In addition, CFC data are included on the IRS Internet site at www.irs.gov, under Tax Stats/International/Controlled Foreign Corporations.

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well by the country where the income is earned. The foreign tax credit provisions were enacted to mitigate the potential impact of the double taxation of foreign-source income. U.S. corporations are allowed a credit against U.S. income tax for income taxes paid (or accrued) to foreign countries or U.S. possessions, subject to a limitation that prevented corporations from using foreign tax credits to reduce U.S. tax liability on U.S.-sourced income. A corporation that claimed the foreign tax credit could not also claim a business deduction for the same foreign taxes paid. The foreign tax credit was not allowed for taxes paid to certain foreign countries whose governments were not recognized by the United States, with which the United States severed or did not conduct diplomatic relations, or which provided support for international terrorism.

Income subject to tax—For most corporations, income subject to tax, i.e., taxable income, consisted of (positive) net income minus statutory special deductions. However, there were special provisions in the Internal Revenue Code for determining the taxable income of insurance companies, based on changes in their reserve accounts. Also, S corporations, regulated investment companies, and real estate investment trusts generally passed their net income on so it was taxed at the shareholder level. They had limited tax liabilities (based on capital gains for S corporations and undistributed income for RICs and REITs) and, thus, small amounts of taxable income.

Income tax—This item was the amount of a corporation's tax liability calculated at the regular corporate tax rates. The rates of tax on taxable incomes were graduated (with some exceptions) under Internal Revenue Code section 11. This item is included in the amounts reported for both total income tax before (and after) credits. A small number of corporations without net income had an income tax liability under special life insurance rules. Personal service corporations were taxed at a flat 35 percent on their taxable incomes. Members of controlled groups were required to apportion their tax liabilities.

Interest—This item is taxable interest, a component of total receipts. It includes interest on U.S. Government obligations, loans, notes, mortgages, corporate bonds, bank deposits, and dividends from savings and loans and mutual savings banks. This item does not include interest received from certain government obligations not subject to U.S. income tax, including those issued by States, local governments, the District of Columbia, and U.S. possessions.

Net income (or deficit)—This is a company's net profit or loss from taxable sources of income reduced by

deductions allowed by the Internal Revenue Code. It reflects not only actual receipts, but "constructive" receipts as well (i.e., includable income from Controlled Foreign Corporations and the foreign dividend "gross-up"). Tax-exempt interest on State and local government obligations is excluded from this item, but is included in "total receipts." The deductions include ordinary and necessary business deductions, but do not include statutory special deductions. The statistics for (positive) net income are generally larger than those for "income subject to tax" because the latter is reduced by the amount of statutory special deductions, including the net operating loss deduction. In this article, for a group of returns, this item may be referred to as either "profits" (i.e., net income exceeds deficits) or "losses" (deficits exceed net income). On Form 1120, net income (or deficit) was reported on page 1, line 28, entitled "Taxable income before net operating loss deduction and special deductions."

Net operating loss deduction (NOLD)—A statutory "net operating loss" (NOL) for a given tax year could be carried back 2 years, in general, to reduce the taxable income of those years. Similarly, any amount of the NOL not offset against income during that time could be carried forward to offset income for a period not to exceed 20 years. A "net operating loss" is calculated using the laws and IRS regulations in effect for a given tax year, and is the excess of allowable deductions over taxable income, with certain adjustments. The amount of the deduction included in the statistics of this article, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (2010) tax year. Losses incurred after Tax Year 2010 and carried back to that year at a later date were not reported on the tax returns used for this article. Net operating losses on which the 2010 deduction was based include the: (1) excess of ordinary and necessary business expenses over income for previous loss years, and (2) statutory special deductions claimed in a loss year for dividends received and dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

Net worth—This item represents the shareholders' equity in the corporation, i.e., total assets less the claims of creditors. It is the net sum of capital stock, additional paid-in capital, appropriated retained earnings, and unappropriated retained earnings (including adjustments to shareholders' equity), minus the cost of treasury stock. Capital stock includes amounts of outstanding shares of both common and preferred stock. Additional paid-in capital comprises additions to the corporation's capital from sources other than earnings, including receipts from

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the sale of capital stock in excess of the stated value and stock redemptions or conversions. Retained earnings and profits of corporations can be appropriated (i.e., set aside for specific purposes such as for plant expansions, bond retirements, and loss reserves) or unappropriated (dividends and distributions to shareholders are paid from these funds). Adjustments to shareholders' equity can be either positive or negative, and includes unrealized gains and losses on securities held "available for sale." Treasury stock is common or preferred stock originally issued by the corporation that has been reacquired and held at the end of the accounting period by the issuing corporation.

Number of returns—The data contained in this article include the number of returns filed by "active" corporations (i.e., those reporting at least one item of income or deductions) for Tax Year 2010. For simplicity, the number of returns is sometimes referred to as the number of corporations. However, the actual number of corporations may be larger than the number of returns because most domestic corporations could elect to file consolidated income tax returns. These returns were filed by common parent corporations and contained combined financial data of two or more affiliated domestic corporations meeting certain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit.

Real estate investment trusts—Domestic corporations, trusts, and associations that meet certain ownership, purpose, income, and diversification requirements may elect to be taxed as real estate investment trusts (REITs). Foreign-controlled domestic corporations can be REITs. However, REITs played a much smaller role for FCDCs than for other domestic corporations (ODCs).¹⁹ REITs generally invest in real estate and mortgages. A beneficial ownership of the trust is established through transferable shares or transferable certificates of beneficial interest. Among the income requirements, at least 95 percent of the total gross income of a REIT must come from dividends; interest; rents from real property; and gains from the sale of stock, securities, and real property; etc. Additionally, at least 75 percent of total gross income must be derived from rents from real property; interest on mortgages on real property; gains from sales of real property and mortgages; and dividends and gains from the sale of transferable shares in other REITs; etc. The tax liability of REITs is generally very low. This is because, through a statutory special deduction for dividends paid, REITs are not taxed on amounts distributed

to shareholders. In general, REITs must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed to the shareholders (i.e., beneficiaries). Internal Revenue Code section 856 defines REITs.

Regulated investment companies—A regulated investment company (RIC) is a domestic corporation registered as a management company or unit investment trust under the Investment Company Act of 1940 (ICA), or elected to be treated as a business development company under the ICA, or (with exceptions) a common trust fund or similar fund. Typically, it is a mutual fund. Foreign-controlled domestic corporations can be RICs. However, RICs played a much smaller role for FCDCs than for ODCs.¹⁹ A RIC must meet certain Internal Revenue Code requirements. This includes deriving at least 90 percent of its gross income from dividends, interest, payments related to securities loans, and gains from the sale of stock or securities, foreign currencies, or other income related to its business of investing in such stock, securities, or currencies. The tax liability of RICs is generally very low. This is because, through a statutory special deduction for dividends paid, RICs are not taxed on amounts distributed to shareholders. In general, RICs must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed at the shareholder level. Internal Revenue Code section 851 defines RICs.

S corporations—An S corporation has elected to be taxed through its shareholders under Internal Revenue Code section 1362. The IRC contains restrictive criteria that a company must meet in order to qualify as an S corporation, which include: (1) 100 shareholders or less; (2) only individuals, estates, or trusts as shareholders; and (3) no nonresident alien shareholders. These companies are involved in numerous industrial activities. They report corporate income and deductions from their conduct of trades and businesses, but generally allocate any income or loss to their shareholders to be taxed only at the individual level. Some S corporations are subject to certain special taxes at the corporate level. S corporations comprise a very large part of the corporate population. However, foreign-controlled domestic corporations cannot elect to be treated as S corporations.¹⁹ Banks and life insurance companies were also ineligible to be treated as S corporations.

Statutory special deductions—This item is the sum of: (1) deductions for net operating loss carryovers from prior years, and (2) special deductions for dividends

¹⁹ Shown in Appendix A of this article are Tax Year 2010 data for all REITs, RICs, and S corporations filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs).

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and other corporate attributes allowed by the Internal Revenue Code, which includes: (a) dividends received deductions, (b) deductions for dividends paid on certain stock of public utilities, (c) deductions for dividends paid by regulated investment companies and real estate investment trusts, (d) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts, and (e) Code section 806(a) small life insurance company deductions. As part of the consolidated reporting of tax accounts, dividends received deductions exclude deductions related to dividends distributed among member corporations that elected to file a consolidated tax return. Statutory special deductions were in addition to ordinary and necessary business deductions. In general, net income less statutory special deductions equals income subject to tax.

Total assets—This item represented those assets reported in the end-of-year balance sheets of the corporations' books of account. Total assets were net amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the reserve for bad debts.

Total deductions—This item includes the cost of goods sold, the ordinary and necessary business deductions from gross income, and the net loss from sales of noncapital assets.

Total income tax before and after credits—For 2010, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.5 percent of the total tax). The alternative minimum tax accounted for 1.4 percent of the total. A small number of corporation income tax returns without net income reported amounts of income tax. In these cases, income tax resulted from special provisions of the Internal Revenue Code applicable to life insurance operations. Additionally, some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture taxes. Thus, a small number of corporations without net income and income tax may have reported such taxes on their tax returns. These taxes were included in the statistics for total income tax. Also included in total income tax were personal holding company taxes and the taxes on undistributed net capital gains of regulated investment companies. Total income tax included an adjustment that could be either positive or negative. This adjustment was used for write-in amounts on the tax computation schedule (e.g., Schedule J of Form 1120), as well as for differences in total tax reported on the tax computation schedule and reported on the tax and payments section of the tax return (e.g., Page 1 of Form 1120). For 2010, the credits used to

reduce the total income tax of FCDCs primarily included the foreign tax credit (81.0 percent of the \$11.9 billion of total credits), the general business credit (15.9 percent), and the prior-year minimum tax credit (3.0 percent), as well as small amounts of other credits.

Total receipts—This item includes all of the income actually (as opposed to constructively) received by a corporation and reported on its income tax return. It includes gross taxable receipts (i.e., business receipts, taxable interest, rents, royalties, most net capital gains, net noncapital gains, dividends received, and other receipts), before the deduction of cost of goods sold and ordinary and necessary business expenses. It also includes tax-exempt interest received on State and local government obligations. A domestic corporation (i.e., one incorporated in the United States), whether controlled by a foreign person or not, could have business activities in a foreign country, as well as in the United States. Thus, total receipts may include those from foreign branch operations of the U.S. company. Also, the total receipts of a domestic corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries. However, total receipts exclude certain taxable income from related foreign corporations that is only constructively received by the domestic corporation. Also excluded from this item are long-term capital gains of regulated investment companies, as well as taxable interest, rents, royalties, net capital gains, and dividends received from S corporations.

Total receipts less total deductions—This item differs from the "net income (less deficit)" shown in the statistics in that it includes nontaxable interest received on State and local government obligations, and excludes constructive taxable income from related foreign corporations.

Data Sources and Limitations

Period Covered

Data for Tax Year 2010 are based on returns with accounting periods ending between July 2010 and June 2011. These accounting periods were 12 months in length, or less for part-year accounting periods. Because of the 12-month span for ending accounting periods, the statistics include accounting periods that began and ended within a 23-month span. For Tax Year 2010, that span was from August 2009 through June 2011. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2010. Of the 73,210 FCDC returns filed for Tax Year 2010, some 53,302 had accounting periods that ended in December 2010, nearly 73 percent of the total. These returns accounted for over 76 percent of both the

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receipts and deductions reported by all FCDCs, as well as over 82 percent of the FCDC assets.

The sampling frame for the 2010 statistics consisted, in general, of tax returns with accounting periods that ended between July 2010 and June 2011, and that posted to the IRS Business Master File between July 2010 and June 2012. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2011. Second, while corporation returns must be filed within 2 1/2 months after the close of the accounting period, many corporations requested and received filing extensions of 6 months. Third, normal administrative processing time lags required that the sampling process remained open until June 2012.

Returns Covered

The number of corporate income tax returns represent returns of “active” corporations, i.e., those that reported any income or deduction items. While any corporation in existence during any portion of the taxable year was required to file an income tax return (even though it may have been inactive, not having any income or deductions), the great majority of returns filed with the Internal Revenue Service were for active corporations. Part-year returns, those filed for accounting periods of less than 12 months, were included in the number of returns and other data shown in this article. Continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations filed such returns. To avoid double counting, data from the balance sheets of part-year returns were not included in the statistics, except for those from initial returns of newly incorporated businesses.

Sample

This article presents statistical estimates based on a stratified sample of nearly 9,600 unaudited tax returns selected from over 73,200 returns of active domestic corporations controlled by a foreign person filed for Tax Year 2010. The statistics for FCDCs are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the statistics for all FCDCs include data from the small numbers of other domestic corporation income tax returns filed on Forms 1120L (*U.S. Life Insurance Company Income Tax Return*), 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*), 1120-REIT (*U.S. Income*

Tax Return for Real Estate Investment Trusts), and 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*). For Tax Year 2010, the population estimates of FCDCs by form type are 72,592 Forms 1120, 245 Forms 1120-RIC, 142 Forms 1120-REIT, 48 Forms 1120-PC, and 33 Forms 1120L.²⁰

Form 1120 sampled returns were stratified based on the size of total assets and the size of “proceeds” (which was used as a measure of income and was the larger of the absolute value of net income or deficit or the absolute value of “cash flow,” i.e., net income plus depreciation plus depletion). Forms 1120L, 1120-RIC, 1120-REIT, and 1120-PC were sampled based solely on the size of total assets.

For 2010, the sampling rates for Forms 1120 alone (the majority of returns included in the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of \$50 million or more, or with “proceeds” of \$10 million or more, were selected for the Statistics of Income study at the 100-percent rate. For additional information on the sampling rates, see *Statistics of Income—2010, Corporation Income Tax Returns*.

Because the data presented are estimates based on samples, they are subject to sampling error. To use these data properly, the magnitude of the sampling error should be known. Coefficients of variation (CVs) are used to measure that magnitude. The smaller the CV, the more reliable the estimate is judged to be. Figure I shows CVs for selected financial data of selected industrial sectors and selected countries of the foreign owners. For a general discussion of sampling procedures and CVs, see “Sampling Methodology and Data Limitations” located near the back of this issue of the *Statistics of Income Bulletin*.

Nonsampling Limitations

Nonsampling errors can be categorized as coverage errors, nonresponse errors, processing errors, or response errors. These errors can result from the inability to obtain information about all returns in the sample, differing interpretations of tax concepts or instructions by taxpayers, inability of a corporation to provide accurate information at the time of filing (data are collected before auditing), inability to obtain all tax schedules and attachments, errors in recording or coding the data, errors in collecting or cleaning the data, errors made in estimating for missing data, and failure to represent all population units.

²⁰ The count of 33 Forms 1120L does not include returns of life insurance companies that were filed as part of consolidated returns under IRC section 1504(c). Under this section, a nonlife insurance parent company could include a domestic life insurance subsidiary in a consolidated return. For 2010, there were 151 section 1504(c) returns included in the FCDCs collective total of 73,210. Of this number, 73 returns had a property/casualty insurance company as the largest subsidiary (based on income), another 66 returns had a noninsurance company as the largest subsidiary, and 12 returns had a life insurance company as the largest subsidiary.

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Figure I

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sectors and Selected Countries of Foreign Owners, Tax Year 2010

Selected industrial sector or country	Coefficients of variation (percentages)						
	Number of returns	Total assets	Total receipts	Net income	Deficit	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	3.07	0.01	0.14	0.17	0.36	0.16	0.20
Selected industrial sectors:							
Construction	27.21	0.82	1.20	3.56	2.19	3.65	3.67
Finance and insurance	12.78	0.01	0.16	0.18	0.69	0.33	0.34
Information	19.07	0.15	2.17	0.79	2.72	0.88	0.93
Management of companies (holding companies)	13.77	0.05	0.14	0.71	1.38	0.64	0.89
Manufacturing	9.58	0.03	0.09	0.16	0.60	0.20	0.27
Professional, scientific, and technical services	10.72	0.34	1.03	0.87	3.34	0.92	1.00
Real estate and rental and leasing	6.47	0.44	2.01	7.60	1.82	3.47	3.45
Retail trade	18.91	0.46	0.57	1.25	4.33	1.29	1.32
Wholesale trade	5.84	0.15	0.39	0.55	1.26	0.63	0.68
Selected countries of foreign owners:							
Bermuda	40.30	0.25	0.95	0.93	1.67	1.00	2.23
Canada	7.78	0.07	0.64	0.89	0.84	0.94	0.94
France	17.30	0.04	0.38	0.39	0.92	0.38	0.46
Germany	11.18	0.06	0.37	0.43	1.69	0.72	0.81
Japan	10.22	0.10	0.40	0.44	1.02	0.47	0.52
Netherlands	18.98	0.06	0.75	0.63	1.26	0.66	0.90
South Korea, Republic of	23.66	0.85	1.03	2.09	4.88	2.81	2.83
Sweden	21.15	0.42	0.89	1.96	7.97	2.60	2.59
Switzerland	16.03	0.04	0.35	0.25	2.57	0.30	0.32
United Kingdom	10.80	0.03	0.18	0.22	1.61	0.23	0.37
Venezuela	28.95	1.11	1.20	33.42	5.72	35.24	35.72

Returns were selected for this study based on taxpayers' responses to two questions on Forms 1120. The first question asked whether one "foreign person" owned, directly or indirectly, 25 percent or more of the filing corporation's voting stock or the total value of all the corporation's stock, at any time during the tax year. If this question was answered "Yes," then a second question asked for the percentage owned.²¹ If the percentage owned fell between 50 percent and 100 percent, then the return was included in the FCDC statistics. Taxpayers sometimes incorrectly answered these questions or did not answer them at all.²² However, prior to tabulation, corporations with large amounts of assets or receipts, and changes in foreign ownership status between 2009

and 2010, were researched and their answers to questions verified. These large corporations had a dominating effect on the estimates for balance sheet, income statement, and tax items.

Each return used for the statistics had an industry code reported, or was assigned one during administrative or statistical processing, and was classified according to the North American Industry Classification System (NAICS). The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of the total receipts) of the corporation filing the return. However, a given return may summarize the activity of a company engaged in several businesses or may have been a consolidated return filed for an

²¹ On Form 1120, Page 4, Schedule K, the actual questions were: "(7) At any time during the tax year, did one foreign person own, directly or indirectly, at least 25 percent of: (a) the total voting power of all classes of the corporation's stock entitled to vote, or (b) the total value of all classes of the corporation's stock?" and "(7i) If 'Yes,' enter percentage owned." There was an additional question used for the country distribution of these statistics, which was: "(7ii) If 'Yes,' enter owner's country."

²² The FCDC statistics include data from returns in which the first question (see footnote 21) was answered "Yes," and the second question covering percentage owned was not answered. There were 1,468 returns for Tax Year 2010 included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported \$2.6 billion of assets and \$3.4 billion of receipts.

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affiliated group of corporations that conducted different business activities. To the extent that some consolidated (and nonconsolidated) returns covered corporations that were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

There is an additional limitation related to data presented by industrial classification. Companies that sell similar products may not be classified in the same industry. For instance, those FCDCs that were primarily U.S. distributors of products made in foreign countries by their parent or other related companies were classified as wholesalers. However, other domestic corporations that were also distributors may have been included in consolidated returns covering both the manufacture and distribution of similar products and classified as manufacturers.

Each return was assigned a foreign country code that identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country in which the foreign entity was incorporated, organized, created, or administered. To the extent that a holding company or other affiliated entity was part of a chain between a U.S. subsidiary company and the ultimate foreign parent, the country data may be related to the holding company and, thus, may not be related to the foreign country of the ultimate parent.

Appendix A

REITs, RICs, and S Corporations Filed by Foreign-Controlled Domestic Corporations (FCDCs) and Other Domestic Corporations (ODCs), Tax Year 2010

[Money amounts are in millions of dollars]

Type of corporation and item	FCDCs	ODCs
Real Estate Investment Trusts (REITs):		
Number of returns	142	1,624
Total assets	62,971	1,238,442
Total receipts	4,343	104,701
Net income (less deficit)	603	41,058
Income subject to tax	0	56
Total income tax after credits	3	28
Regulated Investment Companies (RICs):		
Number of returns	245	13,011
Total assets	180,819	14,314,899
Total receipts	4,881	347,836
Net income (less deficit)	3,764	241,222
Income subject to tax	0	78
Total income tax after credits	0	3
S Corporations:		
Number of returns	0	4,127,554
Total assets	0	3,324,883
Total receipts	0	5,684,431
Total net income (less deficit)	0	334,094
Net income (less deficit) from a trade or business	0	269,012
Total income tax before credits	0	260

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Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2010

[All figures are estimates based on samples--money amounts are in millions of dollars]

Item	1971	1990	2000	2001	2007	2008	2009	2010
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL CORPORATIONS								
Number of returns, total	1,733,332	3,716,650	5,045,274	5,135,591	5,868,849	5,847,221	5,824,545	5,813,725
Number with net income	1,063,940	1,910,670	2,819,153	2,822,302	3,367,720	3,183,821	3,148,768	3,264,726
Total assets	2,889,221	18,190,058	47,026,872	49,154,424	81,486,346	76,799,144	75,965,019	79,904,747
Total receipts	1,906,008	11,409,520	20,605,808	20,272,958	28,762,924	28,589,771	24,772,531	26,198,523
Business receipts	1,763,760	9,860,442	17,636,551	17,504,289	24,217,396	24,718,122	21,584,886	23,058,235
Interest received [1]	65,596	942,238	1,576,101	1,499,683	2,569,844	2,108,790	1,478,717	1,306,237
Total deductions	1,824,063	11,032,575	19,691,592	19,682,983	26,974,257	27,686,727	23,943,765	24,944,311
Cost of goods sold	1,241,282	6,610,770	11,135,288	11,041,533	15,513,227	16,080,387	13,286,300	14,501,547
Interest paid	64,697	825,372	1,271,679	1,203,046	2,085,113	1,658,636	1,069,664	888,206
Total receipts less total deductions	81,945	376,945	914,216	589,975	1,788,667	903,044	828,766	1,254,212
Net income (less deficit)	79,700	370,633	927,526	603,623	1,836,783	984,342	918,953	1,356,496
Net income	96,688	552,527	1,336,620	1,112,481	2,252,874	1,806,890	1,614,867	1,836,377
Deficit	-16,988	-181,894	-409,094	-508,858	-416,091	-822,548	-695,913	-479,881
Income subject to tax	83,165	366,353	760,404	635,257	1,248,285	978,153	894,850	1,022,175
Total income tax before credits	37,510	128,186	266,282	220,874	437,076	342,381	313,464	358,414
Income tax	37,143	119,434	262,233	218,676	433,493	339,726	310,112	354,922
Total income tax after credits	30,220	96,403	204,044	166,712	331,374	228,523	204,996	222,969
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Number of returns, total	5,154	44,113	60,609	60,618	64,026	66,797	66,197	73,210
Number with net income	2,575	17,360	26,519	24,898	30,929	28,399	25,158	31,473
Total assets	36,674	1,652,255	6,071,994	6,499,997	11,161,430	10,887,289	10,461,430	11,245,199
Total receipts	39,181	1,060,295	2,612,072	2,482,900	4,217,409	4,367,410	3,518,194	4,056,172
Business receipts	38,043	950,083	2,253,215	2,144,066	3,597,435	3,855,657	3,147,948	3,671,712
Interest received [1]	420	67,315	180,006	172,093	387,460	288,390	175,969	161,677
Total deductions	38,050	1,056,921	2,549,986	2,478,642	4,071,891	4,351,886	3,487,675	3,966,077
Cost of goods sold	28,804	709,052	1,584,513	1,501,678	2,638,722	2,849,635	2,204,868	2,655,897
Interest paid	733	77,562	186,835	177,677	360,439	252,292	151,639	136,187
Total receipts less total deductions	1,132	3,374	62,085	4,258	145,518	15,524	30,519	90,095
Net income (less deficit)	1,111	3,966	66,312	8,303	152,261	21,769	36,431	99,173
Net income	1,496	29,410	118,598	94,331	226,419	172,866	152,727	174,256
Deficit	-384	-25,444	-52,287	-86,028	-74,158	-151,097	-116,296	-75,083
Income subject to tax	1,344	23,704	97,515	76,069	183,840	140,227	105,152	127,237
Total income tax before credits	650	8,719	34,650	26,827	65,071	49,407	37,783	45,078
Income tax	631	8,008	33,950	26,390	64,192	48,846	36,631	44,404
Total income tax after credits	610	7,438	28,073	21,774	52,845	38,234	28,271	33,192

Footnotes at end of table.

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Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2010—Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Item	1971	1990	2000	2001	2007	2008	2009	2010
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS								
Number of returns, total	0.30	1.19	1.20	1.18	1.09	1.14	1.14	1.26
Number with net income	0.24	0.91	0.94	0.88	0.92	0.89	0.80	0.96
Total assets	1.27	9.08	12.91	13.22	13.70	14.18	13.77	14.07
Total receipts	2.06	9.29	12.68	12.25	14.66	15.28	14.20	15.48
Business receipts	2.16	9.64	12.78	12.25	14.85	15.60	14.58	15.92
Interest received [1]	0.64	7.14	11.42	11.48	15.08	13.68	11.90	12.38
Total deductions	2.09	9.58	12.95	12.59	15.10	15.72	14.57	15.90
Cost of goods sold	2.32	10.73	14.23	13.60	17.01	17.72	16.60	18.31
Interest paid	1.13	9.40	14.69	14.77	17.29	15.21	14.18	15.33
Total receipts less total deductions	1.38	0.90	6.79	0.72	8.14	1.72	3.68	7.18
Net income (less deficit)	1.39	1.07	7.15	1.38	8.29	2.21	3.96	7.31
Net income	1.55	5.32	8.87	8.48	10.05	9.57	9.46	9.49
Deficit	2.26	13.99	12.78	16.91	17.82	18.37	16.71	15.65
Income subject to tax	1.62	6.47	12.82	11.97	14.73	14.34	11.75	12.45
Total income tax before credits	1.73	6.80	13.01	12.15	14.89	14.43	12.05	12.58
Income tax	1.70	6.70	12.95	12.07	14.81	14.38	11.81	12.51
Total income tax after credits	2.02	7.72	13.76	13.06	15.95	16.73	13.79	14.89

[1] Excludes nontaxable interest received on State and local government obligations.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data. See *Statistics of Income--Corporation Income Tax Returns*, selected years, for discussions of changes affecting the comparability of the data over time.

Source: IRS, Statistics of Income Division, February 2013.

Foreign-Controlled Domestic Corporations, 2010

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2010

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries	73,210	31,473	23,088	11,245,199	2,317,910	4,056,172	3,671,712	3,966,077
Agriculture, forestry, fishing, and hunting	695	217	158	9,235	4,350	9,479	9,108	9,335
Agricultural production	650	210	151	8,519	4,079	8,838	8,568	8,699
Forestry and logging	* 8	d	d	* 468	* 239	* 453	* 441	* 447
Support activities and fishing, hunting, and trapping	* 37	d	d	* 248	* 32	* 188	* 99	* 189
Mining	997	371	296	234,154	92,968	96,576	88,254	88,763
Utilities	139	56	59	125,837	33,739	61,261	57,443	64,622
Construction	1,415	386	235	44,669	9,493	42,013	40,506	43,333
Construction of buildings	154	49	37	20,995	4,516	25,758	24,997	26,928
Heavy and civil engineering construction	586	96	83	16,792	3,563	10,348	9,819	10,479
Specialty trade contractors	675	242	115	6,882	1,414	5,908	5,690	5,926
Manufacturing	7,903	3,983	2,724	2,634,340	724,684	1,841,444	1,768,402	1,798,589
Food manufacturing	834	450	148	82,784	23,417	91,996	90,759	89,330
Beverage and tobacco product manufacturing	339	280	21	98,729	20,926	34,736	33,065	32,414
Textile mills and textile product mills	136	105	94	5,763	2,056	7,076	7,004	6,869
Apparel manufacturing	311	11	10	1,045	517	1,234	1,211	1,261
Leather and allied product manufacturing	d	d	d	d	d	d	d	d
Wood product manufacturing	155	83	83	6,021	2,216	7,332	7,271	7,462
Paper manufacturing	97	52	49	29,421	8,824	18,017	17,660	17,603
Printing and related support activities	54	37	34	2,831	873	4,339	3,992	4,368
Petroleum and coal products manufacturing	61	15	14	794,132	148,094	568,996	555,103	561,636
Chemical manufacturing	479	309	294	405,355	110,547	270,228	249,770	252,021
Plastics and rubber products manufacturing	420	287	156	55,444	17,546	52,673	51,382	51,653
Nonmetallic mineral product manufacturing	131	88	76	105,086	41,634	43,754	41,681	45,690
Primary metal manufacturing	214	89	80	66,696	12,040	76,015	74,396	76,492
Fabricated metal product manufacturing	723	236	170	56,995	16,331	43,408	42,393	42,361
Machinery manufacturing	1,146	580	412	145,615	51,253	98,143	94,140	96,432
Computer and electronic product manufacturing	1,105	618	488	203,345	83,298	107,860	103,534	107,513
Electrical equipment, appliance, and component manufacturing	328	177	146	61,944	26,481	33,346	32,659	32,718
Transportation equipment manufacturing	569	366	274	421,848	145,488	314,882	301,319	309,444
Furniture and related product manufacturing	157	12	4	1,489	210	2,407	2,395	2,434
Miscellaneous manufacturing	d	d	d	d	d	d	d	d
Wholesale and retail trade	21,327	10,911	7,655	730,649	214,506	1,089,889	1,064,805	1,075,706
Wholesale trade	16,996	9,374	6,805	647,781	190,521	952,828	931,054	940,590
Wholesale trade, durable goods	12,310	6,267	4,651	349,115	92,856	555,675	542,837	551,612
Wholesale trade, nondurable goods	4,531	3,032	2,079	298,467	97,677	397,128	388,198	388,917
Wholesale electronic markets and agents and brokers	* 155	* 75	* 75	* 200	* -12	* 24	* 20	* 60
Retail trade	4,331	1,536	850	82,868	23,986	137,061	133,751	135,116
Motor vehicle dealers and parts dealers	344	40	33	2,445	771	5,878	5,652	5,878
Furniture and home furnishings stores	414	91	58	6,796	428	6,028	6,011	5,957
Electronics and appliance stores	514	410	107	1,368	-536	3,519	3,447	3,420
Building material and garden equipment and supplies dealers	* 49	* 18	* 18	* 457	* 107	* 671	* 668	* 678
Food, beverage and liquor stores	182	100	95	35,953	12,662	72,641	71,797	71,978
Health and personal care stores	300	14	14	952	258	1,069	990	1,070
Gasoline stations	93	d	d	3,522	923	16,066	15,905	15,981
Clothing and clothing accessories stores	782	110	105	19,445	6,008	17,661	16,824	17,071
Sporting goods, hobby, book, and music stores	161	30	0	854	160	922	846	961
General merchandise stores	* 231	d	d	* 465	* 94	* 787	* 773	* 778
Miscellaneous store retailers	587	287	253	2,628	567	1,763	1,296	1,692
Nonstore retailers	673	343	73	7,983	2,543	10,057	9,544	9,652

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2010

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2010—Continued

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transportation and warehousing	1,870	1,296	883	80,864	24,504	68,277	65,635	68,275
Air, rail, and water transportation	175	31	29	22,766	6,799	14,450	14,313	14,162
Truck transportation	93	44	39	1,527	427	3,511	3,435	3,480
Transit and ground passenger transportation	* 300	* 295	* 292	* 7,777	* 1,406	* 6,133	* 5,810	* 6,039
Pipeline transportation	6	6	5	3,261	1,655	5,110	4,949	4,938
Other transportation and support activities	955	603	219	36,490	9,604	35,849	34,044	36,428
Warehousing and storage	342	316	297	9,043	4,613	3,224	3,083	3,228
Information	2,637	1,047	833	295,694	119,320	108,398	94,271	104,790
Publishing industries	821	367	208	74,247	15,985	34,794	29,991	32,890
Motion picture and sound recording industries	600	131	127	29,439	13,254	11,375	8,545	11,880
Broadcasting (except Internet)	34	6	d	3,938	1,093	930	772	815
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	328	188	168	156,825	77,234	45,668	40,335	43,800
Data processing, hosting, and related services	77	7	d	8,908	3,130	3,213	2,955	3,097
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	777	348	324	22,337	8,623	12,418	11,672	12,309
Finance and insurance	3,074	1,428	1,030	5,278,447	715,476	406,997	241,307	386,896
Credit intermediation	169	95	88	422,771	42,044	23,360	11,268	22,929
Depository credit intermediation	34	22	19	217,297	22,343	11,118	1,364	9,686
Nondepository credit intermediation	135	73	69	205,474	19,702	12,242	9,904	13,244
Securities, commodity contracts, and other financial investments and related activities	1,457	739	623	2,748,519	130,967	103,612	37,684	96,015
Insurance carriers and related activities	332	218	212	1,873,248	345,638	272,772	192,354	264,793
Funds, trusts, and other financial vehicles	1,116	377	107	233,909	196,827	7,252	1	3,159
Real estate and rental and leasing	14,660	4,199	2,732	184,846	64,352	25,968	16,902	27,974
Real estate	14,181	3,951	2,524	141,147	52,615	15,575	8,030	16,693
Rental and leasing services	460	245	205	35,485	6,464	9,764	8,271	10,669
Lessors of nonfinancial intangible assets (except copyrighted works)	* 19	3	3	* 8,214	* 5,272	* 628	* 601	* 612
Professional, scientific, and technical services	9,563	3,723	3,241	193,190	64,780	124,338	116,436	119,341
Management of companies (holding companies)	3,391	1,032	850	1,264,710	206,691	73,507	10,502	72,632
Administrative and support and waste management and remediation services	1,833	1,209	1,074	64,239	17,076	47,279	44,802	46,330
Administrative and support services	1,823	1,205	d	56,613	12,986	42,570	40,261	41,888
Waste management and remediation services	10	4	d	7,626	4,090	4,709	4,542	4,442
Educational services	307	261	11	4,541	1,755	1,992	1,898	1,903
Health care and social assistance	382	12	8	33,464	6,372	13,590	12,626	12,780
Offices of health practitioners and outpatient care centers	* 261	d	d	* 24,013	* 5,079	* 7,705	* 7,163	* 6,937
Miscellaneous health care and social assistance	117	8	5	7,467	949	3,979	3,930	4,004
Hospitals, nursing, and residential care facilities	* 4	d	d	* 1,984	* 344	* 1,906	* 1,533	* 1,839
Arts, entertainment, and recreation	1,479	420	415	11,170	3,181	5,345	4,800	5,870
Amusement, gambling, and recreation industries	360	35	30	9,101	2,959	3,506	3,349	3,972
Other arts, entertainment, and recreation	1,118	385	385	2,069	222	1,839	1,451	1,899
Accommodation and food services	708	232	203	47,900	13,528	31,041	25,521	30,501
Accommodation	213	95	73	26,748	10,577	6,935	4,579	7,117
Food services and drinking places	494	137	130	21,152	2,951	24,106	20,942	23,384
Other services	830	690	680	7,250	1,132	8,777	8,496	8,436
Repair and maintenance	635	612	611	4,658	1,054	6,941	6,818	6,824
Personal and laundry services	195	78	69	2,592	77	1,837	1,677	1,611

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2010

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2010—Continued

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All industries	2,655,897	90,095	99,173	174,256	-75,083	127,237	45,078	33,192
Agriculture, forestry, fishing, and hunting	7,305	145	149	354	-205	268	93	81
Agricultural production	6,834	139	143	332	-188	248	86	74
Forestry and logging	* 393	* 7	* 7	d	d	d	d	d
Support activities and fishing, hunting, and trapping	* 77	* -1	* -1	d	d	d	d	d
Mining	46,857	7,812	8,329	15,549	-7,221	11,291	4,122	1,809
Utilities	40,118	-3,361	-3,364	707	-4,071	450	163	151
Construction	34,740	-1,320	-1,307	1,103	-2,410	762	279	257
Construction of buildings	22,913	-1,170	-1,156	448	-1,605	282	107	105
Heavy and civil engineering construction	7,541	-131	-132	385	-517	307	111	94
Specialty trade contractors	4,286	-19	-19	270	-288	172	60	58
Manufacturing	1,363,232	42,856	47,089	65,683	-18,594	51,900	18,305	12,424
Food manufacturing	60,787	2,666	2,676	3,456	-780	2,680	941	898
Beverage and tobacco product manufacturing	14,373	2,322	2,349	2,414	-65	2,272	795	780
Textile mills and textile product mills	5,401	206	215	287	-72	242	84	78
Apparel manufacturing	898	-27	-27	27	-54	20	7	7
Leather and allied product manufacturing	d	d	d	d	d	d	d	d
Wood product manufacturing	5,901	-130	-130	84	-214	65	22	22
Paper manufacturing	13,590	413	416	600	-183	246	92	86
Printing and related support activities	2,939	-29	-29	86	-115	76	26	25
Petroleum and coal products manufacturing	503,258	7,360	9,048	10,406	-1,358	10,300	3,611	494
Chemical manufacturing	153,326	18,207	19,297	21,498	-2,201	18,609	6,520	4,931
Plastics and rubber products manufacturing	37,169	1,020	1,099	1,489	-390	994	359	280
Nonmetallic mineral product manufacturing	29,666	-1,936	-1,890	992	-2,883	727	267	237
Primary metal manufacturing	65,157	-477	-473	1,525	-1,998	1,158	410	382
Fabricated metal product manufacturing	30,356	1,047	1,122	1,610	-488	1,360	476	378
Machinery manufacturing	67,331	1,711	1,978	3,580	-1,602	3,038	1,061	837
Computer and electronic product manufacturing	68,597	346	842	3,804	-2,962	2,743	971	780
Electrical equipment, appliance, and component manufacturing	22,486	628	811	1,185	-374	942	330	214
Transportation equipment manufacturing	243,015	5,438	5,541	7,839	-2,298	2,407	916	756
Furniture and related product manufacturing	1,723	-27	-27	30	-57	22	8	6
Miscellaneous manufacturing	d	d	d	d	d	d	d	d
Wholesale and retail trade	872,673	14,183	14,677	26,016	-11,339	21,374	7,414	6,523
Wholesale trade	776,288	12,238	12,724	22,464	-9,740	18,691	6,479	5,654
Wholesale trade, durable goods	455,874	4,063	4,384	9,554	-5,170	7,318	2,524	2,227
Wholesale trade, nondurable goods	320,414	8,211	8,376	12,906	-4,530	11,371	3,954	3,427
Wholesale electronic markets and agents and brokers	* 0	* -36	* -36	* 4	* -40	* 2	* 1	* 1
Retail trade	96,385	1,946	1,953	3,552	-1,598	2,683	936	869
Motor vehicle dealers and parts dealers	5,010	0	0	40	-40	39	13	12
Furniture and home furnishings stores	3,433	71	71	192	-121	191	66	66
Electronics and appliance stores	2,395	99	99	192	-93	102	35	34
Building material and garden equipment and supplies dealers	* 582	* -7	* -7	* 3	* -10	* 3	* 1	* 1
Food, beverage and liquor stores	52,488	663	663	1,277	-614	1,234	432	419
Health and personal care stores	522	-1	0	51	-52	14	5	5
Gasoline stations	13,966	85	85	d	d	d	d	d
Clothing and clothing accessories stores	8,281	589	591	1,113	-522	821	287	241
Sporting goods, hobby, book, and music stores	523	-38	-38	9	-48	0	0	0
General merchandise stores	* 490	* 9	* 9	d	d	d	d	d
Miscellaneous store retailers	683	70	70	117	-47	99	34	34
Nonstore retailers	8,012	405	409	441	-32	68	23	23

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2010

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2010—Continued

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Transportation and warehousing	30,221	2	64	1,509	-1,445	919	319	268
Air, rail, and water transportation	5,727	288	342	402	-59	312	111	69
Truck transportation	2,059	31	31	78	-47	68	23	23
Transit and ground passenger transportation	* 1,338	* 94	* 94	* 125	* -31	* 7	* 3	* 2
Pipeline transportation	4,645	172	172	172	0	35	15	15
Other transportation and support activities	15,799	-579	-571	577	-1,148	374	127	120
Warehousing and storage	653	-4	-4	156	-160	124	40	40
Information	36,164	3,607	3,774	6,839	-3,065	4,838	1,700	1,507
Publishing industries	8,931	1,904	1,999	3,355	-1,356	2,418	849	754
Motion picture and sound recording industries	4,100	-505	-458	282	-740	148	48	44
Broadcasting (except Internet)	157	115	115	154	-39	89	32	d
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	17,299	1,868	1,885	2,317	-431	1,602	567	503
Data processing, hosting, and related services	670	116	117	303	-186	276	97	d
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	5,007	109	115	428	-313	305	107	80
Finance and insurance	141,262	20,101	19,359	30,146	-10,788	14,677	5,284	4,730
Credit intermediation	246	431	290	2,067	-1,776	982	415	377
Depository credit intermediation	0	1,433	1,389	1,492	-103	545	261	254
Nondepository credit intermediation	246	-1,002	-1,099	575	-1,674	437	155	123
Securities, commodity contracts, and other financial investments and related activities	105	7,597	7,603	11,644	-4,041	4,988	1,774	1,605
Insurance carriers and related activities	140,910	7,980	7,372	11,782	-4,410	8,345	2,964	2,621
Funds, trusts, and other financial vehicles	0	4,094	4,094	4,654	-560	363	129	128
Real estate and rental and leasing	2,407	-2,006	-2,023	2,752	-4,776	1,328	470	448
Real estate	241	-1,117	-1,117	2,429	-3,546	1,109	394	386
Rental and leasing services	2,143	-905	-923	293	-1,216	198	69	54
Lessors of nonfinancial intangible assets (except copyrighted works)	* 23	* 16	* 17	30	-14	21	8	8
Professional, scientific, and technical services	36,650	4,996	5,319	8,884	-3,566	6,875	2,406	2,021
Management of companies (holding companies)	1,924	875	4,605	9,880	-5,275	8,715	3,180	1,974
Administrative and support and waste management and remediation services	19,029	950	1,013	1,535	-521	916	323	260
Administrative and support services	18,506	682	745	1,238	-493	912	317	d
Waste management and remediation services	523	267	268	297	-28	3	6	d
Educational services	579	89	94	132	-38	111	39	29
Health care and social assistance	4,224	810	812	929	-117	856	300	294
Offices of health practitioners and outpatient care centers	* 3,461	* 768	* 768	d	d	d	d	d
Miscellaneous health care and social assistance	757	-25	-22	53	-76	4	2	1
Hospitals, nursing, and residential care facilities	* 6	* 66	* 66	d	d	d	d	d
Arts, entertainment, and recreation	1,236	-525	-512	168	-680	148	50	49
Amusement, gambling, and recreation industries	938	-466	-452	61	-513	57	19	19
Other arts, entertainment, and recreation	298	-59	-59	107	-166	91	30	30
Accommodation and food services	11,791	540	705	1,630	-925	1,412	496	263
Accommodation	492	-182	-172	295	-467	255	88	59
Food services and drinking places	11,299	722	878	1,335	-458	1,157	407	204
Other services	5,484	342	390	439	-49	396	138	104
Repair and maintenance	5,166	116	116	141	-25	113	39	30
Personal and laundry services	318	225	274	298	-24	283	99	75

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

d—Not shown to avoid disclosure of information about specific corporations. However, data are included in the appropriate totals.

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

Source: IRS, Statistics of Income Division, February 2013.

Foreign-Controlled Domestic Corporations, 2010

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Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2010

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

Age of corporation and selected country of foreign owner	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All foreign-controlled domestic corporations	73,210	31,473	23,088	11,245,199	2,317,910	4,056,172	3,671,712	3,966,077
AGE OF CORPORATION								
Old corporations:								
Number or amount	58,429	26,682	18,923	10,567,295	2,052,318	3,807,609	3,443,775	3,722,665
Percentage of all corporations	79.8	84.8	82.0	94.0	88.5	93.9	93.8	93.9
New corporations:								
Number or amount	14,782	4,792	4,165	677,904	265,591	248,563	227,937	243,413
Percentage of all corporations	20.2	15.2	18.0	6.0	11.5	6.1	6.2	6.1
SELECTED COUNTRY OF FOREIGN OWNER								
Selected countries, total	65,890	29,160	21,901	11,184,191	2,302,984	4,024,506	3,642,229	3,932,153
Percentage of all countries	90.0	92.7	94.9	99.5	99.4	99.2	99.2	99.1
Selected countries:								
Argentina	1,096	830	802	939	299	817	807	866
Australia	1,785	593	490	164,402	42,701	58,265	52,485	54,630
Austria	904	320	229	11,962	3,852	17,636	17,323	17,275
Belgium	385	151	125	39,629	10,068	40,663	39,327	40,530
Bermuda	660	135	116	114,516	35,111	41,094	36,964	41,533
Brazil	1,512	1,203	1,143	29,744	11,546	35,404	34,449	34,928
British Virgin Islands [1]	2,965	739	473	29,994	5,970	25,200	23,267	24,849
Canada	10,284	4,425	3,494	1,267,869	265,982	344,753	302,717	345,634
Cayman Islands	2,243	651	517	90,759	42,450	34,875	29,780	35,576
China	1,822	845	436	14,256	2,770	16,865	16,391	16,989
China (Taiwan)	961	399	219	16,998	4,831	34,278	33,982	33,824
Cyprus	126	20	20	6,060	939	11,649	11,364	11,676
Denmark	309	117	113	21,825	7,463	24,523	23,538	24,298
Finland	51	35	34	21,146	11,108	16,385	14,945	16,055
Former Soviet Union [2]	751	387	17	14,534	5,232	13,246	12,771	14,194
France	2,352	1,092	615	1,174,137	296,319	256,356	214,033	247,777
Germany	4,498	2,456	1,655	1,189,157	264,165	403,873	365,187	386,431
Hong Kong	697	327	259	18,655	2,616	14,035	13,699	14,251
Hungary	86	21	20	14,242	1,502	12,240	11,817	11,598
India	1,706	846	716	19,741	3,976	25,358	25,040	25,487
Ireland	548	247	228	133,894	41,667	49,071	43,325	47,859
Isles of Man, Jersey, and Guernsey	271	72	66	24,363	8,608	6,904	6,031	6,416
Israel	1,258	430	324	54,236	15,698	32,096	30,814	32,016
Italy	2,446	687	377	61,517	25,215	45,577	43,919	44,771
Japan	6,204	2,905	2,455	984,276	241,013	610,660	583,527	599,534
Liechtenstein	271	75	50	4,625	1,592	6,288	6,168	6,117
Luxembourg	415	209	164	105,643	28,857	52,500	47,091	52,224
Mexico	2,666	1,626	1,150	48,915	23,961	41,174	38,086	38,057
Netherlands	1,507	947	769	1,044,821	148,556	267,614	232,252	263,230
Netherlands Antilles	405	109	108	23,153	11,851	14,775	13,810	14,350
New Zealand	62	48	38	17,760	3,829	5,750	5,513	5,692
Norway	565	131	93	26,318	7,002	16,888	16,333	18,179
Panama	1,258	350	262	13,385	5,144	4,830	4,606	4,696
Puerto Rico	31	d	d	10,601	1,410	747	237	1,222
Saudi Arabia	57	d	d	9,357	4,932	9,949	9,634	9,754
Singapore	234	97	76	32,124	19,250	16,669	16,483	16,667
South Africa, Republic of	69	37	10	3,898	1,232	5,129	4,881	4,849
South Korea, Republic of	1,754	577	297	55,318	12,460	105,351	103,148	104,952
Spain	1,247	691	412	224,927	51,766	40,604	29,559	40,208
Sweden	610	407	347	63,141	10,208	57,003	54,993	55,795
Switzerland	1,772	626	472	1,230,363	123,604	286,841	247,347	270,539
United Kingdom	5,952	2,678	2,140	2,730,597	493,421	885,455	789,715	861,011
Venezuela	1,095	567	563	20,394	2,808	35,316	34,871	35,614

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2010

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Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2010—Continued

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

Age of corporation and selected country of foreign owner	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All foreign-controlled domestic corporations	2,655,897	90,095	99,173	174,256	-75,083	127,237	45,078	33,192
AGE OF CORPORATION								
Old corporations:								
Number or amount	2,504,114	84,944	93,530	158,792	-65,262	115,247	40,826	29,417
Percentage of all corporations	94.3	94.3	94.3	91.1	86.9	90.6	90.6	88.6
New corporations:								
Number or amount	151,783	5,151	5,643	15,464	-9,821	11,989	4,253	3,775
Percentage of all corporations	5.7	5.7	5.7	8.9	13.1	9.4	9.4	11.4
SELECTED COUNTRY OF FOREIGN OWNER								
Selected countries, total	2,635,212	92,354	101,358	172,995	-71,636	126,179	44,712	32,895
Percentage of all countries	99.2	102.5	102.2	99.3	95.4	99.2	99.2	99.1
Selected countries:								
Argentina	640	-49	-49	39	-88	39	11	11
Australia	28,962	3,635	3,650	5,700	-2,050	3,732	1,392	311
Austria	13,134	361	360	548	-187	473	163	159
Belgium	27,531	133	162	945	-783	685	254	220
Bermuda	20,185	-439	-623	2,211	-2,835	1,724	613	254
Brazil	30,754	476	481	1,184	-703	911	287	275
British Virgin Islands [1]	17,189	351	355	1,215	-860	682	238	225
Canada	220,574	-880	-982	10,806	-11,787	7,808	2,919	2,507
Cayman Islands	17,557	-701	-641	3,424	-4,065	2,008	708	576
China	14,642	-124	-118	301	-419	201	70	56
China (Taiwan)	30,979	454	453	699	-246	506	177	142
Cyprus	10,648	-27	-27	197	-223	108	39	38
Denmark	16,672	225	251	743	-492	608	212	200
Finland	11,463	330	337	432	-95	364	128	116
Former Soviet Union [2]	11,558	-948	-783	559	-1,342	450	158	95
France	146,138	8,578	9,544	15,360	-5,816	11,682	4,108	3,168
Germany	239,449	17,442	17,883	22,513	-4,630	12,375	4,403	3,653
Hong Kong	11,932	-215	-215	150	-365	66	23	23
Hungary	8,534	642	798	891	-93	870	304	218
India	16,065	-128	-124	823	-947	458	160	156
Ireland	25,514	1,212	1,292	2,381	-1,089	1,660	586	478
Isles of Man, Jersey, and Guernsey	1,818	489	523	1,019	-496	983	344	234
Israel	23,543	80	66	969	-903	732	256	247
Italy	28,207	806	856	2,066	-1,209	1,561	551	479
Japan	449,042	11,126	11,661	19,268	-7,607	15,677	5,502	4,516
Liechtenstein	4,633	171	170	227	-57	194	69	69
Luxembourg	33,245	276	370	1,840	-1,470	1,101	392	320
Mexico	26,781	3,116	3,360	4,461	-1,101	1,906	674	319
Netherlands	159,333	4,383	4,966	10,573	-5,607	8,043	2,822	2,000
Netherlands Antilles	7,484	425	479	697	-218	672	234	165
New Zealand	4,253	57	61	135	-74	72	27	24
Norway	11,934	-1,491	-1,491	367	-1,858	290	102	99
Panama	3,288	134	187	279	-92	237	81	26
Puerto Rico	89	-476	-478	d	d	d	d	d
Saudi Arabia	8,516	195	194	d	d	d	d	d
Singapore	11,013	3	4	310	-306	214	74	64
South Africa, Republic of	3,937	280	282	335	-53	57	26	26
South Korea, Republic of	92,222	399	400	1,401	-1,002	759	274	256
Spain	17,728	396	284	2,418	-2,134	1,419	566	546
Sweden	41,210	1,208	1,249	1,620	-371	1,128	399	367
Switzerland	154,342	16,303	16,544	18,612	-2,068	13,127	4,616	3,994
United Kingdom	598,901	24,444	29,965	35,010	-5,045	30,353	10,662	6,182
Venezuela	33,573	-298	-298	60	-358	55	15	15

d—Not shown to avoid disclosure of information about specific corporations. However, data are included in the appropriate totals.

[1] Includes domestic corporations with owners from Tortola, Anegada, Jost Van Dykes, and Virgin Gorda.

[2] Includes domestic corporations with owners from Russia, Armenia, Uzbekistan, Ukraine, Turkmenistan, Tajikistan, Sakhalin Island, Moldova, Kyrgyzstan, Azerbaijan, Kazakhstan, Kurile Islands, Georgia, Belarus, and Estonia.

NOTES: "New" corporations were those with dates of incorporation between 2008 and 2011; "old" corporations were those with dates of incorporation prior to 2008 or with unknown dates of incorporation. Countries shown in this table are those in which one or more of the following were present: (a) at least 1,000 returns, (b) at least \$10 billion of total assets, or (c) at least \$5 billion of total receipts. Detail may not add to totals because of rounding.

Source: IRS, Statistics of Income Division, February 2013.

Corporate Foreign Tax Credit, 2009

by Nuria E. McGrath

United States corporations are subject to U.S. taxation on their worldwide income,¹ regardless of whether it is earned in the United States or abroad. In addition, U.S. corporations may also be taxed on their foreign-source income² by the foreign jurisdiction in which the income is earned, resulting in double taxation of the foreign-source income. The foreign tax credit, introduced in the Revenue Act of 1918, was designed to alleviate the problem of being taxed twice on the same income. The credit allows firms to reduce their U.S. tax by an amount equal to all or part of their foreign income taxes. Currently, the credit is limited to the amount of U.S. tax a corporation would have paid on foreign-source taxable income in the absence of the credit. Unused credits can be carried back 1 year and carried forward for 10 years. Alternatively, corporations have the option of deducting foreign taxes from their taxable income.

The total foreign tax credit for a corporation is computed by summing the foreign tax credits for each applicable statutory category (or “basket”) of foreign-source income. The four income categories that applied for Tax Year 2009 were passive income, general limitation income, section 901(j) income, and income re-sourced by treaty (see Explanation of Terms section of this article). Most foreign-source taxable income (97.5 percent) and foreign taxes available for credit (99.3 percent) fell into the general limitation category.

For Tax Year 2009, some 5,706 U.S. corporations claimed a foreign tax credit, which is a decrease of 21.2 percent from 2008.³ These corporations claimed over \$93 billion in foreign tax credits and reduced their U.S. tax by over 40 percent, from \$226 billion to \$133 billion. The credit reduced total U.S. corporate tax reported for all corporations by almost 30 percent in 2009. Taxpayers

claiming the corporate foreign tax credit reported almost \$417 billion in foreign-source taxable income, representing only a 1.2-percent increase over 2008. For these corporations, foreign-source income represented almost 65 percent of their total worldwide taxable income for 2009 and was nearly 47 percent of total taxable income reported by all corporations. Current-year foreign taxes paid by these corporations fell by 13.5 percent to \$104 billion from 2008 to 2009 which led to a 6.5 percent decrease in the amount of foreign tax credits claimed in 2009.⁴

Corporations claiming a foreign tax credit report their foreign-source gross income, deductions, and taxes on Form 1118, *Computation of Foreign Tax Credit—Corporations*. For Tax Year 2009, these corporations reported \$799 billion in gross foreign-source income,⁵ a slight increase of 0.7 percent from 2008. When examining types of income, other income, which often includes sales and foreign branch income,⁶ accounted for 40.1 percent while dividends and dividend gross-up⁷ comprised 33.0 percent of the total gross foreign-source income (Figure A). These corporations reported deductible expenses on Form 1118 of over \$382 billion, of which about \$242 billion was directly allocable to their foreign-source income, while approximately \$140 billion consisted of more general expenses that were not allocated to a particular source of income. Expenses that are not directly allocable include research and development costs as well as deductions for interest and other overhead expenses, such as advertising, legal, and accounting expenses. Taxes withheld or deemed paid⁸ on dividends made up almost 74.4 percent of the total current-year foreign taxes. Taxes paid on branch income comprised another 9.4 percent. Together, taxes on interest, both withheld or paid, service income,⁹ rents and royalties, and section 863(b)¹⁰ income were responsible for 5.7 percent of the total current-year foreign taxes. The remaining 10.5 percent of total foreign taxes reported for 2009 was accounted for by taxes on other sources of income.

Nuria E. McGrath is an economist with the Special Studies Returns Analysis Section. This data release was prepared under the direction of Chris Carson, Chief.

¹ In this report, worldwide income is also referred to as “income subject to tax.” It includes domestic income and foreign income that are subject to U.S. tax. It excludes foreign income that is not repatriated and not otherwise subject to U.S. tax.

² Foreign-source taxable income is also referred to as “taxable income (less loss) before adjustments.”

³ For comparability purposes, money amounts in this article are adjusted to 2009 constant dollars. These adjustments were made utilizing the average Consumer Price Index for Calendar Year 2009.

⁴ Current-year taxes include taxes paid, accrued, or deemed paid.

⁵ Dividend income reported on Form 1118 is already net of many deductions. The gross income reported on Form 1118 is income before the deductions that are specifically included on that form.

⁶ Gross Income and Definitely Allocable Deductions for foreign branches are included in Other Income and Other Deductions on Form 1118, Schedule A, but are reported separately on Form 1118, Schedule F.

⁷ Dividend income is “grossed-up” by the amount of foreign income taxes that are deemed to have been paid on the income from which the dividend payments are made.

⁸ Taxes deemed paid are a portion of taxes paid on profits from which dividends were distributed. Such taxes are eligible for credit for U.S. corporations that satisfy ownership and other requirements.

⁹ Service income includes compensation, commissions, fees, and other income for technical, managerial, engineering, construction, scientific, or similar services performed outside the United States.

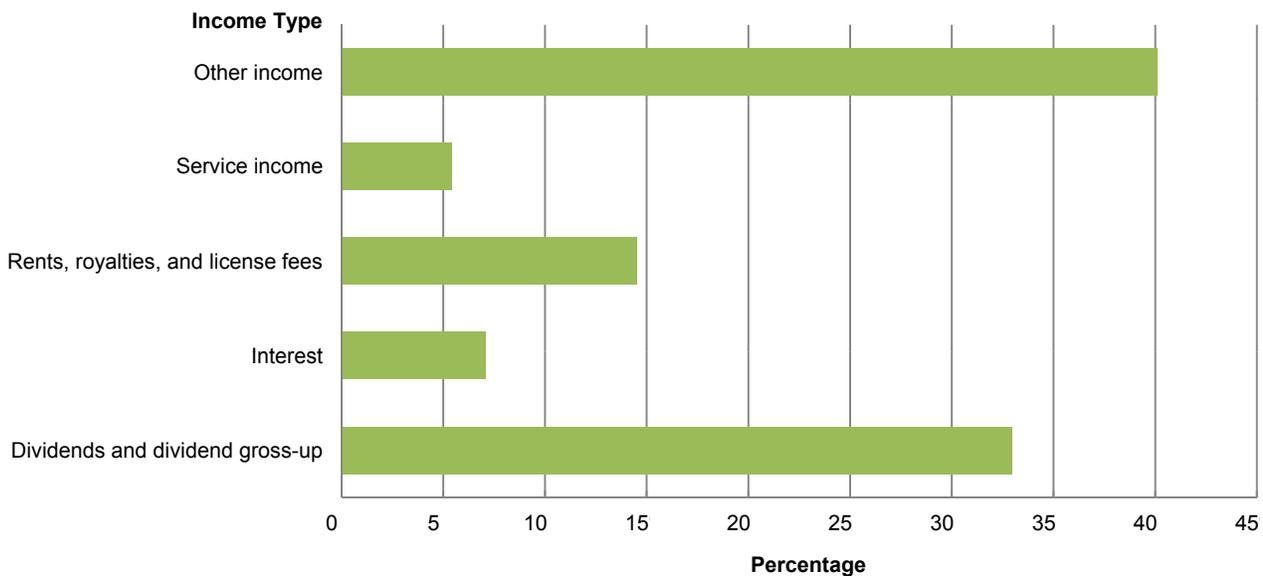
¹⁰ Internal Revenue Code section 863 provides special rules for determining taxable income from sources outside the United States with respect to gross income derived partly from within and partly from outside the United States.

Corporate Foreign Tax Credit, 2009

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Figure A

Foreign-Source Gross Income for U.S. Corporation Returns with a Foreign Tax Credit, by Type of Income, Tax Year 2009



Corporations whose primary business was manufacturing accounted for almost 64 percent of the total foreign-source taxable income earned by corporations claiming a foreign tax credit (Figure B). These corporations reported 68.9 percent of the total foreign tax credit. Within this industry, corporations primarily engaged in the manufacturing of petroleum, and coal products were responsible for 22.9 percent of the total foreign-source taxable income and about 34.9 percent of the foreign tax credit. Corporations engaged mainly in the finance, insurance, real estate, and rental and leasing industry were responsible for the second largest share of foreign-source taxable income, reporting 11.6 percent of the total foreign-source taxable income and 6.1 percent of the foreign tax credit.

About 45 percent of the foreign-source taxable income reported by corporations claiming a foreign tax credit was reported for European countries, while almost 15 percent was reported for Asian countries. Figure C shows the share of foreign-source taxable income from the six countries with the largest shares. The largest is the Netherlands, with \$46.2 billion (11.1 percent), followed by United Kingdom (9.2 percent), Luxembourg (7.0 percent), Canada (6.7 percent), Bermuda (6.1 percent), and Japan (4.3 percent). The largest percentage of all foreign taxes paid by companies that claimed a foreign tax credit in 2009 was the United Kingdom with 8.9 percent. Other countries responsible for a noticeable share included the

Netherlands (8.8 percent), Canada (7.6 percent), Norway (7.5 percent), and Luxembourg (7.0 percent).

Summary

Corporations reported over \$93 billion in foreign tax credits, a decrease of 6.5 percent over 2008 (in constant 2009 dollars). Foreign-source taxable income from corporations claiming the foreign tax credit grew 1.2 percent in real terms from 2008, to \$417 billion for 2009, while their current foreign taxes paid decreased 13.5 percent, to \$104 billion. Firms in the manufacturing industry accounted for more than two-thirds of the foreign-source taxable income. Together, the Netherlands, the United Kingdom, Luxembourg, Canada, and Bermuda were responsible for 40 percent of the foreign-source taxable income.

Data Sources and Limitations

Internal Revenue Code section 901 specifies the provisions for the foreign tax credit. Corporations report the foreign income and taxes related to the credit on Form 1118, *Computation of Foreign Tax Credit—Corporations*, and file it together with their corporate tax return. The statistics in this data release are based on information reported on Forms 1118 and related corporate tax forms for those corporation income tax returns with a foreign tax credit that were included in the 2009 Statistics of Income sample of corporate returns with accounting periods

Corporate Foreign Tax Credit, 2009

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Figure B

Selected Items From U.S. Corporation Returns with a Foreign Tax Credit, by Selected Industrial Sectors, Tax Year 2009

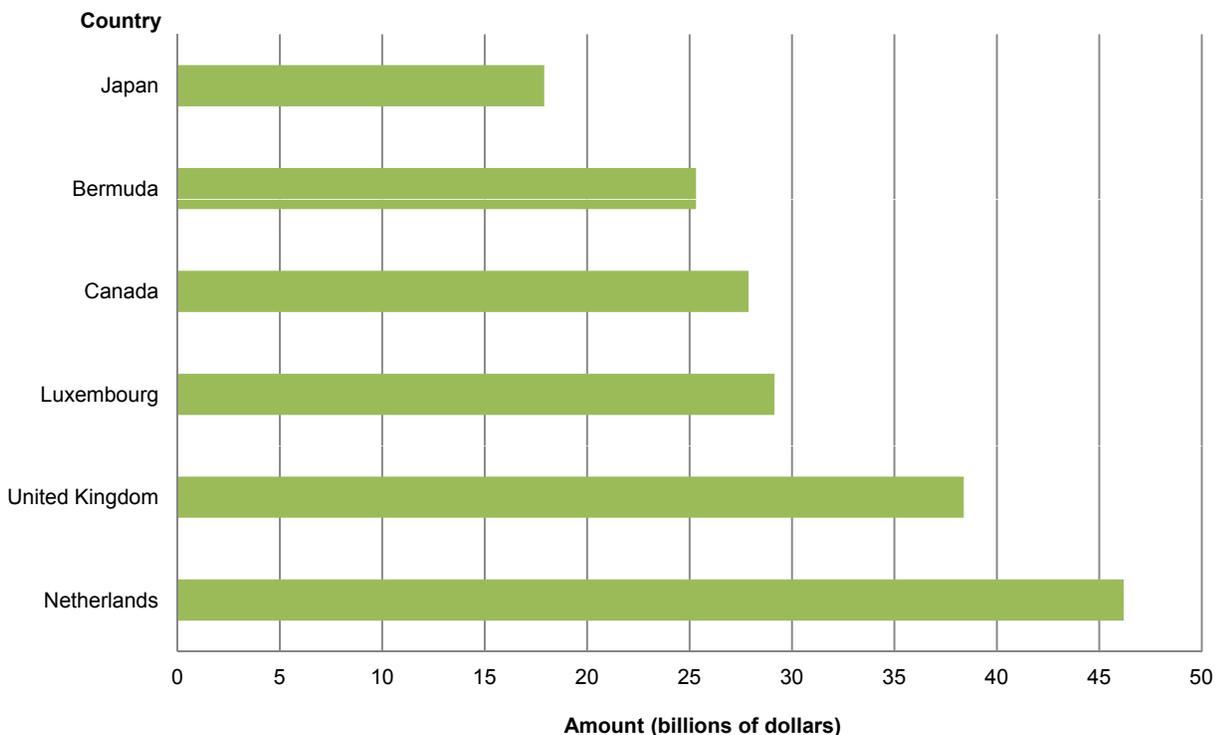
[Money amounts are in thousands of dollars]

Selected industrial sectors	Number of returns	Foreign-source taxable income [1]	Percentage of foreign-source taxable income	Foreign tax credit claimed	Percentage of foreign tax credit claimed
	(1)	(2)	(3)	(4)	(5)
All industries	5,706	416,827,641	100.0	93,557,104	100.0
Manufacturing	1,069	264,861,211	63.5	64,427,560	68.9
Finance, insurance, real estate, and rental and leasing	1,062	48,435,072	11.6	5,684,435	6.1
Services	2,067	41,993,632	10.1	9,149,980	9.8
Information	285	22,751,177	5.5	4,212,436	4.5
Wholesale and retail trade	599	18,160,932	4.4	4,697,619	5.0

[1] Foreign-source taxable income is also referred to as "Taxable income (less loss) before adjustments."

Figure C

Foreign-Source Taxable Income Before Adjustments for U.S. Corporation Returns with a Foreign Tax Credit, by Selected Country, Tax Year 2009



ending between July 2009 and June 2010. These returns were selected after administrative processing, but prior to any amendments or audit examination. The 2009 corporation income tax return sample included Forms 1120, 1120-F, 1120-L, 1120-PC, and

1120-REIT. The statistics in this data release do not include any foreign tax credit data filed specifically for the computation of the alternative minimum tax (AMT), even if the corporation reported both the regular and AMT foreign tax credits.

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There are small discrepancies between the more complete foreign tax credit data presented in this data release and those published in *Statistics of Income—2009, Corporation Income Tax Returns*. Some of the differences can be attributed to returns selected for the Statistics of Income sample that were received too late to be included in the corporation income tax statistics. Also, for the foreign tax credit statistics presented here, additional data were requested from some corporations that submitted preliminary data on their original returns because they lacked complete information on their foreign operations at the time of filing.

Foreign income and taxes available for credit are understated to the extent that they were not reported on the Form 1118 filed with the Form 1120. This study includes credits that were carried forward from prior years and were used in Tax Year 2009. However, because amended returns are not included, these statistics do not contain foreign taxes carried back to 2009 from subsequent tax years or credits for foreign taxes from 2009 that were carried back to earlier years. In addition, corporations that had foreign income and taxes, but could not claim a foreign tax credit because they did not have a U.S. tax liability, are not included. Finally, some corporations may have deducted their foreign taxes from their gross income rather than claim a foreign tax credit. These deductions are not included in this study.

Because of the multi-tiered structure of firm ownership and the multi-country location of firms and their subsidiaries, foreign-source income and deductions that are reported on Form 1118 as earned in one country can include income and deductions that originate in another country. In addition, deductions that are not definitely allocable are usually not reported by country. For this study, these deductions are prorated across all countries based on the gross income reported for each.

Because the estimates are based on a sample, they are subject to sampling error. Coefficients of variation (CVs) are used to measure the magnitude of this sampling error. The CV concept is defined in the section on sampling variability in the “SOI Sampling Methodology and Data Limitations” appendix of this publication. The smaller the CV, the more reliable the estimate is judged to be. The CVs for corporations with foreign tax credits are shown by selected North American Industry Classification System (NAICS) divisions and industrial sector or group (Figure D).

Description of Tables 1 and 2

Table 1, columns 2 through 14, present statistics on assets, receipts, income, and taxes reported on the basic corporation income tax returns for those corporations

claiming a foreign tax credit. Columns 15 through 53 contain statistics from Form 1118. Although the amount of oil and gas income and deductions (columns 22 and 35, respectively) are included in columns 15 through 21 and 24 through 33, these amounts are also reported separately on Form 1118 (Schedule I, *Reduction of Oil and Gas Extraction Taxes*), because oil and gas extraction income is subject to special rules under Internal Revenue Code section 907, which effectively requires a separate limitation calculation for taxes related to oil and gas extraction income. Foreign branch income (column 23) is also contained in the summary columns but reported separately on Form 1118 (Schedule F, *Gross Income and Definitely Allocable Deductions for Foreign Branches*). Table 2 includes foreign income, deductions, and taxes paid, accrued, or deemed paid from Form 1118 by selected geographic region and country.

Explanation of Selected Terms

Adjustments to taxable income—Foreign-source taxable income is adjusted, when applicable, by the allocation of current-year foreign losses; recharacterization of income due to prior-year loss allocations; and adjustments related to overall foreign losses, including recapture of prior overall foreign losses, and allocations of current-year U.S. losses. See Table 1, column 37. Adjusted taxable income is included in worldwide U.S. corporate taxable income.

Carryover of foreign taxes—Corporations can carry taxes paid in excess of the limitation back 1 year or forward for up to 10 years.

Controlled foreign corporations (CFCs)—As defined in Internal Revenue Code section 957(a), any foreign corporation in which U.S. shareholders own directly, indirectly, or constructively more than 50 percent of either the total combined voting power or total value of all stock on any day of the taxable year of the corporation.

Deemed dividends—Certain types of income earned by controlled foreign corporations (CFCs) are recognized under Section 951 of the Internal Revenue Code (“Subpart F Income”) as current-year income of the U.S. corporation, even if no income is actually received from the CFC in the current tax year. In such cases, the U.S. corporation is deemed to have received a pro rata share of this income and required to report it as a deemed dividend on Form 1118.

Foreign-source taxable income—Gross income (less loss) less deductions from sources outside the United States, including U.S. possessions.

General limitation income—This separate limitation category contains all foreign income not included in any other separate limitation category.

Figure D

Coefficients of Variation for U.S. Corporation Returns with a Foreign Tax Credit, by Selected Industrial Sector or Group, Tax Year 2009

Selected industrial sector or group	Number of returns	Foreign tax credit claimed (thousands of dollars)	Coefficients of variation (percentages)
	(1)	(2)	(3)
All industries	5,706	93,557,104	0.02
Agriculture, forestry, fishing, and hunting	227	10,687	1.35
Mining	96	4,726,012	0.01
Utilities	*8	133,033	1.45
Construction	212	160,639	0.21
Manufacturing	1,069	64,427,560	0.01
Food manufacturing	46	1,075,067	0.03
Beverage and tobacco products	12	1,485,405	[1]
Petroleum and coal products manufacturing	17	32,627,592	[1]
Chemical manufacturing	236	13,354,517	0.02
Pharmaceutical and medicine manufacturing	46	8,888,216	[1]
Machinery manufacturing	148	1,130,395	0.28
Computer and electronic product manufacturing	135	6,864,948	0.02
Electrical equipment, appliance and component manufacturing	54	2,757,746	0.05
Transportation equipment manufacturing	50	1,138,560	0.08
Wholesale and retail trade	599	4,697,619	0.09
Transportation and warehousing	82	354,702	0.16
Information	285	4,212,436	0.15
Publishing (except internet), motion picture, and sound recording	130	2,992,431	0.05
Finance, insurance, real estate, and rental and leasing	1,062	5,684,435	0.14
Finance and insurance	614	5,545,725	0.08
Securities, commodity contracts, and other	188	1,110,960	0.26
Insurance and related activities	367	3,892,873	0.02
Services	2,067	9,149,980	0.16
Management of holding companies	800	5,995,290	0.18

* Data should be used with caution because of the small number of returns on which they were based.
 [1] Less than 0.005 percent.

Income re-sourced by bilateral tax treaty—This separate limitation category includes certain U.S.-source income that has been subject to tax in another country pursuant to a bilateral income tax treaty. In order to appropriately relieve double taxation, these items of income are reclassified by a treaty provision as arising from foreign sources. A separate foreign tax credit limitation has to be computed for each amount re-sourced by a tax treaty.

Limitation—This is the maximum amount that can be credited for each separate limitation income category. It is the U.S. income tax before credits multiplied by the ratio of the foreign-source taxable income after adjustments to the worldwide taxable income. The foreign tax credit is the lesser of the limitation or the foreign taxes paid.

Passive income—This separate limitation category is comprised of dividends, interest, rents, royalties, annuities, and net capital gains, as well as commodity transactions not connected with the active conduct of a trade or business. Passive income subject to a foreign tax rate that exceeds the highest applicable U.S. tax rate is excluded from this separate limitation category and included in general limitation income.

Section 901(j) income—This separate limitation category includes income and taxes paid to countries sanctioned by the United States. Internal Revenue Code section 901(j) denies credit for taxes paid or accrued to these countries. For 2009, countries subject to these restrictions included Cuba, Iran, North Korea, Sudan, and Syria. A separate limitation credit is computed for each section 901(j) country for informational purposes.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry

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

Major and selected minor industry of U.S. corporation filing return	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from IC-DISC's or former DISC's [1]	Includable income of controlled foreign corporations
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	5,706	32,576,783,742	7,845,667,680	128,102,012	3,103	71,765,540
Agriculture, forestry, fishing, and hunting	227	2,482,810	2,674,844	2,394	0	3,393
Mining	96	261,170,612	121,421,682	4,325,678	0	895,858
Oil and gas extraction, coal mining	63	132,498,494	62,094,716	2,967,570	0	574,011
Metal ore mining	*9	*57,418,281	*25,002,966	*1,270,505	*0	*48,067
Nonmetallic minerals	*4	*1,880,961	*1,092,400	*11,300	*0	*8
Support activities for mining	20	69,372,876	33,231,600	76,303	0	273,772
Utilities	*8	*50,070,522	*30,680,327	*233,688	*0	*16,107
Construction	212	32,836,816	42,464,506	32,488	0	185,875
Construction of buildings	102	8,419,209	16,837,802	68	0	7,226
Heavy and civil engineering construction	29	22,056,248	22,008,177	27,771	0	178,581
Special trade contractors	81	2,361,360	3,618,526	4,649	0	68
Manufacturing	1,069	5,987,578,527	3,147,899,045	101,978,632	3,103	35,557,175
Food manufacturing	46	183,291,972	164,599,313	1,103,088	39	2,517,480
Beverage and tobacco products	12	121,196,188	86,365,886	1,992,965	0	397,821
Tobacco manufacturing	*4	*57,270,092	*45,702,648	*251,771	*0	*9,844
Textile mills and textile product mills	*5	*1,270,145	*1,392,704	*5,084	*0	*0
Apparel manufacturing	12	12,876,538	15,296,666	41,304	0	97,955
Leather and allied product manufacturing	*4	*2,478,843	*2,113,772	*44,535	*0	*6,317
Wood product manufacturing	*5	*975,250	*1,843,649	*31	*0	*0
Paper manufacturing	25	100,592,401	43,121,390	1,197,046	666	772,886
Printing and related support activities	12	6,446,896	3,974,889	52,793	0	25,227
Petroleum and coal products manufacturing	17	1,632,753,638	980,079,642	37,495,092	0	9,572,937
Chemical manufacturing	236	1,350,878,737	559,676,199	49,155,175	0	5,566,922
Pharmaceutical and medicine manufacturing	46	788,597,914	352,671,727	43,385,784	0	4,064,359
Other chemical manufacturing	191	562,280,823	207,004,471	5,769,391	0	1,502,563
Plastics and rubber products manufacturing	30	14,614,415	12,714,451	205,618	0	76,198
Nonmetallic mineral product manufacturing	23	15,904,208	10,827,162	136,116	0	36,082
Primary metal manufacturing	29	25,931,622	23,540,304	17,737	0	21,802
Fabricated metal products	103	288,640,039	60,235,512	633,082	850	591,843
Machinery manufacturing	148	171,662,205	110,112,738	1,308,923	69	985,923
Computer and electronic product manufacturing	135	649,206,045	394,149,010	3,185,191	0	7,898,923
Electrical equipment, appliance and component manufacturing	54	902,790,069	236,635,860	2,440,929	0	5,587,251
Transportation equipment manufacturing	50	355,495,033	319,855,242	1,106,267	0	265,497
Motor vehicles and related manufacturing	18	67,491,274	49,618,927	387,746	0	13,058
Other transportation equipment manufacturing	32	288,003,759	270,236,315	718,521	0	252,439
Furniture and related products	*9	*5,794,846	*6,556,290	*1,524	*0	*2,449
Miscellaneous manufacturing and manufacturing not allocable	110	144,779,437	114,808,364	1,856,134	1,478	1,133,663

Footnotes at end of table.

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from IC-DISC's or former DISC's [1]	Includable income of controlled foreign corporations
	(1)	(2)	(3)	(4)	(5)	(6)
Wholesale and retail trade	599	1,294,942,843	1,490,794,770	5,097,426	0	2,680,774
Wholesale trade	397	746,345,277	610,240,099	2,085,985	0	1,422,249
Durable goods	218	99,041,332	143,767,175	350,524	0	228,093
Machinery, equipment, and supplies	51	7,041,858	7,643,562	131,579	0	9,647
Other miscellaneous durable goods	167	91,999,475	136,123,613	218,945	0	218,446
Nondurable goods	179	647,303,945	466,472,924	1,735,461	0	1,194,156
Drugs, chemicals, and allied products	53	111,091,708	220,499,302	319,674	0	301,390
Groceries and related products	31	410,085,360	120,013,890	702,715	0	161,548
Petroleum and petroleum products	23	17,879,570	17,599,051	10	0	18,522
Other miscellaneous nondurable goods	71	108,247,307	108,360,681	713,063	0	712,696
Retail trade	202	548,597,567	880,554,671	3,011,441	0	1,258,525
Motor vehicle, parts dealers, and gas stations	26	14,625,225	29,552,808	260	0	57
Furniture and home furnishings stores	*5	*8,393,749	*12,510,907	*0	*0	*4,156
Building materials, garden equipment, and supplies	10	70,316,334	62,823,841	1,047,684	0	20,777
Food and beverages stores	12	23,660,157	61,011,865	3,738	0	1,912
Apparel and accessory stores	21	36,831,208	66,963,163	284,338	0	20,191
General merchandise stores	52	234,816,185	453,177,017	322,192	0	620,059
Miscellaneous retail trade	75	159,954,708	194,515,069	1,353,229	0	591,373
Transportation and warehousing	82	178,948,205	145,838,728	433,075	0	38,538
Air, rail, and water transportation	10	114,682,813	41,023,780	3,147	0	13,036
Water transportation	*3	*3,470,446	*1,760,194	*2,110	*0	*6,245
Air and rail transportation	*7	*111,212,367	*39,263,586	*1,037	*0	*6,792
Other transportation and warehousing	72	64,265,392	104,814,948	429,928	0	25,502
Information	285	1,080,421,395	453,604,706	2,076,919	0	1,841,812
Publishing (except internet), motion picture, and sound recording	130	327,246,212	168,644,417	1,250,627	0	1,584,519
Broadcasting, internet publishing	50	115,385,339	49,019,941	66,882	0	8,961
Telecommunications	53	575,974,240	206,917,509	605,475	0	36,505
Internet service providers, web search portals, and data processing services	10	15,506,138	5,552,403	42,974	0	948
Other information services	41	46,309,466	23,470,437	110,960	0	210,880
Finance, insurance, real estate, and rental and leasing	1,062	9,788,857,213	1,437,316,946	4,744,378	0	24,793,513
Finance and insurance	614	9,748,574,830	1,422,066,475	4,734,128	0	24,784,092
Commercial banking and other depository credit agencies	20	21,766,355	2,171,798	161	0	0
Commercial banking	*6	*3,932,167	*1,233,984	*23	*0	*0
Depository credit agencies other than banks	14	17,834,188	937,814	138	0	0
Nondepository credit intermediation	27	402,534,170	61,384,070	597,321	0	369,797
Securities, commodity contracts, and other	188	3,923,818,712	148,839,868	1,230,261	0	2,088,431
Insurance and related activities	367	5,396,497,613	1,209,316,192	2,906,039	0	22,325,792
Insurance agencies and brokerages	31	17,509,649	5,251,211	323,537	0	156,808
Funds, trusts, and other financial vehicles	12	3,957,980	354,546	346	0	72
Real estate and rental and leasing	448	40,282,383	15,250,472	10,250	0	9,421
Real estate	379	15,286,165	4,374,582	4,387	0	6,330
Rentals and leasing	69	24,996,218	10,875,890	5,864	0	3,092

Footnotes at end of table.

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from IC-DISC's or former DISC's [1]	Includable income of controlled foreign corporations
	(1)	(2)	(3)	(4)	(5)	(6)
Services	2,067	13,899,474,798	972,972,126	9,177,335	0	5,752,492
Professional, scientific, and technical services	656	261,396,822	185,062,666	1,328,218	0	431,642
Management of holding companies	800	13,450,679,179	635,200,917	5,203,467	0	4,814,597
Administrative and support and waste management and remediation	352	40,712,831	33,227,189	261,498	0	159,690
Education services, health care, and social assistance	50	26,126,632	21,524,352	151,451	0	299
Arts, entertainment, and recreation	126	3,915,518	3,175,919	1,574	0	17,674
Accommodation and food services	54	110,091,549	88,904,736	2,196,086	0	312,343
Accommodation	*7	*23,742,720	*14,179,872	*649,907	*0	*11,041
Food services and drinking places	47	86,348,829	74,724,864	1,546,179	0	301,302
Other services	28	6,552,268	5,876,348	35,040	0	16,247
Repair and maintenance services	12	1,929,986	1,309,368	6,073	0	3,790
Personal services	12	4,457,573	4,393,162	28,952	0	12,458
Religious, grantmaking, civic, professional, and similar organizations	*4	*164,709	*173,818	*15	*0	*0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign dividend income from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax	U.S. income tax before credits		Foreign tax credit claimed
				Total [3]	Regular and alternative minimum tax	
	(7)	(8)	(9)	(10)	(11)	(12)
All industries	67,079,779	627,756,064	642,128,536	226,207,286	226,136,435	93,557,104
Agriculture, forestry, fishing, and hunting	15,732	374,661	360,963	123,638	123,638	10,687
Mining	1,870,295	19,688,570	19,402,432	6,870,684	6,870,632	4,726,012
Oil and gas extraction, coal mining	1,315,757	6,318,052	6,111,742	2,138,260	2,138,240	1,482,635
Metal ore mining	*358,112	*8,140,014	*8,139,364	*2,928,659	*2,928,627	*2,672,377
Nonmetallic minerals	*12,356	*142,260	*140,260	*49,456	*49,456	*10,299
Support activities for mining	184,071	5,088,244	5,011,066	1,754,310	1,754,310	560,701
Utilities	*161,329	*1,008,636	*1,000,316	*349,985	*349,985	*133,033
Construction	30,767	1,944,443	1,929,616	678,041	673,055	160,639
Construction of buildings	3,722	527,613	521,328	183,735	181,343	5,811
Heavy and civil engineering construction	24,792	1,173,288	1,166,396	409,725	407,791	146,618
Special trade contractors	2,253	243,542	241,892	84,580	83,921	8,210
Manufacturing	47,572,174	352,618,185	338,684,989	119,348,743	119,329,212	64,427,560
Food manufacturing	939,631	10,317,447	10,174,031	3,562,416	3,562,416	1,075,067
Beverage and tobacco products	1,174,779	15,196,728	14,803,565	5,181,248	5,181,248	1,485,405
Tobacco manufacturing	*149,451	*8,194,207	*7,966,955	*2,788,434	*2,788,434	*158,200
Textile mills and textile product mills	*1,009	*94,191	*91,919	*32,142	*32,125	*1,402
Apparel manufacturing	39,216	1,257,089	1,239,929	433,552	433,552	194,483
Leather and allied product manufacturing	*26,851	*220,035	*220,016	*76,940	*76,940	*47,872
Wood product manufacturing	*0	*40,674	*40,492	*14,048	*14,048	*55
Paper manufacturing	1,408,200	6,024,860	5,764,932	2,016,972	2,016,910	1,398,547
Printing and related support activities	37,027	454,712	453,202	158,452	158,452	33,135
Petroleum and coal products manufacturing	21,115,765	103,034,579	98,659,701	35,302,006	35,301,937	32,627,592
Chemical manufacturing	11,512,191	112,349,959	109,242,518	38,281,003	38,277,720	13,354,517
Pharmaceutical and medicine manufacturing	8,054,427	81,952,701	79,630,698	27,872,077	27,870,819	8,888,216
Other chemical manufacturing	3,457,764	30,397,258	29,611,820	10,408,926	10,406,901	4,466,301
Plastics and rubber products manufacturing	112,713	848,911	837,709	295,182	295,182	112,468
Nonmetallic mineral product manufacturing	31,675	654,823	645,540	225,348	225,336	63,814
Primary metal manufacturing	17,337	1,370,249	1,348,129	471,264	471,228	39,211
Fabricated metal products	794,664	4,005,223	3,903,821	1,364,824	1,363,368	599,584
Machinery manufacturing	1,105,600	7,870,568	7,576,212	2,650,426	2,650,398	1,130,395
Computer and electronic product manufacturing	5,212,183	47,250,898	43,409,301	15,194,112	15,192,119	6,864,948
Electrical equipment, appliance and component manufacturing	1,987,849	11,957,480	11,423,690	3,999,118	3,996,493	2,757,746
Transportation equipment manufacturing	951,208	17,058,425	16,855,797	5,891,984	5,884,244	1,138,560
Motor vehicles and related manufacturing	209,452	1,291,338	1,222,972	413,291	413,291	244,693
Other transportation equipment manufacturing	741,756	15,767,086	15,632,824	5,478,693	5,470,953	893,867
Furniture and related products	*1,183	*285,087	*261,245	*91,329	*91,329	*8,609
Miscellaneous manufacturing and manufacturing not allocable	1,103,093	12,326,249	11,733,241	4,106,377	4,104,167	1,494,150

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign dividend income from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax	U.S. income tax before credits		Foreign tax credit claimed
				Total [3]	Regular and alternative minimum tax	
	(7)	(8)	(9)	(10)	(11)	(12)
Wholesale and retail trade	4,854,501	79,525,693	76,814,130	26,874,057	26,876,220	4,697,619
Wholesale trade	1,717,617	29,066,057	26,776,677	9,365,226	9,365,174	2,000,443
Durable goods	207,390	6,575,887	6,167,348	2,154,809	2,154,807	281,232
Machinery, equipment, and supplies	46,427	580,345	580,155	201,881	201,878	63,175
Other miscellaneous durable goods	160,963	5,995,543	5,587,192	1,952,929	1,952,929	218,056
Nondurable goods	1,510,227	22,490,169	20,609,329	7,210,417	7,210,367	1,719,211
Drugs, chemicals, and allied products	222,265	8,470,747	7,295,236	2,552,649	2,552,649	343,840
Groceries and related products	214,040	6,094,849	6,490,024	2,271,070	2,271,021	341,627
Petroleum and petroleum products	4,660	951,674	951,512	332,814	332,814	39,270
Other miscellaneous nondurable goods	1,069,261	6,972,899	5,872,557	2,053,883	2,053,883	994,475
Retail trade	3,136,885	50,459,637	50,037,453	17,508,831	17,511,046	2,697,176
Motor vehicle, parts dealers, and gas stations	20	1,401,363	1,399,557	489,585	489,585	1,832
Furniture and home furnishings stores	*1,563	*1,122,202	*1,122,202	*392,570	*392,570	*1,255
Building materials, garden equipment, and supplies	644,408	5,312,702	5,312,675	1,859,377	1,859,377	629,604
Food and beverages stores	1,375	2,357,316	2,341,875	819,485	819,485	10,392
Apparel and accessory stores	193,510	6,093,213	6,006,118	2,101,885	2,101,885	205,734
General merchandise stores	1,717,858	22,923,074	22,918,832	8,019,349	8,021,565	1,134,274
Miscellaneous retail trade	578,151	11,249,767	10,936,194	3,826,581	3,826,581	714,084
Transportation and warehousing	193,976	7,120,853	7,095,571	2,482,174	2,481,713	354,702
Air, rail, and water transportation	657	2,637,425	2,616,959	915,687	915,638	24,822
Water transportation	*278	*74,099	*73,178	*25,561	*25,512	*21,457
Air and rail transportation	*379	*2,563,326	*2,543,782	*890,126	*890,126	*3,364
Other transportation and warehousing	193,319	4,483,428	4,478,612	1,566,487	1,566,075	329,880
Information	1,434,075	55,988,515	52,162,727	18,305,866	18,297,216	4,212,436
Publishing (except internet), motion picture, and sound recording	920,130	27,123,209	25,312,973	8,905,960	8,901,886	2,992,431
Broadcasting, internet publishing	39,370	5,999,328	5,944,550	2,084,712	2,080,136	262,140
Telecommunications	331,970	17,161,833	15,421,302	5,396,594	5,396,594	749,084
Internet service providers, web search portals, and data processing services	63,856	658,754	622,123	217,287	217,287	37,963
Other information services	78,749	5,045,392	4,861,779	1,701,313	1,701,313	170,819
Finance, insurance, real estate, and rental and leasing	4,805,593	92,914,043	74,658,954	26,512,995	26,487,155	5,684,435
Finance and insurance	4,800,328	90,578,887	72,856,981	25,876,042	25,855,708	5,545,725
Commercial banking and other depository credit agencies	8	432,125	426,739	156,982	148,688	13,142
Commercial banking	*0	*271,910	*270,747	*102,939	*94,645	*13,104
Depository credit agencies other than banks	8	160,215	155,992	54,043	54,043	38
Nondepository credit intermediation	428,236	4,057,050	4,425,118	1,677,030	1,677,030	527,065
Securities, commodity contracts, and other	659,350	29,098,094	17,581,193	6,260,472	6,257,197	1,110,960
Insurance and related activities	3,712,715	56,895,115	50,380,814	17,766,859	17,758,095	3,892,873
Insurance agencies and brokerages	395,552	934,858	926,614	323,973	323,967	253,307
Funds, trusts, and other financial vehicles	20	96,502	43,118	14,700	14,698	1,684
Real estate and rental and leasing	5,264	2,335,156	1,801,972	636,952	631,447	138,711
Real estate	1,661	700,660	610,042	214,795	210,084	39,295
Rentals and leasing	3,603	1,634,496	1,191,930	422,157	421,363	99,415

Footnotes at end of table.

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign dividend income from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax	U.S. income tax before credits		Foreign tax credit claimed
				Total [3]	Regular and alternative minimum tax	
	(7)	(8)	(9)	(10)	(11)	(12)
Services	6,141,336	16,572,466	70,018,838	24,661,105	24,647,609	9,149,980
Professional, scientific, and technical services	745,767	17,051,033	15,900,246	5,561,662	5,560,563	1,207,116
Management of holding companies	3,934,446	-15,509,208	39,214,271	13,889,920	13,878,127	5,995,290
Administrative and support and waste management and remediation	206,475	2,348,191	2,266,567	789,111	789,027	233,427
Education services, health care, and social assistance	35,428	2,885,195	2,854,712	998,010	997,903	53,109
Arts, entertainment, and recreation	7,991	256,342	241,298	83,635	83,635	19,511
Accommodation and food services	1,188,962	9,089,454	9,093,934	3,182,762	3,182,350	1,605,692
Accommodation	*310,229	*826,955	*826,923	*289,740	*289,328	*204,233
Food services and drinking places	878,733	8,262,499	8,267,011	2,893,022	2,893,022	1,401,459
Other services	22,268	451,458	447,811	156,004	156,004	35,835
Repair and maintenance services	4,487	83,570	83,570	28,949	28,949	12,373
Personal services	17,781	342,035	338,501	118,251	118,251	23,441
Religious, grantmaking, civic, professional, and similar organizations	*0	*25,853	*25,740	*8,803	*8,803	*22

Footnotes at end of table.

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	General business credit	U.S. income tax after credits [4]	Foreign income, deductions, and taxes reported on Form 1118			
			Gross income (less loss)			
			Total	Dividends	Foreign dividend income from foreign taxes deemed paid (gross-up)	Interest
	(13)	(14)	(15)	(16)	(17)	(18)
All industries	10,482,260	121,244,373	798,942,012	196,481,942	66,869,297	56,342,032
Agriculture, forestry, fishing, and hunting	7,350	104,894	84,853	3,914	15,732	711
Mining	8,580	2,077,937	25,733,621	5,160,261	1,867,342	625,155
Oil and gas extraction, coal mining	550	636,716	7,253,760	3,530,614	1,315,495	45,611
Metal ore mining	*6,701	*243,105	*11,142,390	*1,307,839	*358,112	*342,042
Nonmetallic minerals	*361	*36,516	*57,981	*11,300	*12,356	*4,350
Support activities for mining	967	1,161,600	7,279,490	310,509	181,379	233,152
Utilities	*23,204	*193,748	*468,744	*249,795	*161,329	*45,875
Construction	7,755	509,230	1,609,000	218,721	30,767	2,537
Construction of buildings	1,657	176,210	314,062	7,337	3,722	23
Heavy and civil engineering construction	3,714	259,034	1,174,579	206,359	24,792	1,955
Special trade contractors	2,384	73,986	120,360	5,025	2,253	559
Manufacturing	5,022,060	49,646,485	382,075,928	135,033,043	47,321,972	5,225,244
Food manufacturing	47,806	2,434,942	9,012,965	3,586,335	933,591	98,091
Beverage and tobacco products	11,625	3,684,217	10,626,434	2,357,257	1,174,779	92,577
Tobacco manufacturing	*3,368	*2,626,866	*1,267,459	*251,891	*149,451	*996
Textile mills and textile product mills	*2	*30,439	*14,571	*5,115	*1,183	*0
Apparel manufacturing	5,624	233,445	1,106,591	137,456	39,216	16,996
Leather and allied product manufacturing	*863	*28,133	*265,001	*50,851	*26,851	*1,228
Wood product manufacturing	*418	*13,575	*5,211	*31	*0	*113
Paper manufacturing	103,791	511,596	6,390,346	1,965,404	1,406,178	249,852
Printing and related support activities	503	123,669	205,047	77,650	37,027	5,638
Petroleum and coal products manufacturing	1,158,088	1,512,572	117,336,345	46,755,137	21,115,236	746,242
Chemical manufacturing	1,315,258	23,591,950	115,750,557	54,328,332	11,489,815	891,248
Pharmaceutical and medicine manufacturing	1,139,440	17,834,178	92,979,926	47,172,242	8,054,264	530,948
Other chemical manufacturing	175,818	5,757,772	22,770,631	7,156,090	3,435,551	360,299
Plastics and rubber products manufacturing	7,654	174,774	645,671	281,561	112,523	7,088
Nonmetallic mineral product manufacturing	5,740	152,505	372,926	165,376	30,808	44,919
Primary metal manufacturing	9,388	422,558	461,416	46,000	17,337	14,562
Fabricated metal products	44,213	718,498	4,076,752	1,216,863	793,818	62,363
Machinery manufacturing	80,840	1,439,104	8,326,632	2,283,499	1,104,138	233,538
Computer and electronic product manufacturing	1,125,812	7,148,945	64,824,286	9,724,787	5,003,500	730,076
Electrical equipment, appliance and component manufacturing	474,764	619,616	22,479,464	7,681,082	1,980,592	1,702,555
Transportation equipment manufacturing	450,342	4,300,051	7,396,092	1,372,084	951,571	169,813
Motor vehicles and related manufacturing	23,512	144,010	1,225,356	400,785	209,445	10,866
Other transportation equipment manufacturing	426,830	4,156,042	6,170,735	971,300	742,126	158,948
Furniture and related products	*2,923	*75,766	*176,817	*8,367	*1,183	*2,079
Miscellaneous manufacturing and manufacturing not allocable	176,405	2,430,129	12,602,806	2,989,855	1,102,627	156,265

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	General business credit	U.S. income tax after credits [4]	Foreign income, deductions, and taxes reported on Form 1118			
			Gross income (less loss)			
			Total	Dividends	Foreign dividend income from foreign taxes deemed paid (gross-up)	Interest
	(13)	(14)	(15)	(16)	(17)	(18)
Wholesale and retail trade	755,369	21,377,623	34,137,154	7,710,069	4,854,835	584,675
Wholesale trade	480,519	6,854,434	20,500,598	3,451,972	1,717,919	317,457
Durable goods	54,058	1,813,260	3,774,381	564,004	206,334	88,841
Machinery, equipment, and supplies	1,125	137,478	309,933	136,247	46,427	1,841
Other miscellaneous durable goods	52,933	1,675,782	3,464,448	427,757	159,908	87,000
Nondurable goods	426,461	5,041,174	16,726,217	2,887,968	1,511,585	228,616
Drugs, chemicals, and allied products	222,848	1,985,980	4,764,210	621,512	222,321	28,004
Groceries and related products	167,423	1,761,150	6,001,416	857,420	213,993	102,887
Petroleum and petroleum products	225	272,378	339,612	18,599	4,660	121
Other miscellaneous nondurable goods	35,964	1,021,666	5,620,980	1,390,438	1,070,612	97,604
Retail trade	274,850	14,523,189	13,636,556	4,258,097	3,136,916	267,218
Motor vehicle, parts dealers, and gas stations	14,068	473,685	167,307	351	20	8,671
Furniture and home furnishings stores	*1,761	*389,113	*19,878	*4,156	*1,595	*199
Building materials, garden equipment, and supplies	12,429	1,217,343	1,938,429	1,068,469	644,408	2,595
Food and beverages stores	8,975	799,860	114,050	5,764	1,375	156
Apparel and accessory stores	21,884	1,874,203	1,686,864	301,253	193,510	1,093
General merchandise stores	176,287	6,697,711	4,110,790	938,914	1,717,858	163,725
Miscellaneous retail trade	39,447	3,071,274	5,599,239	1,939,188	578,151	90,779
Transportation and warehousing	77,380	2,049,651	16,774,744	464,524	193,974	61,458
Air, rail, and water transportation	8,045	882,820	549,689	9,476	657	6,236
Water transportation	*56	*4,048	*450,764	*8,355	*278	*6,217
Air and rail transportation	*7,990	*878,772	*98,926	*1,121	*379	*19
Other transportation and warehousing	69,335	1,166,831	16,225,054	455,048	193,317	55,222
Information	748,568	13,181,890	53,677,233	3,857,258	1,425,613	511,885
Publishing (except internet), motion picture, and sound recording	501,917	5,414,475	35,303,346	2,792,771	910,611	230,930
Broadcasting, internet publishing	6,249	1,816,320	6,355,312	83,515	39,370	185,590
Telecommunications	96,288	4,392,034	10,489,939	642,568	333,291	80,763
Internet service providers, web search portals, and data processing services	9,096	170,184	396,329	43,581	63,856	416
Other information services	135,018	1,388,877	1,132,307	294,823	78,485	14,185
Finance, insurance, real estate, and rental and leasing	565,654	19,935,811	171,114,635	29,342,040	4,848,499	19,577,170
Finance and insurance	555,188	19,482,186	169,217,484	29,320,954	4,843,235	19,553,986
Commercial banking and other depository credit agencies	1,420	142,198	340,635	322	8	340,240
Commercial banking	*1,001	*88,835	*340,276	*36	*0	*340,240
Depository credit agencies other than banks	420	53,363	359	286	8	0
Nondepository credit intermediation	12,395	1,137,291	10,214,052	916,534	422,062	741,082
Securities, commodity contracts, and other	50,860	5,097,117	16,826,634	2,790,333	659,246	7,283,714
Insurance and related activities	490,501	13,092,904	141,788,864	25,613,579	3,761,899	11,186,275
Insurance agencies and brokerages	18,414	52,253	895,920	467,517	395,486	7,125
Funds, trusts, and other financial vehicles	10	12,677	47,299	185	20	2,675
Real estate and rental and leasing	10,466	453,625	1,897,150	21,087	5,264	23,184
Real estate	1,280	141,392	424,419	11,932	1,661	21,071
Rentals and leasing	9,186	312,233	1,472,731	9,155	3,603	2,114

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	General business credit	U.S. income tax after credits [4]	Foreign income, deductions, and taxes reported on Form 1118			
			Gross income (less loss)			
			Total	Dividends	Foreign dividend income from foreign taxes deemed paid (gross-up)	Interest
	(13)	(14)	(15)	(16)	(17)	(18)
Services	3,266,340	12,167,104	113,266,099	14,442,317	6,149,233	29,707,322
Professional, scientific, and technical services	180,007	4,159,314	17,887,817	1,778,013	743,846	114,239
Management of holding companies	2,783,935	5,062,991	82,115,006	9,525,058	3,944,437	29,275,418
Administrative and support and waste management and remediation	26,741	523,266	2,294,822	420,276	206,475	16,064
Education services, health care, and social assistance	4,567	939,038	470,150	151,632	35,428	1,522
Arts, entertainment, and recreation	1,133	62,950	533,849	18,800	7,991	327
Accommodation and food services	263,308	1,306,025	9,599,177	2,497,250	1,188,788	291,925
Accommodation	*31,843	*40,220	*1,660,980	*658,559	*310,229	*68,311
Food services and drinking places	231,465	1,265,805	7,938,197	1,838,692	878,559	223,615
Other services	6,648	113,521	365,279	51,289	22,268	7,826
Repair and maintenance services	69	16,507	60,824	9,864	4,487	57
Personal services	6,578	88,232	304,046	41,409	17,781	7,769
Religious, grantmaking, civic, professional, and similar organizations	*0	*8,782	*409	*15	*0	*0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Gross income (less loss)—continued					Deductions
	Rents, royalties, and license fees	Service income	Other income	Oil and gas extraction income [5]	Foreign branch income [5]	Total
	(19)	(20)	(21)	(22)	(23)	(24)
All industries	115,837,702	43,128,161	320,282,878	99,043,479	125,056,602	382,114,371
Agriculture, forestry, fishing, and hunting	2,278	9,506	52,712	0	0	41,372
Mining	2,272,201	3,047,356	12,761,305	6,802,151	7,278,703	8,311,004
Oil and gas extraction, coal mining	3,589	43,289	2,315,162	6,802,151	1,711,545	1,185,552
Metal ore mining	*108,408	*92,179	*8,933,810	*0	*816,960	*3,465,067
Nonmetallic minerals	*0	*21,973	*8,003	*0	*12,014	*24,547
Support activities for mining	2,160,204	2,889,915	1,504,330	0	4,738,184	3,635,837
Utilities	*0	*0	*11,745	*0	*31,111	*72,829
Construction	105,170	880,318	371,487	0	483,058	1,031,749
Construction of buildings	0	300,016	2,963	0	0	248,847
Heavy and civil engineering construction	104,633	471,098	365,742	0	448,373	690,922
Special trade contractors	537	109,204	2,782	0	34,685	91,980
Manufacturing	65,879,142	6,607,706	122,008,821	91,777,902	33,247,989	117,214,717
Food manufacturing	753,033	3,090	3,638,824	0	2,441,156	4,687,122
Beverage and tobacco products	2,076,099	0	4,925,721	0	2,031,655	4,381,484
Tobacco manufacturing	*296,311	*0	*568,811	*0	*66,372	*396,101
Textile mills and textile product mills	*0	*0	*8,273	*0	*925	*7,149
Apparel manufacturing	683,702	6,065	223,154	0	6,853	382,430
Leather and allied product manufacturing	*122,260	*10,215	*53,596	*0	*10,215	*38,604
Wood product manufacturing	*30	*0	*5,037	*0	*2,112	*2,638
Paper manufacturing	942,549	4,554	1,821,809	0	513,716	2,258,411
Printing and related support activities	14,537	333	69,862	0	30,719	73,920
Petroleum and coal products manufacturing	536,642	7,615	48,175,472	91,777,902	10,581,921	22,018,643
Chemical manufacturing	24,639,047	1,874,193	22,527,923	0	8,203,440	29,623,808
Pharmaceutical and medicine manufacturing	19,483,151	1,566,371	16,172,950	0	4,688,614	21,478,922
Other chemical manufacturing	5,155,896	307,822	6,354,973	0	3,514,827	8,144,886
Plastics and rubber products manufacturing	110,092	2,815	131,594	0	25,249	204,467
Nonmetallic mineral product manufacturing	32,313	34,554	64,956	0	70,467	180,753
Primary metal manufacturing	119,053	44,522	219,942	0	142,838	284,270
Fabricated metal products	440,314	137,453	1,425,940	0	529,341	1,876,339
Machinery manufacturing	1,168,452	236,767	3,300,238	0	1,720,556	3,973,542
Computer and electronic product manufacturing	26,064,428	2,670,043	20,631,453	0	4,622,747	28,653,878
Electrical equipment, appliance and component manufacturing	4,027,533	54,529	7,033,173	0	173,671	9,253,186
Transportation equipment manufacturing	1,372,310	994,381	2,535,933	0	793,549	3,136,479
Motor vehicles and related manufacturing	480,452	3,398	120,411	0	95,302	230,678
Other transportation equipment manufacturing	891,857	990,983	2,415,521	0	698,247	2,905,801
Furniture and related products	*9,195	*0	*155,993	*0	*92,357	*139,196
Miscellaneous manufacturing and manufacturing not allocable	2,767,554	526,576	5,059,928	0	1,254,502	6,038,399

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Gross income (less loss)—continued					Deductions
	Rents, royalties, and license fees	Service income	Other income	Oil and gas extraction income [5]	Foreign branch income [5]	Total
	(19)	(20)	(21)	(22)	(23)	(24)
Wholesale and retail trade	5,410,287	1,064,904	14,512,384	0	4,655,681	15,976,222
Wholesale trade	2,579,419	1,029,828	11,404,004	0	2,764,436	11,973,772
Durable goods	352,917	181,881	2,380,405	0	285,577	2,140,638
Machinery, equipment, and supplies	55,009	9,634	60,776	0	30,736	85,557
Other miscellaneous durable goods	297,908	172,247	2,319,629	0	254,841	2,055,081
Nondurable goods	2,226,502	847,947	9,023,599	0	2,478,859	9,833,135
Drugs, chemicals, and allied products	1,360,390	45,317	2,486,667	0	1,028,423	2,778,656
Groceries and related products	107,685	779,455	3,939,977	0	157,368	4,396,653
Petroleum and petroleum products	0	0	316,232	0	262,868	217,894
Other miscellaneous nondurable goods	758,427	23,175	2,280,723	0	1,030,200	2,439,930
Retail trade	2,830,868	35,076	3,108,381	0	1,891,245	4,002,450
Motor vehicle, parts dealers, and gas stations	16,071	0	142,194	0	52,112	137,985
Furniture and home furnishings stores	*735	*0	*13,193	*0	*10,889	*11,636
Building materials, garden equipment, and supplies	210,668	0	12,289	0	12,289	133,845
Food and beverages stores	106,027	154	574	0	0	20,321
Apparel and accessory stores	424,543	3,137	763,328	0	351,734	653,603
General merchandise stores	1,091,389	24	198,880	0	57,264	791,329
Miscellaneous retail trade	981,435	31,762	1,977,924	0	1,406,958	2,253,731
Transportation and warehousing	306,327	11,659,405	4,089,056	6,284	5,526,291	14,588,391
Air, rail, and water transportation	49,665	345,275	138,380	0	23,934	468,515
Water transportation	*0	*315,019	*120,896	*0	*14,339	*387,593
Air and rail transportation	*49,665	*30,256	*17,484	*0	*9,595	*80,922
Other transportation and warehousing	256,662	11,314,130	3,950,676	6,284	5,502,356	14,119,876
Information	30,156,451	4,851,527	12,874,499	0	5,860,864	30,926,056
Publishing (except internet), motion picture, and sound recording	20,461,114	167,605	10,740,314	0	4,524,721	17,765,639
Broadcasting, internet publishing	5,437,237	536,299	73,302	0	235,514	4,419,310
Telecommunications	3,671,420	3,891,672	1,870,225	0	796,832	7,975,762
Internet service providers, web search portals, and data processing services	5,194	246,154	37,127	0	107,679	228,660
Other information services	581,486	9,798	153,531	0	196,119	536,684
Finance, insurance, real estate, and rental and leasing	4,668,464	2,988,260	109,690,202	0	14,937,576	122,679,563
Finance and insurance	3,257,870	2,962,969	109,278,471	0	14,837,504	121,565,072
Commercial banking and other depository credit agencies	0	0	65	0	0	215,182
Commercial banking	*0	*0	*0	*0	*0	*215,125
Depository credit agencies other than banks	0	0	65	0	0	57
Nondepository credit intermediation	1,757,104	152,147	6,225,122	0	2,586,347	7,484,087
Securities, commodity contracts, and other	159,452	1,103,135	4,830,754	0	2,400,427	10,048,473
Insurance and related activities	1,341,313	1,706,108	98,179,689	0	9,850,730	103,798,282
Insurance agencies and brokerages	580	0	25,211	0	0	158,508
Funds, trusts, and other financial vehicles	0	1,579	42,841	0	0	19,049
Real estate and rental and leasing	1,410,594	25,290	411,731	0	100,072	1,114,491
Real estate	97,017	21,214	271,524	0	41,620	327,010
Rentals and leasing	1,313,577	4,076	140,207	0	58,452	787,480

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Gross income (less loss)—continued					Deductions
	Rents, royalties, and license fees	Service income	Other income	Oil and gas extraction income [5]	Foreign branch income [5]	Total
	(19)	(20)	(21)	(22)	(23)	(24)
Services	7,037,381	12,019,179	43,910,666	457,142	53,035,330	71,272,467
Professional, scientific, and technical services	2,457,400	9,450,143	3,344,176	40,482	4,671,186	11,737,443
Management of holding companies	1,729,978	797,886	36,842,229	416,660	44,180,770	53,029,891
Administrative and support and waste management and remediation	368,779	964,046	319,182	0	758,464	1,388,674
Education services, health care, and social assistance	55,874	162,344	63,350	0	152,482	220,508
Arts, entertainment, and recreation	129,655	309,920	67,156	0	261,467	418,210
Accommodation and food services	2,208,033	197,981	3,215,200	0	2,899,955	4,274,051
Accommodation	*107,532	*41,736	*474,613	*0	*170,833	*496,789
Food services and drinking places	2,100,500	156,244	2,740,587	0	2,729,122	3,777,262
Other services	87,662	136,860	59,375	0	111,006	203,689
Repair and maintenance services	0	25,829	20,588	0	78	22,979
Personal services	87,662	111,031	38,393	0	110,928	180,391
Religious, grantmaking, civic, professional, and similar organizations	*0	*0	*393	*0	*0	*318

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued				
	Deductions—continued				
	Total	Definitely allocable deductions			
		Depreciation, depletion, and amortization	Other expenses	Service expenses	Other definitely allocable deductions
(25)	(26)	(27)	(28)	(29)	
All industries	242,303,156	3,310,211	5,275,852	27,460,193	206,256,899
Agriculture, forestry, fishing, and hunting	23,322	0	0	3,995	19,327
Mining	6,112,411	465,083	94,374	1,342,361	4,210,594
Oil and gas extraction, coal mining	786,984	69,157	1,042	11,306	705,478
Metal ore mining	*2,784,433	*34,727	*140	*69,825	*2,679,742
Nonmetallic minerals	*18,793	*0	*2,342	*15,391	*1,061
Support activities for mining	2,522,201	361,199	90,850	1,245,839	824,314
Utilities	*4,856	*0	*0	*0	*4,856
Construction	515,753	14,901	7,365	356,206	137,280
Construction of buildings	237,127	19	7	236,983	118
Heavy and civil engineering construction	189,613	13,978	6,858	34,877	133,900
Special trade contractors	89,012	904	501	84,346	3,262
Manufacturing	55,824,437	310,934	453,192	3,011,239	52,049,071
Food manufacturing	2,929,575	9,488	5,569	0	2,914,518
Beverage and tobacco products	3,861,116	0	792	0	3,860,325
Tobacco manufacturing	*215,743	*0	*792	*0	*214,951
Textile mills and textile product mills	*2,450	*0	*629	*0	*1,821
Apparel manufacturing	118,213	4,513	926	3,751	109,023
Leather and allied product manufacturing	*205	*0	*0	*0	*205
Wood product manufacturing	*1,274	*0	*0	*0	*1,274
Paper manufacturing	871,249	370	4,036	0	866,843
Printing and related support activities	42,443	30	66	0	42,347
Petroleum and coal products manufacturing	17,431,274	36,204	0	0	17,395,070
Chemical manufacturing	9,738,698	22,610	12,106	88,394	9,615,588
Pharmaceutical and medicine manufacturing	6,750,326	8,161	116	1,066	6,740,983
Other chemical manufacturing	2,988,372	14,448	11,991	87,329	2,874,604
Plastics and rubber products manufacturing	74,009	119	10,237	1,270	62,383
Nonmetallic mineral product manufacturing	53,288	18	0	23,086	30,184
Primary metal manufacturing	120,128	0	0	22,625	97,502
Fabricated metal products	809,438	28,246	24,199	23,594	733,398
Machinery manufacturing	1,425,809	23,495	18,075	66,266	1,317,973
Computer and electronic product manufacturing	7,950,534	1,388	14,534	1,816,743	6,117,869
Electrical equipment, appliance and component manufacturing	5,228,765	1,593	8,071	6,782	5,212,320
Transportation equipment manufacturing	1,972,853	148,388	74,033	596,868	1,153,564
Motor vehicles and related manufacturing	99,031	0	73,741	0	25,290
Other transportation equipment manufacturing	1,873,822	148,388	292	596,868	1,128,275
Furniture and related products	*118,394	*0	*2,434	*0	*115,960
Miscellaneous manufacturing and manufacturing not allocable	3,074,722	34,473	277,485	361,861	2,400,904

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued				
	Deductions—continued				
	Definitely allocable deductions				
	Total	Depreciation, depletion, and amortization	Other expenses	Service expenses	Other definitely allocable deductions
	(25)	(26)	(27)	(28)	(29)
Wholesale and retail trade	10,770,399	90,487	332,021	775,396	9,572,495
Wholesale trade	8,367,828	89,798	275,171	768,004	7,234,854
Durable goods	1,127,173	4,132	51,496	20,960	1,050,585
Machinery, equipment, and supplies	60,349	3,093	25,070	2,784	29,401
Other miscellaneous durable goods	1,066,825	1,039	26,426	18,176	1,021,184
Nondurable goods	7,240,654	85,666	223,675	747,044	6,184,269
Drugs, chemicals, and allied products	1,684,929	0	755	4,286	1,679,888
Groceries and related products	4,040,867	13,673	118,405	737,910	3,170,879
Petroleum and petroleum products	190,163	71,135	79,356	0	39,672
Other miscellaneous nondurable goods	1,324,695	858	25,160	4,848	1,293,830
Retail trade	2,402,571	689	56,850	7,392	2,337,641
Motor vehicle, parts dealers, and gas stations	121,972	0	0	0	121,972
Furniture and home furnishings stores	*11,508	*632	*9,139	*0	*1,737
Building materials, garden equipment, and supplies	210,668	0	12,289	0	12,289
Food and beverages stores	9,385	0	9,385	0	0
Apparel and accessory stores	462,361	57	30,282	0	432,022
General merchandise stores	441,681	0	0	0	441,681
Miscellaneous retail trade	1,346,920	0	8,044	7,392	1,331,485
Transportation and warehousing	14,240,921	906	37,981	10,485,922	3,716,112
Air, rail, and water transportation	374,098	414	21,204	228,312	124,168
Water transportation	*323,689	*0	*0	*208,072	*115,617
Air and rail transportation	*50,410	*414	*21,204	*20,240	*8,552
Other transportation and warehousing	13,866,823	492	16,777	10,257,611	3,591,944
Information	18,217,576	1,619,959	2,590,864	2,222,825	11,783,928
Publishing (except internet), motion picture, and sound recording	6,699,304	21,054	477,441	86,859	6,113,950
Broadcasting, internet publishing	3,951,568	976,194	1,897,861	72,814	1,004,699
Telecommunications	7,088,685	620,696	215,562	1,859,324	4,393,104
Internet service providers, web search portals, and data processing services	196,024	2,015	0	158,643	35,365
Other information services	281,994	0	0	45,184	236,810
Finance, insurance, real estate, and rental and leasing	103,257,507	118,039	1,132,150	1,654,738	100,352,580
Finance and insurance	102,928,171	39,341	1,075,650	1,653,054	100,160,126
Commercial banking and other depository credit agencies	5,910	0	0	0	5,910
Commercial banking	*5,854	*0	*0	*0	*5,854
Depository credit agencies other than banks	57	0	0	0	57
Nondepository credit intermediation	2,890,395	300	5,016	7,377	2,877,702
Securities, commodity contracts, and other	6,319,408	9	15,294	746,800	5,557,304
Insurance and related activities	93,694,348	39,032	1,055,340	898,877	91,701,099
Insurance agencies and brokerages	50,585	0	0	0	50,585
Funds, trusts, and other financial vehicles	18,110	0	0	0	18,110
Real estate and rental and leasing	329,336	78,697	56,501	1,684	192,454
Real estate	42,693	5,328	18,385	0	18,981
Rentals and leasing	286,642	73,370	38,116	1,684	173,473

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued				
	Deductions—continued				
	Definitely allocable deductions				
	Total	Depreciation, depletion, and amortization	Other expenses	Service expenses	Other definitely allocable deductions
	(25)	(26)	(27)	(28)	(29)
Services	33,335,974	689,903	627,905	7,607,510	24,410,656
Professional, scientific, and technical services	9,446,362	7,758	268,987	5,662,133	3,507,484
Management of holding companies	18,925,261	665,067	25,233	823,764	17,411,197
Administrative and support and waste management and remediation	1,168,538	526	1,101	818,820	348,091
Education services, health care, and social assistance	157,142	27	10,452	43,274	103,390
Arts, entertainment, and recreation	363,958	0	273,166	50,032	40,760
Accommodation and food services	3,135,027	12,641	45,708	109,927	2,966,751
Accommodation	*322,191	*9,531	*7,332	*11,386	*293,942
Food services and drinking places	2,812,836	3,110	38,375	98,541	2,672,809
Other services	139,685	3,885	3,258	99,559	32,983
Repair and maintenance services	8,738	0	0	41	8,697
Personal services	130,629	3,885	3,230	99,228	24,286
Religious, grantmaking, civic, professional, and similar organizations	*318	*0	*28	*291	*0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Deductions—continued					
	Deductions not allocable to specific types of income				Net operating loss deductions	Deductions from oil and gas extraction income [7]
	Total [6]	Research and development	Interest	Other		
(30)	(31)	(32)	(33)	(34)	(35)	
All industries	139,467,106	18,576,126	57,812,421	62,174,798	344,108	17,166,267
Agriculture, forestry, fishing, and hunting	18,050	0	0	13,304	0	0
Mining	2,193,605	57,887	1,151,999	971,444	4,987	1,000,995
Oil and gas extraction, coal mining	393,581	10,380	175,533	203,334	4,987	1,000,995
Metal ore mining	*680,634	*6,354	*478,854	*187,483	*0	*0
Nonmetallic minerals	*5,753	*0	*4,515	*1,238	*0	*0
Support activities for mining	1,113,636	41,152	493,096	579,388	0	0
Utilities	*67,973	*0	*63,889	*4,083	*0	*0
Construction	515,844	44,108	10,600	458,221	152	0
Construction of buildings	11,720	0	59	11,660	0	0
Heavy and civil engineering construction	501,157	44,108	10,541	446,508	152	0
Special trade contractors	2,967	0	1	54	0	0
Manufacturing	61,320,544	15,612,545	19,812,892	25,474,270	69,736	16,091,094
Food manufacturing	1,744,368	34,475	1,378,745	329,836	13,179	0
Beverage and tobacco products	520,368	3,257	209,671	307,440	0	0
Tobacco manufacturing	*180,358	*1,419	*172,172	*6,766	*0	*0
Textile mills and textile product mills	*4,699	*5	*1,460	*3,233	*0	*0
Apparel manufacturing	264,217	2,582	141,478	92,216	0	0
Leather and allied product manufacturing	*38,399	*5,956	*1,732	*30,712	*0	*0
Wood product manufacturing	*1,364	*322	*141	*901	*0	*0
Paper manufacturing	1,387,162	382,907	557,529	442,323	0	0
Printing and related support activities	31,477	4,603	20,744	4,605	0	0
Petroleum and coal products manufacturing	4,559,239	320,514	3,305,971	929,584	28,130	16,091,094
Chemical manufacturing	19,885,110	6,227,025	5,359,753	8,286,740	0	0
Pharmaceutical and medicine manufacturing	14,728,596	5,311,102	2,944,351	6,465,535	0	0
Other chemical manufacturing	5,156,514	915,924	2,415,402	1,821,205	0	0
Plastics and rubber products manufacturing	130,458	17,378	101,697	11,383	0	0
Nonmetallic mineral product manufacturing	127,465	13,370	91,181	22,913	0	0
Primary metal manufacturing	164,142	4,172	40,010	119,116	0	0
Fabricated metal products	1,066,902	71,152	669,309	283,623	0	0
Machinery manufacturing	2,547,721	455,075	911,754	1,177,577	11	0
Computer and electronic product manufacturing	20,674,934	6,742,335	2,644,005	10,993,878	28,410	0
Electrical equipment, appliance and component manufacturing	4,024,421	441,620	2,972,278	595,175	0	0
Transportation equipment manufacturing	1,163,626	232,349	620,908	308,962	0	0
Motor vehicles and related manufacturing	131,647	1,913	69,513	59,557	0	0
Other transportation equipment manufacturing	1,031,979	230,436	551,395	249,404	0	0
Furniture and related products	*20,802	*5,066	*12,791	*2,521	*0	*0
Miscellaneous manufacturing and manufacturing not allocable	2,963,671	648,383	771,736	1,531,532	6	0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Deductions—continued					
	Deductions not allocable to specific types of income				Net operating loss deductions	Deductions from oil and gas extraction income [7]
	Total [6]	Research and development	Interest	Other		
(30)	(31)	(32)	(33)	(34)	(35)	
Wholesale and retail trade	5,170,661	482,820	2,125,102	2,453,458	35,162	0
Wholesale trade	3,582,601	436,228	1,167,319	1,951,146	23,343	0
Durable goods	990,121	46,925	154,078	768,478	23,343	0
Machinery, equipment, and supplies	25,208	264	6,564	9,374	0	0
Other miscellaneous durable goods	964,913	46,661	147,514	759,104	23,343	0
Nondurable goods	2,592,480	389,303	1,013,241	1,182,668	0	0
Drugs, chemicals, and allied products	1,093,727	298,957	195,283	594,039	0	0
Groceries and related products	355,787	5,394	327,802	22,669	0	0
Petroleum and petroleum products	27,732	0	27,475	257	0	0
Other miscellaneous nondurable goods	1,115,235	84,952	462,681	565,703	0	0
Retail trade	1,588,060	46,591	957,783	502,312	11,819	0
Motor vehicle, parts dealers, and gas stations	16,013	0	934	15,079	0	0
Furniture and home furnishings stores	*127	*0	*42	*0	*0	*0
Building materials, garden equipment, and supplies	133,845	8,743	0	0	0	8,743
Food and beverages stores	10,936	0	9,060	1,875	0	0
Apparel and accessory stores	191,242	1,644	50,976	138,622	0	0
General merchandise stores	349,647	0	340,550	9,098	0	0
Miscellaneous retail trade	894,992	44,948	460,988	307,768	11,819	0
Transportation and warehousing	347,470	24,815	221,334	97,439	0	176
Air, rail, and water transportation	94,417	1,898	28,696	63,823	0	0
Water transportation	*63,904	*0	*17,884	*46,020	*0	*0
Air and rail transportation	*30,513	*1,898	*10,812	*17,803	*0	*0
Other transportation and warehousing	253,053	22,917	192,638	33,616	0	176
Information	12,639,630	1,605,706	2,448,013	8,510,521	68,850	0
Publishing (except internet), motion picture, and sound recording	11,017,558	1,518,137	1,517,724	7,914,810	48,777	0
Broadcasting, internet publishing	467,742	282	311,947	148,999	0	0
Telecommunications	867,004	38,791	594,561	233,652	20,073	0
Internet service providers, web search portals, and data processing services	32,637	3,777	19,888	8,972	0	0
Other information services	254,690	44,719	3,894	204,087	0	0
Finance, insurance, real estate, and rental and leasing	19,340,421	93,649	12,367,654	6,754,653	81,634	0
Finance and insurance	18,557,212	27,260	12,289,428	6,136,323	79,689	0
Commercial banking and other depository credit agencies	208,813	0	64,955	49,004	458	0
Commercial banking	*208,813	*0	*64,955	*49,004	*458	*0
Depository credit agencies other than banks	0	0	0	0	0	0
Nondepository credit intermediation	4,571,775	7,637	1,068,324	3,495,815	21,916	0
Securities, commodity contracts, and other	3,721,493	18,764	3,318,643	380,210	7,572	0
Insurance and related activities	10,054,192	860	7,836,590	2,211,271	49,742	0
Insurance agencies and brokerages	107,923	0	107,907	16	0	0
Funds, trusts, and other financial vehicles	939	0	916	23	0	0
Real estate and rental and leasing	783,209	66,389	78,226	618,330	1,946	0
Real estate	284,317	2,169	43,632	238,508	0	0
Rentals and leasing	498,892	64,220	34,594	379,822	1,946	0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Deductions—continued					
	Deductions not allocable to specific types of income				Net operating loss deductions	Deductions from oil and gas extraction income [7]
	Total [6]	Research and development	Interest	Other		
(30)	(31)	(32)	(33)	(34)	(35)	
Services	37,852,907	654,597	19,610,937	17,437,405	83,586	74,002
Professional, scientific, and technical services	2,226,546	379,351	752,471	1,022,225	64,534	27,818
Management of holding companies	34,086,772	261,961	17,924,668	15,872,380	17,858	46,183
Administrative and support and waste management and remediation	218,943	5,639	129,583	70,064	1,193	0
Education services, health care, and social assistance	63,366	709	22,013	40,644	0	0
Arts, entertainment, and recreation	54,252	0	8,186	11,740	0	0
Accommodation and food services	1,139,024	6,938	733,259	397,559	0	0
Accommodation	*174,598	*0	*152,173	*22,426	*0	*0
Food services and drinking places	964,426	6,938	581,086	375,133	0	0
Other services	64,003	0	40,758	22,794	0	0
Repair and maintenance services	14,241	0	265	13,977	0	0
Personal services	49,762	0	40,493	8,817	0	0
Religious, grantmaking, civic, professional, and similar organizations	*0	*0	*0	*0	*0	*0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Taxable income (less loss) before adjustments	Adjustments to taxable income	Taxable income (less loss) after adjustments	Foreign taxes available for credit		
				Total	Reduction for certain foreign taxes	Carryover
	(36)	(37)	(38)	(39)	(40)	(41)
All industries	416,827,641	64,487,511	352,340,130	165,057,387	11,862,279	72,514,228
Agriculture, forestry, fishing, and hunting	43,481	[2]	43,481	18,255	0	337
Mining	17,422,617	2,471,151	14,951,466	7,985,004	954,375	3,159,206
Oil and gas extraction, coal mining	6,068,208	1,776,833	4,291,375	1,950,065	665,822	714,876
Metal ore mining	*7,677,323	*-55,192	*7,732,515	*5,079,021	*288,554	*2,213,677
Nonmetallic minerals	*33,434	*[2]	*33,434	*12,972	*0	*242
Support activities for mining	3,643,653	749,510	2,894,143	942,947	0	230,412
Utilities	*395,915	*11,358	*384,557	*216,300	*0	*49,859
Construction	577,251	40,423	536,828	195,847	305	14,149
Construction of buildings	65,215	397	64,818	10,837	0	5,277
Heavy and civil engineering construction	483,657	39,983	443,674	173,450	305	4,522
Special trade contractors	28,380	43	28,337	11,560	0	4,349
Manufacturing	264,861,211	25,254,981	239,606,230	103,546,380	10,887,501	44,821,792
Food manufacturing	4,325,843	306,728	4,019,115	1,326,158	0	106,204
Beverage and tobacco products	6,244,950	67,459	6,177,491	1,505,264	0	2,401
Tobacco manufacturing	*871,359	*[2]	*871,359	*158,200	*0	*0
Textile mills and textile product mills	*7,422	*464	*6,958	*1,688	*0	*283
Apparel manufacturing	724,161	25,048	699,113	377,492	0	307,409
Leather and allied product manufacturing	*226,396	*19,567	*206,829	*47,872	*0	*0
Wood product manufacturing	*2,573	*[2]	*2,573	*55	*0	*0
Paper manufacturing	4,131,936	114,972	4,016,964	1,946,746	0	351,498
Printing and related support activities	131,127	30,775	100,352	109,964	22	44,687
Petroleum and coal products manufacturing	95,317,702	1,447,349	93,870,353	60,030,752	10,880,102	34,701,890
Chemical manufacturing	86,126,749	11,618,742	74,508,007	18,527,823	7,320	4,277,414
Pharmaceutical and medicine manufacturing	71,501,004	11,197,008	60,303,996	12,253,736	7,315	2,412,251
Other chemical manufacturing	14,625,745	421,734	14,204,011	6,274,087	4	1,865,164
Plastics and rubber products manufacturing	441,205	50,117	391,088	174,186	0	47,962
Nonmetallic mineral product manufacturing	192,172	-4,882	197,054	136,833	0	86,967
Primary metal manufacturing	177,146	4,437	172,709	61,625	0	17,253
Fabricated metal products	2,200,413	297,795	1,902,618	1,232,632	9	245,256
Machinery manufacturing	4,353,090	790,814	3,562,276	1,933,483	0	500,590
Computer and electronic product manufacturing	36,170,408	6,999,143	29,171,265	9,721,013	49	3,165,898
Electrical equipment, appliance and component manufacturing	13,226,278	3,492,773	9,733,505	2,957,550	0	97,618
Transportation equipment manufacturing	4,259,612	-168,805	4,428,417	1,599,517	0	501,294
Motor vehicles and related manufacturing	994,678	5,360	989,318	283,425	0	65,068
Other transportation equipment manufacturing	3,264,934	-174,165	3,439,099	1,316,092	0	436,226
Furniture and related products	*37,621	*-18,586	*56,207	*22,732	*0	*19,136
Miscellaneous manufacturing and manufacturing not allocable	6,564,407	181,070	6,383,337	1,832,996	0	348,031

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Taxable income (less loss) before adjustments	Adjustments to taxable income	Taxable income (less loss) after adjustments	Foreign taxes available for credit		
				Total	Reduction for certain foreign taxes	Carryover
	(36)	(37)	(38)	(39)	(40)	(41)
Wholesale and retail trade	18,160,932	677,410	17,483,522	7,496,013	47	1,703,302
Wholesale trade	8,526,826	113,128	8,413,698	2,834,292	45	558,947
Durable goods	1,633,743	271,997	1,361,746	514,020	0	224,161
Machinery, equipment, and supplies	224,376	-647	225,023	76,626	0	15,054
Other miscellaneous durable goods	1,409,367	272,644	1,136,723	437,394	0	209,107
Nondurable goods	6,893,083	-158,869	7,051,952	2,320,272	45	334,785
Drugs, chemicals, and allied products	1,985,553	150,034	1,835,519	377,815	0	29,832
Groceries and related products	1,604,763	[2]	1,604,763	349,945	0	3,496
Petroleum and petroleum products	121,717	9,127	112,590	58,252	0	7,443
Other miscellaneous nondurable goods	3,181,050	-318,030	3,499,080	1,534,261	45	294,014
Retail trade	9,634,106	564,282	9,069,824	4,661,721	2	1,144,355
Motor vehicle, parts dealers, and gas stations	29,321	382	28,939	1,837	0	206
Furniture and home furnishings stores	*8,243	*1,214	*7,029	*1,939	*0	*259
Building materials, garden equipment, and supplies	1,804,583	[2]	1,804,583	681,288	0	6,401
Food and beverages stores	93,729	2,637	91,092	16,218	0	5,138
Apparel and accessory stores	1,033,261	81,913	951,348	370,618	0	81,106
General merchandise stores	3,319,461	9,023	3,310,438	2,338,784	0	549,805
Miscellaneous retail trade	3,345,507	469,111	2,876,396	1,251,036	2	501,440
Transportation and warehousing	2,186,352	217,889	1,968,463	380,151	1	33,722
Air, rail, and water transportation	81,174	-1,508	82,682	37,879	0	20,933
Water transportation	*63,171	*870	*62,301	*34,003	*0	*20,300
Air and rail transportation	*18,003	*-2,378	*20,381	*3,876	*0	*633
Other transportation and warehousing	2,105,178	219,396	1,885,782	342,272	1	12,788
Information	22,751,177	-25,745	22,776,922	5,576,151	2,590	1,662,043
Publishing (except internet), motion picture, and sound recording	17,537,707	-101,270	17,638,977	3,831,018	2,590	1,114,015
Broadcasting, internet publishing	1,936,002	96,408	1,839,594	351,200	0	65,322
Telecommunications	2,514,177	56,293	2,457,884	1,040,270	0	331,712
Internet service providers, web search portals, and data processing services	167,668	49,778	117,890	96,566	0	21,839
Other information services	595,623	-126,954	722,577	257,097	0	129,155
Finance, insurance, real estate, and rental and leasing	48,435,072	23,551,492	24,883,580	12,857,488	313	5,684,944
Finance and insurance	47,652,412	23,548,928	24,103,484	12,599,319	313	5,553,239
Commercial banking and other depository credit agencies	125,453	58	125,395	19,972	0	14,155
Commercial banking	*125,151	*59	*125,092	*19,934	*0	*14,155
Depository credit agencies other than banks	303	[2]	303	38	0	0
Nondepository credit intermediation	2,729,965	665,514	2,064,451	855,784	0	190,048
Securities, commodity contracts, and other	6,778,161	2,573,742	4,204,419	3,966,013	312	2,889,331
Insurance and related activities	37,990,582	20,295,616	17,694,966	7,754,926	[2]	2,458,528
Insurance agencies and brokerages	737,412	12,313	725,099	399,953	0	1,239
Funds, trusts, and other financial vehicles	28,251	13,998	14,253	2,624	0	1,177
Real estate and rental and leasing	782,660	2,564	780,096	258,169	0	131,706
Real estate	97,409	-65,368	162,777	147,045	0	117,558
Rentals and leasing	685,251	67,931	617,320	111,125	0	14,148

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Taxable income (less loss) before adjustments	Adjustments to taxable income	Taxable income (less loss) after adjustments	Foreign taxes available for credit		
				Total	Reduction for certain foreign taxes	Carryover
	(36)	(37)	(38)	(39)	(40)	(41)
Services	41,993,632	12,288,552	29,705,080	26,785,797	17,148	15,384,874
Professional, scientific, and technical services	6,150,374	1,194,260	4,956,114	1,940,703	2,890	595,232
Management of holding companies	29,085,114	10,304,592	18,780,522	21,489,037	14,235	13,819,644
Administrative and support and waste management and remediation	906,148	116,650	789,498	303,417	0	31,817
Education services, health care, and social assistance	249,642	50,615	199,027	59,204	0	5,725
Arts, entertainment, and recreation	115,638	33,704	81,934	71,900	23	37,165
Accommodation and food services	5,325,125	586,018	4,739,107	2,877,871	0	889,352
Accommodation	*1,164,190	*497,157	*667,033	*1,089,240	*0	*748,166
Food services and drinking places	4,160,935	88,861	4,072,074	1,788,631	0	141,186
Other services	161,590	2,712	158,878	43,664	0	5,939
Repair and maintenance services	37,845	1,946	35,899	14,000	0	916
Personal services	123,654	766	122,888	29,643	0	5,023
Religious, grantmaking, civic, professional, and similar organizations	*91	*[2]	*91	*22	*0	*1

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Foreign taxes available for credit—continued					
	Limitation	Difference between limitation and foreign tax credit [8]	Total paid, accrued, and deemed paid	Total	Foreign taxes paid or accrued	
					Dividends	Interest
(42)	(43)	(44)	(45)	(46)	(47)	
All industries	123,284,530	29,727,220	104,405,370	29,031,086	2,324,884	365,439
Agriculture, forestry, fishing, and hunting	14,965	4,277	17,918	2,186	65	68
Mining	5,233,485	507,474	5,780,105	3,909,960	352,669	23,598
Oil and gas extraction, coal mining	1,501,878	19,244	1,900,943	585,448	711	17
Metal ore mining	*2,706,377	*34,000	*3,153,897	*2,795,782	*350,093	*20,523
Nonmetallic minerals	*11,699	*1,400	*12,730	*266	*101	*0
Support activities for mining	1,013,531	452,830	712,535	528,464	1,764	3,058
Utilities	*134,469	*1,437	*166,441	*5,112	*36	*788
Construction	187,594	26,955	182,003	151,237	2,151	29
Construction of buildings	22,622	16,811	5,560	1,837	11	0
Heavy and civil engineering construction	155,183	8,565	169,233	144,441	1,861	1
Special trade contractors	9,789	1,579	7,211	4,958	280	28
Manufacturing	83,840,019	19,412,252	69,612,090	13,894,689	1,265,140	195,094
Food manufacturing	1,406,301	331,234	1,219,953	280,341	34,482	12,752
Beverage and tobacco products	2,162,122	676,717	1,502,863	328,084	57,559	912
Tobacco manufacturing	*304,976	*146,776	*158,200	*8,749	*21	*22
Textile mills and textile product mills	*2,426	*1,023	*1,405	*222	*196	*0
Apparel manufacturing	244,529	50,046	70,083	30,868	847	2,481
Leather and allied product manufacturing	*72,389	*24,517	*47,872	*21,021	*13,429	*65
Wood product manufacturing	*900	*845	*55	*55	*4	*16
Paper manufacturing	1,405,606	7,059	1,595,248	188,989	67,839	256
Printing and related support activities	35,038	1,903	65,298	28,271	20,843	246
Petroleum and coal products manufacturing	32,854,763	227,171	36,208,964	6,947,736	376,801	27,105
Chemical manufacturing	26,076,494	12,721,977	14,257,728	2,745,105	380,587	18,074
Pharmaceutical and medicine manufacturing	21,106,060	12,217,844	9,848,801	1,794,111	216,057	3,924
Other chemical manufacturing	4,970,434	504,133	4,408,927	950,994	164,530	14,150
Plastics and rubber products manufacturing	136,442	23,974	126,224	13,703	2,232	400
Nonmetallic mineral product manufacturing	68,750	4,879	49,867	18,191	7,685	5,480
Primary metal manufacturing	60,129	20,919	44,372	27,035	443	251
Fabricated metal products	664,715	65,131	987,385	192,423	24,885	3,665
Machinery manufacturing	1,245,491	114,952	1,432,893	327,342	32,261	13,744
Computer and electronic product manufacturing	10,208,896	3,343,948	6,555,164	1,341,814	121,476	18,296
Electrical equipment, appliance and component manufacturing	3,406,015	648,269	2,859,932	872,098	71,875	82,807
Transportation equipment manufacturing	1,535,923	397,363	1,098,222	146,638	11,910	1,028
Motor vehicles and related manufacturing	332,330	87,638	218,357	8,912	941	148
Other transportation equipment manufacturing	1,203,593	309,726	879,866	137,726	10,969	880
Furniture and related products	*19,629	*11,020	*3,596	*2,413	*24	*316
Miscellaneous manufacturing and manufacturing not allocable	2,233,461	739,307	1,484,965	382,338	39,762	7,201

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Foreign taxes available for credit—continued					
	Limitation	Difference between limitation and foreign tax credit [8]	Total paid, accrued, and deemed paid	Total	Taxes withheld at source on—	
					Dividends	Interest
(42)	(43)	(44)	(45)	(46)	(47)	
Wholesale and retail trade	6,116,080	1,418,461	5,792,757	937,925	120,808	25,899
Wholesale trade	2,942,351	941,908	2,275,390	557,474	62,935	11,405
Durable goods	475,132	193,900	289,859	83,566	6,764	3,426
Machinery, equipment, and supplies	78,455	15,280	61,572	15,145	1,599	64
Other miscellaneous durable goods	396,677	178,620	228,287	68,421	5,165	3,362
Nondurable goods	2,467,219	748,008	1,985,531	473,908	56,172	7,979
Drugs, chemicals, and allied products	642,117	298,277	347,982	125,637	17,687	966
Groceries and related products	561,557	219,930	346,449	132,456	22,598	3,202
Petroleum and petroleum products	39,273	3	50,809	46,150	8	1
Other miscellaneous nondurable goods	1,224,272	229,797	1,240,291	169,666	15,879	3,811
Retail trade	3,173,729	476,553	3,517,368	380,451	57,873	14,494
Motor vehicle, parts dealers, and gas stations	10,084	8,252	1,631	1,611	25	162
Furniture and home furnishings stores	*2,425	*1,170	*1,679	*84	*0	*33
Building materials, garden equipment, and supplies	631,604	2,000	674,888	30,480	12,932	0
Food and beverages stores	31,833	21,441	11,080	9,705	465	409
Apparel and accessory stores	332,760	127,026	289,512	96,002	11,739	1,237
General merchandise stores	1,158,646	24,372	1,788,979	71,121	4,956	5,961
Miscellaneous retail trade	1,006,376	292,293	749,598	171,448	27,756	6,692
Transportation and warehousing	688,454	333,752	346,430	152,455	16,978	2,430
Air, rail, and water transportation	28,823	4,001	16,946	16,289	172	284
Water transportation	*21,740	*283	*13,703	*13,425	*100	*279
Air and rail transportation	*7,083	*3,719	*3,243	*2,864	*71	*6
Other transportation and warehousing	659,631	329,750	329,484	136,166	16,806	2,145
Information	7,978,053	3,765,616	3,916,698	2,483,740	80,831	17,961
Publishing (except internet), motion picture, and sound recording	6,180,793	3,188,363	2,719,593	1,798,919	71,906	15,460
Broadcasting, internet publishing	643,546	381,406	285,878	246,508	3,327	73
Telecommunications	859,800	110,717	708,558	377,988	2,055	2,428
Internet service providers, web search portals, and data processing services	41,088	3,125	74,728	10,872	0	0
Other information services	252,824	82,005	127,942	49,453	3,542	0
Finance, insurance, real estate, and rental and leasing	8,704,437	3,020,001	7,172,857	2,241,667	132,070	45,098
Finance and insurance	8,432,984	2,887,259	7,046,393	2,120,467	131,205	44,640
Commercial banking and other depository credit agencies	43,823	30,681	5,817	5,810	36	5,774
Commercial banking	*43,719	*30,616	*5,779	*5,779	*5	*5,774
Depository credit agencies other than banks	104	66	38	31	31	0
Nondepository credit intermediation	722,405	195,340	665,736	194,695	318	7,713
Securities, commodity contracts, and other	1,468,821	357,860	1,076,995	417,659	22,004	4,179
Insurance and related activities	6,193,081	2,300,208	5,296,398	1,500,878	108,840	26,706
Insurance agencies and brokerages	253,765	459	398,714	3,161	1,183	80
Funds, trusts, and other financial vehicles	4,854	3,171	1,447	1,427	8	268
Real estate and rental and leasing	271,452	132,742	126,464	121,199	864	458
Real estate	56,203	16,907	29,487	27,825	411	500
Rentals and leasing	215,250	115,835	96,977	93,374	454	-42

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Foreign taxes available for credit—continued					
	Limitation	Difference between limitation and foreign tax credit [8]	Total paid, accrued, and deemed paid	Total	Foreign taxes paid or accrued	
					Dividends	Interest
(42)	(43)	(44)	(45)	(46)	(47)	
Services	10,386,975	1,236,995	11,418,071	5,252,116	354,137	54,474
Professional, scientific, and technical services	1,730,742	523,627	1,348,361	602,531	34,962	3,926
Management of holding companies	6,570,877	575,587	7,683,629	3,725,816	280,560	27,460
Administrative and support and waste management and remediation	273,681	40,254	271,601	65,126	12,197	1,339
Education services, health care, and social assistance	69,245	16,135	53,479	18,050	2,079	3,269
Arts, entertainment, and recreation	28,449	8,938	34,757	26,767	201	28
Accommodation and food services	1,658,554	52,862	1,988,519	798,370	22,243	18,343
Accommodation	*233,404	*29,171	*341,074	*30,845	*[2]	*1,034
Food services and drinking places	1,425,150	23,691	1,647,445	767,525	22,243	17,309
Other services	55,427	19,592	37,725	15,457	1,894	109
Repair and maintenance services	12,457	84	13,084	8,597	484	0
Personal services	42,940	19,499	24,620	6,839	1,409	109
Religious, grantmaking, civic, professional, and similar organizations	*30	*9	*21	*21	*1	*0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Foreign taxes available for credit—continued					
	Foreign taxes paid or accrued—continued					Taxes deemed paid
	Taxes withheld at source on—continued	Other taxes paid or accrued on—				
	Rents, royalties, and license fees	Branch income	Specifically allocable income (section 863(b))	Service income	Other income	
(48)	(49)	(50)	(51)	(52)	(53)	
All industries	4,575,041	9,793,724	21,484	1,002,870	10,947,645	75,374,284
Agriculture, forestry, fishing, and hunting	175	0	0	1,161	718	15,732
Mining	146,632	574,127	0	60,742	2,752,192	1,870,146
Oil and gas extraction, coal mining	307	146,933	0	417	437,064	1,315,495
Metal ore mining	*4,879	*261,834	*0	*70	*2,158,383	*358,115
Nonmetallic minerals	*0	*164	*0	*0	*0	*12,465
Support activities for mining	141,446	165,196	0	60,254	156,746	184,071
Utilities	*0	*0	*0	*0	*4,288	*161,329
Construction	9,671	9,583	0	126,044	3,758	30,767
Construction of buildings	0	0	0	1,654	173	3,722
Heavy and civil engineering construction	9,617	6,533	0	122,843	3,585	24,792
Special trade contractors	54	3,050	0	1,547	0	2,253
Manufacturing	2,308,539	3,422,780	10,100	159,657	6,533,378	55,717,401
Food manufacturing	44,911	182,209	0	1,974	4,013	939,612
Beverage and tobacco products	47,470	188,612	1,352	5,650	26,529	1,174,779
Tobacco manufacturing	*90	*8,310	*0	*0	*306	*149,451
Textile mills and textile product mills	*0	*0	*0	*0	*26	*1,183
Apparel manufacturing	19,873	345	25	614	6,684	39,215
Leather and allied product manufacturing	*6,486	*108	*0	*175	*757	*26,851
Wood product manufacturing	*10	*26	*0	*0	*0	*0
Paper manufacturing	69,786	5,397	0	11,228	34,483	1,406,259
Printing and related support activities	647	6,258	0	0	276	37,027
Petroleum and coal products manufacturing	7,103	1,242,714	26	4,419	5,289,569	29,261,228
Chemical manufacturing	1,022,422	568,815	3,308	27,634	724,265	11,512,623
Pharmaceutical and medicine manufacturing	757,087	201,622	3,308	2,730	609,384	8,054,690
Other chemical manufacturing	265,335	367,193	0	24,904	114,882	3,457,934
Plastics and rubber products manufacturing	6,637	1,908	0	120	2,405	112,521
Nonmetallic mineral product manufacturing	1,502	1,841	0	536	1,147	31,676
Primary metal manufacturing	5,878	3,058	0	4	17,401	17,337
Fabricated metal products	11,970	116,046	86	15,332	20,438	794,962
Machinery manufacturing	35,897	167,131	1,560	8,209	68,541	1,105,552
Computer and electronic product manufacturing	786,023	208,277	1,315	48,810	157,618	5,213,350
Electrical equipment, appliance and component manufacturing	60,598	508,074	137	1,303	147,304	1,987,834
Transportation equipment manufacturing	32,278	49,122	543	25,415	26,342	951,584
Motor vehicles and related manufacturing	3,185	3,051	543	13	1,030	209,445
Other transportation equipment manufacturing	29,093	46,071	0	25,402	25,312	742,140
Furniture and related products	*541	*1,198	*0	*0	*334	*1,183
Miscellaneous manufacturing and manufacturing not allocable	148,504	171,641	1,748	8,236	5,246	1,102,627

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Foreign taxes available for credit—continued					
	Foreign taxes paid or accrued—continued					
	Taxes withheld at source on—continued	Other taxes paid or accrued on—				Taxes deemed paid
	Rents, royalties, and license fees	Branch income	Specifically allocable income (section 863(b))	Service income	Other income	
(48)	(49)	(50)	(51)	(52)	(53)	
Wholesale and retail trade	251,100	286,066	401	15,363	238,289	4,854,832
Wholesale trade	107,030	179,327	401	14,864	181,513	1,717,916
Durable goods	28,883	22,483	203	8,993	12,814	206,293
Machinery, equipment, and supplies	7,432	4,017	0	810	1,223	46,427
Other miscellaneous durable goods	21,451	18,466	203	8,182	11,591	159,866
Nondurable goods	78,147	156,844	197	5,871	168,699	1,511,623
Drugs, chemicals, and allied products	28,460	65,252	197	561	12,514	222,346
Groceries and related products	6,684	23,212	0	372	76,389	213,993
Petroleum and petroleum products	0	31,805	0	0	14,336	4,660
Other miscellaneous nondurable goods	43,003	36,576	0	4,938	65,460	1,070,625
Retail trade	144,070	106,739	0	499	56,777	3,136,916
Motor vehicle, parts dealers, and gas stations	1,118	0	0	0	306	20
Furniture and home furnishings stores	*1	*50	*0	*0	*0	*1,595
Building materials, garden equipment, and supplies	15,678	1,871	0	0	0	644,408
Food and beverages stores	8,831	0	0	0	0	1,375
Apparel and accessory stores	13,045	68,810	0	0	1,171	193,510
General merchandise stores	44,652	1,500	0	0	14,051	1,717,858
Miscellaneous retail trade	60,745	34,508	0	499	41,248	578,151
Transportation and warehousing	16,642	91,494	0	15,960	8,951	193,975
Air, rail, and water transportation	1,127	0	0	12,825	1,881	657
Water transportation	*0	*0	*0	*12,809	*237	*278
Air and rail transportation	*1,127	*0	*0	*16	*1,644	*379
Other transportation and warehousing	15,515	91,494	0	3,135	7,070	193,317
Information	1,402,825	387,843	10,850	138,731	444,698	1,432,959
Publishing (except internet), motion picture, and sound recording	983,418	334,285	6,413	1,158	386,278	920,674
Broadcasting, internet publishing	213,704	5,117	0	23,656	630	39,370
Telecommunications	199,135	36,582	0	83,051	54,737	330,570
Internet service providers, web search portals, and data processing services	1,015	2,230	4,437	3,163	26	63,856
Other information services	5,552	9,629	0	27,703	3,026	78,489
Finance, insurance, real estate, and rental and leasing	154,981	1,331,635	3	97,528	480,352	4,931,190
Finance and insurance	56,209	1,316,736	3	96,775	474,900	4,925,925
Commercial banking and other depository credit agencies	0	0	0	0	[2]	8
Commercial banking	*0	*0	*0	*0	*0	*0
Depository credit agencies other than banks	0	0	0	0	[2]	8
Nondepository credit intermediation	54,938	121,633	0	660	9,433	471,041
Securities, commodity contracts, and other	461	70,129	0	5,067	315,819	659,336
Insurance and related activities	810	1,124,974	3	91,048	148,498	3,795,520
Insurance agencies and brokerages	3	1,600	0	0	296	395,552
Funds, trusts, and other financial vehicles	0	0	0	0	1,150	20
Real estate and rental and leasing	98,772	14,899	0	753	5,452	5,264
Real estate	8,795	12,660	0	7	5,452	1,661
Rentals and leasing	89,977	2,239	0	746	0	3,603

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 1. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Total Assets, Income, Tax, and Credits, and Foreign Income, Deductions, and Taxes, by Major and Selected Minor Industry—Continued

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

Major and selected minor industry of U.S. corporation filing return	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Foreign taxes available for credit—continued					
	Foreign taxes paid or accrued—continued					Taxes deemed paid
	Taxes withheld at source on—continued	Other taxes paid or accrued on—				
Rents, royalties, and license fees	Branch income	Specifically allocable income (section 863(b))	Service income	Other income		
	(48)	(49)	(50)	(51)	(52)	(53)
Services	284,476	3,690,195	130	387,684	481,021	6,165,955
Professional, scientific, and technical services	56,480	137,096	130	293,884	76,053	745,830
Management of holding companies	69,863	2,930,126	0	62,830	354,975	3,957,813
Administrative and support and waste management and remediation	15,526	24,390	0	4,789	6,885	206,475
Education services, health care, and social assistance	2,132	7,452	0	2,045	1,073	35,428
Arts, entertainment, and recreation	5,060	5,709	0	13,701	2,068	7,991
Accommodation and food services	132,594	583,396	0	2,126	39,668	1,190,149
Accommodation	*3,244	*6,936	*0	*2,126	*17,505	*310,229
Food services and drinking places	129,350	576,460	0	0	22,163	879,920
Other services	2,821	2,027	0	8,309	298	22,268
Repair and maintenance services	0	-10	0	8,123	0	4,487
Personal services	2,821	2,036	0	167	297	17,781
Religious, grantmaking, civic, professional, and similar organizations	*0	*0	*0	*19	*1	*0

* Data should be used with caution because of the small number of sample returns on which they were based.

[1] Interest-Charge Domestic International Sales Corporation (IC-DISC) and Domestic International Sales Corporation (DISC).

[2] Less than \$500.

[3] Includes adjustments (both positive and negative) and recapture of certain tax credits not included in column 11.

[4] In addition to the credits shown in columns 12 and 13, this is after reduction by other credits, such as the jobs credit and the investment credit, which are not shown separately.

[5] Included in gross income (less loss), columns 15-21. See notes below.

[6] Column 30 exceeds the sum of columns 31 through 33 because some corporations do not file a Schedule H to support the not allocable deductions reported on Schedule A.

[7] Included in deductions, columns 24-33. See notes below.

[8] This calculation does not include the reduction for participation in an international boycott and certain other adjustments. Therefore, the amounts presented in this column may differ slightly than subtracting the foreign tax credit (column 12) from the limitation (column 42). The difference between the foreign tax credit limitation and the foreign tax credit is a measure of the U.S. tax owed on foreign source corporate income. The foreign tax credit limitation is the ratio of foreign source income (after deductions) to total taxable income from all sources multiplied by the total U.S. income tax against which the credit is allowed. A limitation of this measure of the U.S. tax owed on foreign source corporate income is that it relies on the definition of foreign source income contained in the tax code. Thus, it assumes that the allocation of expenses to foreign source income accurately reflects the cost of earning that income. Current law also allows expenses allocable to foreign source income to be deducted even when all of the income associated with those expenses is deferred. In that case, the computed residual U.S. tax would be zero, rather than negative. In addition, the definition of foreign source income includes income that may be considered domestic source income, such as certain income from sales of U.S. inventory property.

NOTES: Detail may not add to totals because of rounding. Columns 2 through 14 present statistics on assets, receipts, income, and taxes reported on Form 1120 (Corporation Income Tax Return) series for corporations claiming a foreign tax credit. Columns 15 through 53 present statistics from Form 1118, *Foreign Tax Credit—Corporations*. Schedule references indicate the schedule of Form 1118 from which the data were obtained. Columns 15 through 35 present statistics on foreign income (i.e., income from sources outside the United States) and deductions reported primarily on Schedule A, Form 1118. Although the amounts of oil and gas income and deductions (columns 22 and 35, respectively) are contained in the summary columns (i.e., columns 15 through 21 and 24 through 33), these amounts are also reported separately (on Schedule I) because oil and gas income is subject to special rules under Internal Revenue Code section 907, which may result in a reduction of foreign taxes available for credit. Foreign branch income and code section 863(b) income (income partly within and partly without the United States) also are included in the summary amounts reported in columns 15 through 21. Foreign branch income also is reported separately on Schedule F, shown in column 23. Total deductions not allocable to specific types of income (column 30) are equal to the sum of columns 31 through 33 (any differences are due to taxpayer reporting practices). Total foreign-source gross income (column 15) less total foreign deductions (column 24) is equal to foreign-source taxable income (less loss) before adjustments (column 36). Adjustments to foreign-source taxable income (reported in column 37) include allocations of current-year U.S.-source losses and recapture of foreign losses, as well as other adjustments. These adjustments (reported on Schedule J) affect the numerator of the limitation fraction used to compute the foreign tax credit. The foreign-source taxable income (less loss) after adjustments (the numerator of the limitation fraction) is reported in column 38. The limitation fraction, which represents the ratio of foreign-source taxable income after adjustments to total (U.S. and foreign) taxable income after adjustments, is applied to the total U.S. tax against which the credit is allowed to determine any limitation on the foreign tax credit. Statistics on foreign taxes are reported in columns 39 through 53. Data on foreign taxes paid, accrued, and deemed paid (through related foreign corporations or their subsidiaries) from Schedule B, Form 1118, are reported in columns 44 through 53. Total foreign taxes paid or accrued (column 45) are the sum of columns 46 through 52. Total foreign taxes paid, accrued, and deemed paid (column 44) are equal to the sum of total taxes paid or accrued (column 45) and taxes deemed paid (column 53). Total foreign taxes paid, accrued, and deemed paid are then adjusted for certain items (e.g., reductions of foreign taxes under Code section 907 related to oil and gas income), which are reported in column 40, as well as carryovers of foreign taxes not credited in prior years, which are reported in column 41. Thus, total foreign taxes available for credit (column 39) are equal to total foreign taxes paid, accrued, and deemed paid (column 44) less certain foreign taxes (column 40), plus any carryover of prior-year foreign taxes (column 41).

Source: IRS, Statistics of Income Division, August 2012.

Corporate Foreign Tax Credit, 2009

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country

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

Selected country	Number of returns [1]	Foreign income, deductions, and taxes reported on Form 1118				
		Gross income (less loss)				
		Total	Dividends	Foreign dividend income from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees
	(1)	(2)	(3)	(4)	(5)	(6)
All geographic areas	5,706	798,942,012	196,481,942	66,869,297	56,342,032	115,837,702
Canada	1,977	45,085,695	13,147,700	5,487,126	4,912,433	5,794,366
Latin America, total	1,233	55,859,296	11,696,336	4,983,163	4,252,647	11,939,843
Mexico	814	12,503,406	2,087,186	1,100,621	737,162	3,849,670
Central America, total	298	1,396,107	232,151	84,238	125,041	381,979
Costa Rica	172	332,910	36,736	10,565	12,424	179,045
El Salvador	145	141,731	12,884	3,727	23,251	31,997
Guatemala	166	236,561	23,494	7,923	11,344	47,445
Honduras	93	118,448	7,079	2,097	6,575	23,714
Nicaragua	79	44,615	4,029	1,114	634	9,420
Panama (including Canal Zone)	208	516,861	147,929	58,811	67,620	89,349
Other Central American countries	31	4,981	0	0	3,194	1,009
Caribbean countries, total	365	13,940,827	4,312,567	1,998,638	1,484,475	3,140,804
Barbados	77	96,167	58,953	5,035	14,380	11,030
Cayman Islands (British)	209	11,119,695	4,078,427	1,911,078	1,357,122	2,933,946
Dominican Republic	162	402,045	22,904	5,807	42,736	123,360
Haiti	33	69,830	44	0	8,401	1,992
Jamaica	100	108,577	820	542	25,900	17,616
Trinidad	127	2,138,128	142,209	75,716	35,766	51,938
Other Caribbean countries	39	6,385	9,209	459	171	922
South America, total	840	27,748,090	5,064,432	1,799,666	1,905,993	4,561,580
Argentina	360	4,481,007	255,219	174,711	476,112	514,405
Bolivia	87	132,650	31,995	14,955	53,607	15,472
Brazil	612	11,097,518	2,457,091	842,857	786,531	2,725,527
Chile	346	5,298,812	867,243	93,130	157,939	270,054
Colombia	329	2,134,772	257,610	104,086	64,685	271,681
Ecuador	199	329,853	76,329	21,575	23,510	74,240
Paraguay	76	95,895	18,445	6,255	19,682	14,589
Peru	286	1,685,018	406,206	122,667	54,364	144,783
Uruguay	149	196,495	58,202	11,451	31,504	31,923
Venezuela	253	2,281,418	636,057	407,981	231,939	494,180
Other South American countries	40	14,652	35	0	6,121	4,725
Latin America not allocable	*7	*270,866	*0	*0	*-24	*5,810
Other Western Hemisphere, total	337	41,826,073	28,053,639	4,961,642	1,286,056	4,919,159
Bahamas	111	2,819,380	589,940	278,837	795,006	20,386
Bermuda	205	32,150,244	25,112,471	4,472,120	309,091	1,715,125
British Virgin Islands	84	5,890,663	2,146,204	55,543	133,567	3,096,280
Netherlands Antilles	95	390,175	166,794	69,235	21,226	61,451
All other Western Hemisphere	139	575,611	38,230	85,908	27,165	25,917
Europe, total	2,010	309,572,583	102,124,917	38,076,761	28,432,352	39,377,298
European Union, total	1,885	262,701,349	91,739,994	33,018,461	27,028,893	32,025,747
Austria	233	1,897,299	408,364	100,667	60,766	873,854
Belgium	327	7,018,991	1,017,379	582,486	122,754	1,121,846
Czech Republic	169	1,215,498	109,088	33,785	4,932	832,850
Denmark	245	3,001,947	772,904	747,770	124,796	337,234

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Number of returns [1]	Foreign income, deductions, and taxes reported on Form 1118				
		Gross income (less loss)				
		Total	Dividends	Foreign dividend income from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees
	(1)	(2)	(3)	(4)	(5)	(6)
Europe, total—continued						
Finland	193	1,154,305	93,737	32,317	59,564	794,563
France	604	10,758,334	1,878,791	954,963	538,929	2,434,713
Germany	583	17,212,808	2,435,440	1,701,854	652,664	3,360,195
Greece	202	802,712	320,160	143,274	16,872	119,901
Hungary	154	2,105,781	785,982	35,692	49,098	411,534
Ireland	282	21,541,980	6,974,113	1,141,582	438,002	8,792,849
Italy	448	8,608,021	1,445,507	1,385,390	279,650	1,375,203
Luxembourg	204	31,334,727	22,019,803	7,301,914	761,080	525,907
Netherlands	874	51,967,149	34,404,922	8,856,390	1,446,098	2,526,948
Poland	188	1,897,635	485,985	64,794	168,354	795,910
Portugal	200	2,882,070	1,220,185	596,813	32,003	218,223
Romania	110	225,677	24,294	3,134	7,685	101,357
Spain	413	10,960,672	5,735,892	2,291,964	253,056	1,203,675
Sweden	288	2,308,839	617,917	501,189	153,990	665,347
United Kingdom	983	85,243,268	10,822,885	6,510,436	21,832,441	5,408,197
Other European Union countries	188	563,637	166,647	32,046	26,160	125,442
Other European countries, total	602	46,871,234	10,384,923	5,058,300	1,403,459	7,351,551
Jersey	27	1,101,411	76,888	10,757	420,755	2,909
Kazakhstan	118	7,332,291	309,999	216,178	188,910	26,330
Norway	210	13,886,283	2,688,594	3,201,604	242,596	289,688
Russia	218	3,490,569	351,006	78,995	149,188	477,828
Switzerland	395	17,966,741	6,330,528	1,372,510	307,565	6,127,822
Turkey	184	965,807	180,438	43,776	56,123	203,078
Ukraine	79	363,402	81,038	60,079	21,999	58,647
Other European countries	165	1,764,729	366,432	74,401	16,323	165,249
Africa, total	532	21,482,088	6,847,552	2,715,235	843,952	952,967
Algeria	56	434,669	94,626	44,001	27,856	2,853
Angola	86	6,733,688	3,600,459	1,288,001	939	122,249
Chad	17	762,300	271,263	83,022	91	51
Egypt	140	2,091,118	42,239	13,888	246,753	142,243
Equatorial Guinea	31	1,403,082	1	25	1,253	3,050
Gabon	35	258,328	87,538	0	6,638	10,199
Mauritius	72	790,969	531,742	14,986	38,388	34,595
Nigeria	109	5,199,745	1,454,521	878,254	78,816	15,976
South Africa	293	1,895,144	546,588	292,216	324,080	293,445
Other African countries	287	1,913,046	218,575	100,842	119,138	328,305
Asia, total	1,685	122,218,561	16,055,160	8,215,178	7,006,937	33,207,818
Middle East, total	645	18,591,660	850,832	105,805	777,701	1,068,705
Bahrain	77	275,781	22,833	597	217,360	20,306
Iraq	46	2,405,569	0	0	52	12,209
Israel	481	1,276,835	243,352	63,805	117,897	258,816
Kuwait	81	382,635	7,649	438	8,075	33,420
Lebanon	63	33,406	652	25	5,354	10,904
Qatar	96	6,914,714	39,311	6,128	102,950	115,772
Saudi Arabia	172	4,601,890	222,010	16,423	12,283	430,953
United Arab Emirates	201	2,090,534	96,646	3,180	297,940	162,848
Yemen	25	251,423	16,857	5,437	12	987

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Number of returns [1]	Foreign income, deductions, and taxes reported on Form 1118				
		Gross income (less loss)				
		Total	Dividends	Foreign dividend income from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees
	(1)	(2)	(3)	(4)	(5)	(6)
Other Middle East countries	101	358,872	201,522	9,773	15,777	22,489
Southern and Southeast Asia, total	807	35,993,199	5,645,832	2,173,142	3,900,775	7,661,115
Bangladesh	41	85,627	884	697	43,129	3,964
India	487	6,138,415	376,037	142,915	1,584,964	662,181
Indonesia	242	8,680,818	1,539,076	762,756	578,632	196,676
Malaysia	303	3,962,789	1,003,595	164,078	68,636	847,004
Pakistan	113	659,078	57,531	43,103	138,253	13,423
Philippines	224	1,465,866	224,685	147,385	352,589	174,483
Singapore	481	9,671,334	960,329	198,633	614,545	5,337,345
Sri Lanka	55	39,668	1,038	587	22,155	14,677
Thailand	317	3,880,949	1,462,092	709,377	450,419	269,727
Vietnam	126	316,683	13,125	2,437	36,077	31,428
Other Southern and Southeast Asian countries	115	1,091,971	7,438	1,174	11,375	110,206
Eastern Asia, total	1,407	65,001,618	9,558,495	5,936,231	2,328,461	24,476,742
China	639	15,600,298	1,578,031	380,369	292,574	9,585,116
Hong Kong	430	6,003,201	2,143,137	258,194	854,828	616,705
Japan	953	30,312,411	4,735,492	4,774,541	437,025	7,546,990
South Korea, Republic of	399	6,184,993	645,325	402,686	440,362	2,936,959
Taiwan	378	6,840,641	456,511	120,442	303,619	3,785,267
Other Eastern Asian countries	40	60,075	0	0	54	5,706
Asia not allocable	*6	*2,632,085	*0	*0	*0	*1,256
Oceania, total	673	20,900,212	3,750,567	1,460,432	2,960,183	2,107,654
Australia	619	19,079,868	3,366,296	1,283,041	2,549,437	1,855,954
New Zealand	283	1,329,468	241,969	102,178	397,567	247,021
Other countries of Oceania	70	490,876	142,301	75,213	13,179	4,679
Puerto Rico and U.S. Possessions, total	459	24,040,258	10,506,569	202,213	400,213	8,307,533
Puerto Rico	397	23,553,676	10,438,699	187,284	296,432	8,287,461
U.S. Possessions, total	178	486,582	67,870	14,928	103,781	20,072
American Samoa	18	7,088	0	0	3,501	3,364
Guam	121	339,755	48,600	10,032	88,986	10,736
Virgin Islands, U.S.	99	131,135	18,224	4,187	8,442	4,104
Other U.S. Possessions	27	8,603	1,046	709	2,852	1,868
Country not stated	2,503	128,347,384	3,882,731	767,183	5,984,373	9,215,952
Section 863 income	313	28,897,696	133	0	10,066	15,111
Regulated Investment Companies	61	712,165	416,638	365	252,819	0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Gross income (less loss)—continued				Total deductions	Deductions from oil and gas extraction income [3]
	Service income	Other income	Oil and gas extraction income [2]	Foreign branch income [2]		
	(7)	(8)	(9)	(10)	(11)	(12)
All geographic areas	43,128,161	320,282,878	99,043,479	125,056,602	382,114,371	17,166,267
Canada	3,473,300	12,270,771	6,546,384	9,438,749	17,205,148	1,698,584
Latin America, total	2,621,701	20,365,607	7,625,841	8,598,022	22,068,932	2,251,950
Mexico	769,926	3,958,840	26,799	2,797,950	5,403,270	3,677
Central America, total	93,621	479,078	112,639	308,178	622,062	6,394
Costa Rica	20,822	73,319	5,569	90,691	170,137	93
El Salvador	6,355	63,517	26,032	37,186	68,365	1,131
Guatemala	7,850	138,506	36,783	47,018	127,531	1,571
Honduras	25,666	53,317	14,619	39,038	72,848	347
Nicaragua	8,332	21,085	7,490	13,201	16,968	597
Panama (including Canal Zone)	24,437	128,715	21,994	80,930	162,490	2,171
Other Central American countries	158	620	152	113	3,723	484
Caribbean countries, total	92,118	2,912,225	4,943,749	308,981	3,313,226	939,362
Barbados	852	5,916	434	7,449	23,002	13
Cayman Islands (British)	-514	839,636	3,153,881	59,421	1,955,402	56,546
Dominican Republic	10,464	196,774	12,224	114,835	205,300	289
Haiti	10,795	48,598	2,508	32,997	40,077	8
Jamaica	14,426	49,274	2,596	44,759	68,056	11
Trinidad	62,063	1,770,435	1,772,106	61,729	1,003,941	882,495
Other Caribbean countries	-5,968	1,592	0	-12,209	17,449	0
South America, total	1,664,322	12,752,098	2,542,654	5,182,914	12,646,366	1,302,517
Argentina	244,122	2,816,438	1,574,181	1,190,016	2,893,171	1,047,709
Bolivia	3,857	12,765	281	9,140	54,695	9
Brazil	879,091	3,406,422	82,160	2,121,067	5,230,562	87,845
Chile	53,385	3,857,062	301,762	221,063	1,657,362	2,066
Colombia	233,780	1,202,931	437,272	511,817	1,021,083	15,558
Ecuador	28,087	106,112	-27,105	182,165	243,755	47,209
Paraguay	7,031	29,894	21,254	17,508	38,614	10,944
Peru	135,895	821,102	56,691	523,030	531,085	25,924
Uruguay	4,315	59,100	762	60,022	104,798	18,283
Venezuela	74,576	436,685	94,570	341,708	847,610	46,945
Other South American countries	184	3,588	826	5,379	23,631	25
Latin America not allocable	*1,713	*263,366	*0	*0	*84,008	*0
Other Western Hemisphere, total	121,841	2,483,736	3,202,486	2,272,237	9,147,711	34,320
Bahamas	8,292	1,126,919	684,095	1,777,392	728,096	22,429
Bermuda	29,001	512,436	2,508,149	451,254	6,835,281	8,531
British Virgin Islands	1,408	457,660	54	17,224	989,791	2
Netherlands Antilles	41,897	29,571	9,517	16,983	99,359	5,216
All other Western Hemisphere	41,242	357,150	670	9,384	495,185	-1,856
Europe, total	13,407,195	88,154,060	50,651,955	58,197,723	112,289,221	4,461,039
European Union, total	11,920,545	66,967,709	33,506,229	51,439,755	98,137,639	2,377,874
Austria	24,274	429,374	1,009	734,839	1,454,092	977
Belgium	113,926	4,060,601	83,610	1,534,249	5,014,624	75,506
Czech Republic	11,875	222,968	1,691	123,597	532,124	1,618
Denmark	40,136	979,106	1,277,109	249,502	732,322	3,393

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Gross income (less loss)—continued				Total deductions	Deductions from oil and gas extraction income [3]
	Service income	Other income	Oil and gas extraction income [2]	Foreign branch income [2]		
	(7)	(8)	(9)	(10)	(11)	(12)
Europe, total—continued						
Finland	22,545	151,579	3,608	87,657	659,177	1,379
France	1,098,186	3,852,751	63,316	2,051,615	5,846,407	31,765
Germany	3,687,122	5,375,531	548,096	6,172,712	10,452,714	124,419
Greece	79,678	122,828	252	90,090	252,996	6,064
Hungary	16,524	806,951	47,797	391,674	718,608	43,923
Ireland	463,959	3,731,476	774,282	1,136,922	6,856,219	769,672
Italy	1,004,177	3,118,095	11,518		5,113,482	14,840
Luxembourg	95,483	630,541	18,973,881	140,418	2,191,361	14,559
Netherlands	542,523	4,190,267	971,786	1,120,579	5,773,861	26,645
Poland	68,680	313,912	99	278,915	817,015	91
Portugal	660,683	154,164	22	146,698	1,173,133	1,906
Romania	15,599	73,607	908	73,894	127,250	6
Spain	505,920	970,165	4,214,106	830,985	2,255,746	12
Sweden	61,341	309,053	50	121,606	1,012,460	42
United Kingdom	3,381,933	37,287,377	6,530,364	32,825,141	46,857,904	1,260,880
Other European Union countries	25,979	187,362	2,725	170,559	296,146	178
Other European countries, total	1,486,650	21,186,352	17,145,727	6,757,968	14,151,582	2,083,165
Jersey	492,205	97,897	0	834,201	883,048	0
Kazakhstan	32,424	6,558,450	3,298,264	2,844,815	2,168,636	1,151,095
Norway	81,772	7,382,028	12,783,676	281,700	1,215,864	789,238
Russia	339,539	2,094,012	520,180	1,639,790	2,262,384	137,006
Switzerland	171,325	3,656,991	238,472	617,183	6,437,294	3,024
Turkey	34,009	448,383	1,829	483,246	690,708	1,723
Ukraine	46,396	95,243	4	8,541	160,580	4
Other European countries	288,978	853,346	303,301	48,493	333,068	1,075
Africa, total	1,627,897	8,494,484	13,531,211	3,316,443	5,814,212	1,530,143
Algeria	91,974	173,359	125,333	276,808	220,276	6,248
Angola	934,768	787,272	4,883,759	832,035	1,597,322	23,819
Chad	4,497	403,376	551,201	19,645	-10,006	-23,438
Egypt	5,163	1,640,831	1,406,118	517,303	1,068,595	700,692
Equatorial Guinea	25,721	1,373,031	1,361,421	389,332	372,628	330,753
Gabon	7,259	146,695	208,887	143,707	97,621	66,236
Mauritius	4,058	167,201	0	84,205	190,905	0
Nigeria	72,193	2,699,986	4,626,898	158,740	250,116	23,796
South Africa	72,348	366,467	673	517,170	871,869	249
Other African countries	409,917	736,267	366,920	377,497	1,154,886	401,787
Asia, total	8,150,474	49,582,995	12,492,451	34,343,938	61,349,854	4,108,084
Middle East, total	3,526,613	12,262,003	7,908,940	9,498,178	9,900,972	2,925,983
Bahrain	14,117	568	11	191,476	407,792	9
Iraq	2,075,195	318,112	-1,237	276,154	2,113,713	2,993
Israel	190,995	401,969	10	327,858	816,565	7
Kuwait	252,749	80,304	154	68,308	298,000	218
Lebanon	3,587	12,884	0	15,343	30,142	0
Qatar	223,819	6,426,733	6,320,092	6,444,481	2,617,945	2,419,761
Saudi Arabia	383,530	3,536,692	1,137,602	620,587	1,835,887	338,733
United Arab Emirates	340,553	1,189,367	211,232	1,257,385	1,549,849	47,120
Yemen	327	227,803	241,067	222,529	121,635	117,133

Footnotes at end of table.

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Gross income (less loss)—continued				Total deductions	Deductions from oil and gas extraction income [3]
	Service income	Other income	Oil and gas extraction income [2]	Foreign branch income [2]		
	(7)	(8)	(9)	(10)	(11)	(12)
Other Middle East countries	41,741	67,570	9	74,058	109,443	8
Southern and Southeast Asia, total	2,805,003	13,807,332	3,429,819	7,992,051	15,297,591	983,093
Bangladesh	5,233	31,720	0	72,255	79,428	0
India	1,104,376	2,267,942	42,478	3,184,463	3,893,790	27,889
Indonesia	41,554	5,562,123	1,356,443	1,089,610	2,851,054	370,606
Malaysia	90,574	1,788,902	1,476,099	255,607	1,171,835	207,288
Pakistan	16,465	390,303	347,232	180,883	367,871	208,137
Philippines	43,400	523,324	19,665	752,646	826,156	4,047
Singapore	400,228	2,160,254	96,351	1,095,506	3,832,938	55,619
Sri Lanka	5,543	-4,334	0	28,975	47,924	0
Thailand	115,674	873,660	90,093	937,230	1,099,217	32,335
Vietnam	135,435	98,181	1,458	197,501	153,891	163
Other Southern and Southeast Asian countries	846,521	115,257	1	197,373	973,487	77,009
Eastern Asia, total	1,818,767	20,882,922	1,153,691	16,853,710	36,149,716	199,008
China	375,994	3,388,214	341,022	2,072,251	10,531,320	149,315
Hong Kong	251,584	1,878,753	21,567	3,156,140	4,675,359	4,302
Japan	404,077	12,414,288	759,262	8,678,431	12,401,249	32,226
South Korea, Republic of	405,308	1,354,353	4,352	1,447,953	4,446,357	0
Taiwan	377,351	1,797,452	27,488	1,498,068	4,056,271	13,165
Other Eastern Asian countries	4,454	49,862	0	868	39,160	0
Asia not allocable	*91	*2,630,738	*0	*0	*1,575	*0
Oceania, total	872,175	9,749,202	4,551,321	6,468,223	8,718,118	1,652,159
Australia	784,025	9,241,115	4,105,135	6,126,353	7,786,450	1,544,540
New Zealand	85,717	255,017	24,453	111,959	802,034	434
Other countries of Oceania	2,433	253,070	421,733	229,911	129,634	107,186
Puerto Rico and U.S. Possessions, total	786,814	3,836,916	38,292	1,944,910	7,760,415	8,450
Puerto Rico	682,669	3,661,131	5,046	1,747,025	7,297,047	4,273
U.S. Possessions, total	104,145	175,785	33,247	197,884	463,368	4,178
American Samoa	127	95	0	3,542	5,544	0
Guam	83,040	98,361	32,578	152,667	355,126	3,198
Virgin Islands, U.S.	19,300	76,879	669	37,811	96,626	980
Other U.S. Possessions	1,678	449	0	3,864	6,072	0
Country not stated	9,178,462	99,318,682	297,575	475,247	118,550,589	1,398,727
Section 863 income	2,887,478	25,984,907	105,964	0	18,648,349	22,811
Regulated Investment Companies	826	41,518	0	1,111	561,821	0

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Taxable income (less loss) before adjustments	Foreign taxes paid, accrued, and deemed paid				
		Total	Foreign taxes paid or accrued			
			Total	Taxes withheld at source on—		
				Dividends	Interest	Rents, royalties, and license fees
(13)	(14)	(15)	(16)	(17)	(18)	
All geographic areas	416,827,641	104,405,370	29,031,086	2,324,884	365,439	4,575,041
Canada	27,880,548	7,970,479	2,455,815	586,732	89,092	262,366
Latin America, total	33,790,365	9,796,846	4,804,630	350,817	55,851	1,018,797
Mexico	7,100,137	1,866,580	760,105	4,030	20,969	227,684
Central America, total	774,044	174,579	89,501	2,236	1,022	39,199
Costa Rica	162,772	22,829	12,263	1,399	55	5,660
El Salvador	73,366	14,728	11,001	0	130	4,019
Guatemala	109,030	32,807	24,339	262	59	12,968
Honduras	45,600	14,566	12,470	0	290	5,855
Nicaragua	27,647	7,267	6,144	70	36	1,430
Panama (including Canal Zone)	354,371	82,372	23,277	505	452	9,268
Other Central American countries	1,258	9	7	0	0	0
Caribbean countries, total	10,627,601	2,517,529	515,889	7,420	182	13,836
Barbados	73,165	7,333	2,295	343	8	97
Cayman Islands (British)	9,164,293	1,914,152	78	31	0	14
Dominican Republic	196,746	33,229	27,421	2,133	74	9,157
Haiti	29,753	4,011	4,009	0	0	623
Jamaica	40,522	12,034	11,492	88	9	988
Trinidad	1,134,187	546,298	470,581	4,826	91	2,945
Other Caribbean countries	-11,064	472	12	0	0	12
South America, total	15,101,724	5,232,367	3,433,343	337,131	33,678	737,674
Argentina	1,587,836	690,695	524,518	1,172	4,906	133,068
Bolivia	77,955	22,878	7,923	3,642	23	1,265
Brazil	5,866,957	1,997,138	1,146,511	106,063	20,464	403,320
Chile	3,641,450	1,121,970	1,029,454	203,511	3,481	52,074
Colombia	1,113,689	408,866	304,626	1,088	862	60,429
Ecuador	86,098	71,158	49,581	361	1,545	18,692
Paraguay	57,281	12,082	5,537	162	19	3,066
Peru	1,153,933	397,375	274,424	17,074	740	30,367
Uruguay	91,697	27,177	15,720	3,928	21	3,838
Venezuela	1,433,808	477,368	69,387	130	1,616	26,621
Other South American countries	-8,979	5,662	5,662	0	0	4,935
Latin America not allocable	*186,858	*5,792	*5,792	*0	*0	*403
Other Western Hemisphere, total	32,678,362	5,340,000	336,723	12,121	92	309,583
Bahamas	2,091,284	278,952	10	1	1	2
Bermuda	25,314,963	4,513,685	38	5	4	0
British Virgin Islands	4,900,873	373,327	317,784	0	0	305,095
Netherlands Antilles	290,816	84,643	15,408	12,003	88	2,961
All other Western Hemisphere	80,426	89,394	3,483	112	0	1,524
Europe, total	197,283,362	50,697,510	7,797,190	572,094	44,136	412,492
European Union, total	164,563,709	38,884,476	5,229,158	232,840	39,383	353,491
Austria	443,207	168,322	67,645	14,226	68	1,288
Belgium	2,004,366	641,000	56,986	4,584	3,479	3,959
Czech Republic	683,374	58,830	25,033	1,592	6	14,663
Denmark	2,269,625	1,100,191	352,413	1,859	2	1,540

Footnotes at end of table.

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Taxable income (less loss) before adjustments	Foreign taxes paid, accrued, and deemed paid				
		Total	Foreign taxes paid or accrued			
			Total	Dividends	Interest	Rents, royalties, and license fees
	(13)	(14)	(15)	(16)	(17)	(18)
Europe, total—continued						
Finland	495,127	42,671	10,311	886	377	839
France	4,911,927	1,522,825	564,409	38,710	52	41,307
Germany	6,760,094	2,360,978	658,652	8,547	1,779	18,148
Greece	549,715	166,360	22,956	6,341	1,195	4,141
Hungary	1,387,174	43,556	7,605	1	1	3,110
Ireland	14,685,761	1,611,712	467,955	-5	177	3,314
Italy	3,494,539	1,573,296	187,906	16,830	9,803	86,119
Luxembourg	29,143,366	7,326,574	24,889	837	42	399
Netherlands	46,193,288	9,155,571	86,060	12,179	1,510	5,524
Poland	1,080,620	114,727	49,926	7,335	1,273	15,571
Portugal	1,708,937	629,375	32,562	5,362	831	8,579
Romania	98,427	17,395	13,961	585	168	10,134
Spain	8,704,926	2,538,788	246,808	90,968	3,212	104,276
Sweden	1,296,379	536,339	34,954	2,199	204	3,517
United Kingdom	38,385,364	9,221,625	2,295,950	17,670	12,816	18,411
Other European Union countries	267,491	54,340	22,178	2,134	2,389	8,652
Other European countries, total	32,719,653	11,813,034	2,568,033	339,254	4,753	59,001
Jersey	218,364	19,429	8,673	49	0	786
Kazakhstan	5,163,655	1,753,701	1,537,391	53,506	0	2,805
Norway	12,670,419	7,808,243	443,455	12,552	4,347	2,591
Russia	1,228,185	230,918	151,747	11,720	146	1,061
Switzerland	11,529,447	1,715,709	319,992	252,410	166	28,799
Turkey	275,100	83,333	39,554	6,317	57	13,980
Ukraine	202,822	67,690	7,611	1,179	5	4,564
Other European countries	1,431,661	134,011	59,611	1,521	32	4,415
Africa, total	15,667,875	6,190,391	779,052	25,476	1,951	44,153
Algeria	214,393	101,824	57,822	0	0	49
Angola	5,136,365	1,344,480	56,479	0	0	450
Chad	772,306	274,898	5,212	0	0	0
Egypt	1,022,522	319,832	305,935	0	197	12,424
Equatorial Guinea	1,030,454	341,733	72,664	0	0	182
Gabon	160,707	39,639	39,639	0	4	246
Mauritius	600,065	17,247	2,262	0	0	943
Nigeria	4,949,628	3,104,000	61,477	23,512	0	1,791
South Africa	1,023,275	395,192	60,132	836	94	3,166
Other African countries	758,160	251,546	117,431	1,128	1,655	24,903
Asia, total	60,868,707	18,707,775	9,628,151	579,499	37,945	1,822,490
Middle East, total	8,690,687	2,999,907	2,544,813	54,881	1,670	63,045
Bahrain	-132,011	39,746	39,149	0	0	57
Iraq	291,856	3	3	0	0	1
Israel	460,270	140,302	76,424	24,978	1,587	36,110
Kuwait	84,634	8,815	8,377	0	0	2,168
Lebanon	3,265	3,123	3,098	234	0	310
Qatar	4,296,768	1,090,541	892,566	0	46	261
Saudi Arabia	2,766,003	1,569,829	1,442,309	31,875	37	20,827
United Arab Emirates	540,685	89,875	40,422	-2,229	0	1,172
Yemen	129,788	33,691	28,254	0	0	0

Footnotes at end of table.

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued					
	Taxable income (less loss) before adjustments	Foreign taxes paid, accrued, and deemed paid				
		Total	Foreign taxes paid or accrued			
			Total	Taxes withheld at source on—		
				Dividends	Interest	Rents, royalties, and license fees
(13)	(14)	(15)	(16)	(17)	(18)	
Other Middle East countries	249,429	23,982	14,210	23	0	2,138
Southern and Southeast Asia, total	20,695,608	6,141,780	3,456,941	288,405	21,983	243,181
Bangladesh	6,199	29,545	28,849	80	0	387
India	2,244,625	892,086	749,018	14,060	2,491	68,239
Indonesia	5,829,764	2,615,009	1,852,251	209,690	5,799	18,277
Malaysia	2,790,955	716,494	52,589	212	1,262	34,364
Pakistan	291,206	154,318	111,215	6,084	0	518
Philippines	639,711	233,490	85,523	17,507	385	22,388
Singapore	5,838,396	447,756	249,028	928	2,467	65,255
Sri Lanka	-8,256	8,812	8,225	54	0	67
Thailand	2,781,733	1,013,280	292,864	38,677	9,448	31,506 ²
Vietnam	162,792	21,488	19,052	0	17	1,974
Other Southern and Southeast Asian countries	118,484	9,502	8,328	1,114	115	205 ²
Eastern Asia, total	28,851,902	9,566,067	3,626,376	236,213	14,292	1,516,243
China	5,068,978	1,014,642	633,334	86,236	3,195	324,706
Hong Kong	1,327,842	468,091	209,870	1,457	123	21,540
Japan	17,911,162	5,915,099	1,141,589	13,039	6,909	11,662
South Korea, Republic of	1,738,636	1,167,567	764,879	68,710	382	509,927
Taiwan	2,784,370	1,000,228	876,262	66,771	3,684	648,390
Other Eastern Asian countries	20,914	441	441	0	0	18
Asia not allocable	*2,630,510	*21	*21	*0	*0	*21
Oceania, total	12,182,095	2,414,499	949,445	25,832	97,429	70,264
Australia	11,293,418	2,120,754	836,243	9,161	92,341	60,607
New Zealand	527,434	147,040	44,820	16,508	5,077	8,428
Other countries of Oceania	361,242	146,705	68,383	163	11	1,229
Puerto Rico and U.S. Possessions, total	16,279,843	915,043	711,574	16,466	479	488,210
Puerto Rico	16,256,630	882,181	693,185	16,275	466	487,551
U.S. Possessions, total	23,214	32,861	18,390	191	13	659
American Samoa	1,544	150	150	0	0	0
Guam	-15,370	25,623	15,538	0	0	658
Virgin Islands, U.S.	34,509	5,852	2,175	0	0	1
Other U.S. Possessions	2,531	1,236	526	191	13	0
Country not stated	9,796,794	2,308,851	1,504,894	113,766	38,464	146,687
Section 863 income	10,249,347	21,484	21,484	0	0	0
Regulated Investment Companies	150,344	42,493	42,128	42,083	0	0

Footnotes at end of table.

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued				
	Foreign taxes paid, accrued, and deemed paid—continued				
	Foreign taxes paid or accrued—continued				Taxes deemed paid
	Other taxes paid or accrued on—				
	Branch income	Specifically allocable income (section 863(b))	Service income	Other income	
(19)	(20)	(21)	(22)	(23)	
All geographic areas	9,793,724	21,484	1,002,870	10,947,645	75,374,284
Canada	820,694	0	99,220	597,711	5,514,665
Latin America, total	1,095,832	0	256,338	2,026,995	4,992,216
Mexico	273,188	0	89,360	144,875	1,106,475
Central America, total	25,973	0	4,928	16,142	85,077
Costa Rica	1,257	0	1,023	2,869	10,565
El Salvador	4,786	0	647	1,418	3,727
Guatemala	2,131	0	1,308	7,613	8,468
Honduras	4,206	0	770	1,350	2,097
Nicaragua	3,930	0	328	350	1,123
Panama (including Canal Zone)	9,664	0	846	2,542	59,096
Other Central American countries	0	0	7	0	2
Caribbean countries, total	22,764	0	9,147	462,540	2,001,640
Barbados	1,176	0	0	671	5,038
Cayman Islands (British)	0	0	2	32	1,914,074
Dominican Republic	9,696	0	4,198	2,163	5,807
Haiti	3,361	0	24	0	3
Jamaica	5,404	0	1,425	3,578	542
Trinidad	3,126	0	3,497	456,096	75,716
Other Caribbean countries	0	0	0	0	459
South America, total	773,907	0	152,903	1,398,050	1,799,024
Argentina	118,096	0	21,040	246,237	166,177
Bolivia	1,036	0	536	1,422	14,955
Brazil	316,189	0	81,851	218,625	850,627
Chile	20,499	0	10,019	739,871	92,516
Colombia	78,462	0	12,846	150,939	104,241
Ecuador	15,433	0	7,145	6,405	21,577
Paraguay	465	0	567	1,257	6,544
Peru	182,357	0	17,081	26,805	122,950
Uruguay	6,682	0	363	887	11,457
Venezuela	34,613	0	1,455	4,951	407,981
Other South American countries	75	0	0	652	0
Latin America not allocable	*0	*0	*0	*5,388	*0
Other Western Hemisphere, total	1,120	0	11	13,795	5,003,278
Bahamas	0	0	0	6	278,941
Bermuda	27	0	0	2	4,513,648
British Virgin Islands	0	0	11	12,677	55,543
Netherlands Antilles	356	0	0	0	69,235
All other Western Hemisphere	737	0	0	1,110	85,911
Europe, total	3,196,014	0	304,677	3,267,779	42,900,320
European Union, total	2,658,790	0	246,418	1,698,235	33,655,319
Austria	19,603	0	350	32,110	100,677
Belgium	27,082	0	453	17,427	584,015
Czech Republic	6,944	0	195	1,633	33,797
Denmark	26,828	0	33	322,151	747,778

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued				
	Foreign taxes paid, accrued, and deemed paid—continued				
	Foreign taxes paid or accrued—continued				Taxes deemed paid
	Other taxes paid or accrued on—				
	Branch income	Specifically allocable income (section 863(b))	Service income	Other income	
(19)	(20)	(21)	(22)	(23)	
Europe, total—continued					
Finland	962	0	0	7,247	32,361
France	412,976	0	2,047	69,318	958,416
Germany	323,522	0	156,686	149,970	1,702,326
Greece	10,193	0	870	216	143,404
Hungary	3,944	0	0	549	35,951
Ireland	22,544	0	2,003	439,921	1,143,757
Italy	45,900	0	14,666	14,589	1,385,390
Luxembourg	21,614	0	0	1,997	7,301,685
Netherlands	53,276	0	3,036	10,534	9,069,511
Poland	20,700	0	402	4,645	64,801
Portugal	15,474	0	994	1,321	596,813
Romania	2,420	0	13	643	3,434
Spain	28,766	0	5,736	13,850	2,291,981
Sweden	24,518	0	1,510	3,007	501,385
United Kingdom	1,584,549	0	56,669	605,835	6,925,675
Other European Union countries	6,974	0	756	1,273	32,162
Other European countries, total	537,223	0	58,259	1,569,543	9,245,001
Jersey	2,746	0	0	5,092	10,757
Kazakhstan	379,868	0	5,445	1,095,767	216,310
Norway	3,873	0	1,477	418,617	7,364,787
Russia	100,783	0	5,243	32,795	79,170
Switzerland	25,926	0	467	12,223	1,395,717
Turkey	15,939	0	1,477	1,784	43,779
Ukraine	1,243	0	0	620	60,079
Other European countries	6,846	0	44,150	2,645	74,401
Africa, total	309,104	0	73,127	325,241	5,411,339
Algeria	25,917	0	12,072	19,783	44,001
Angola	24,080	0	30,809	1,141	1,288,001
Chad	4,227	0	120	864	269,686
Egypt	42,527	0	4,448	246,338	13,898
Equatorial Guinea	70,281	0	1,996	205	269,069
Gabon	36,573	0	2,194	621	0
Mauritius	910	0	118	291	14,986
Nigeria	14,469	0	1,793	19,913	3,042,523
South Africa	42,316	0	5,820	7,900	335,060
Other African countries	47,805	0	13,755	28,184	134,115
Asia, total	3,392,262	0	165,982	3,629,973	9,079,624
Middle East, total	931,371	0	31,940	1,461,906	455,094
Bahrain	4,431	0	0	34,662	597
Iraq	0	0	1	0	0
Israel	7,425	0	2,486	3,837	63,878
Kuwait	3,575	0	386	2,248	438
Lebanon	2,320	0	81	154	25
Qatar	844,695	0	3,632	43,932	197,975
Saudi Arabia	18,358	0	23,917	1,347,296	127,519
United Arab Emirates	38,981	0	1,042	1,457	49,453
Yemen	0	0	0	28,253	5,437

Footnotes at end of table.

Corporate Foreign Tax Credit, 2009

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Table 2. U.S. Corporation Returns with a Foreign Tax Credit, 2009: Foreign Income, Deductions, and Taxes Reported on Form 1118, by Selected Country—Continued

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

Selected country	Foreign income, deductions, and taxes reported on Form 1118—continued				Taxes deemed paid
	Foreign taxes paid, accrued, and deemed paid—continued				
	Foreign taxes paid or accrued—continued				
	Other taxes paid or accrued on—				
	Branch income	Specifically allocable income (section 863(b))	Service income	Other income	
(19)	(20)	(21)	(22)	(23)	
Other Middle East countries	11,586	0	394	67	9,773
Southern and Southeast Asia, total	998,967	0	82,344	1,822,061	2,684,838
Bangladesh	28,342	0	40	1	697
India	559,686	0	44,427	60,116	143,067
Indonesia	123,712	0	3,394	1,491,380	762,759
Malaysia	6,248	0	2,670	7,834	663,905
Pakistan	20,356	0	321	83,935	43,103
Philippines	23,849	0	1,792	19,602	147,967
Singapore	132,231	0	8,120	40,028	198,728
Sri Lanka	7,878	0	32	193	587
Thailand	82,871	0	11,634	118,728	720,416
Vietnam	9,733	0	7,112	215	2,437
Other Southern and Southeast Asian countries	4,061	0	2,802	30	1,174
Eastern Asia, total	1,461,923	0	51,698	346,006	5,939,691
China	61,758	0	15,239	142,201	381,307
Hong Kong	163,884	0	4,401	18,465	258,221
Japan	988,496	0	15,485	105,997	4,773,510
South Korea, Republic of	117,142	0	6,384	62,335	402,687
Taiwan	130,644	0	9,766	17,008	123,965
Other Eastern Asian countries	0	0	423	0	0
Asia not allocable	*0	*0	*0	*0	*0
Oceania, total	229,174	0	18,049	508,696	1,465,054
Australia	218,378	0	15,304	440,451	1,284,511
New Zealand	10,796	0	1,947	2,063	102,220
Other countries of Oceania	0	0	798	66,182	78,322
Puerto Rico and U.S. Possessions, total	96,167	0	25,832	84,420	203,468
Puerto Rico	86,737	0	21,996	80,160	188,997
U.S. Possessions, total	9,430	0	3,837	4,260	14,472
American Samoa	150	0	0	0	0
Guam	8,539	0	2,880	3,461	10,085
Virgin Islands, U.S.	613	0	957	604	3,677
Other U.S. Possessions	127	0	0	195	709
Country not stated	653,357	0	59,630	492,991	803,956
Section 863 income	0	21,484	0	0	0
Regulated Investment Companies	0	0	2	43	365

* Data should be used with caution because of the small number of sample returns on which they are based.

[1] Total number of returns may not equal the sum of returns for specific areas or countries because a return could include two or more countries.

[2] Included in gross income (less loss), columns 2-8.

[3] Included in total deductions, column 11.

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

Source: IRS, Statistics of Income Division, April 2013.

Unrelated Business Income Tax Returns, 2009

by Jael Jackson

Tax-exempt organizations generally operate for charitable or other beneficial purposes, with most income exempt from tax under the Internal Revenue Code (IRC). Tax-exempt organizations are permitted to engage in income-producing activities that are considered unrelated to their exempt purposes. However, to prevent potentially unfair competition between tax-exempt organizations and taxable for-profit entities, income derived from these unrelated activities is taxable. An organization that receives \$1,000 or more in gross unrelated business income in a tax year is required to file Form 990-T, *Exempt Organization Business Income Tax Return*, which is used to determine the amount of unrelated business income tax liability.

Unrelated business income is produced from an activity that is conducted on a regular basis and is not directly related to an organization's tax-exempt mission. Income earned by an organization is treated as unrelated business income if it meets two basic requirements. First, the income is derived from a trade or business that is regularly carried on by the organization. Second, the income is earned from a trade or business that is not substantially related to the performance of the organization's exempt purpose or function. Even if profits from such activities are used by tax-exempt organizations to finance their exempt purposes, income that meets these two requirements generally is treated as unrelated business income. However, certain activities are excluded from taxation, such as business activities in which substantially all of the work is performed by volunteer labor, sales of merchandise that the organization received as a gift or contribution, and the operation of certain games of chance, as specified in the Internal Revenue Code.¹

For Tax Year 2009, some 42,469 tax-exempt organizations filed Form 990-T to report unrelated business income, nearly 1 percent more than filed the return for Tax Year 2008 (Figure A). Between Tax Years 2008 and 2009, gross unrelated business income decreased, while reported deductions remained relatively stable. Gross unrelated business income is the total of all unrelated business income prior to deductions. For Tax Year 2009, tax-exempt organizations reported a 5.8-percent decrease in gross unrelated business income received, which declined to \$9.7 billion. In aggregate, this amount was largely offset by \$9.8 billion in deductions. After

reducing their gross unrelated business income by allowable deductions, only about half of all organizations that were required to file Form 990-T for Tax Year 2009 reported unrelated business income tax liability. Tax-exempt organizations reported \$266.4 million in unrelated business income tax liability, a 22-percent decrease from Tax Year 2008.

Figure A

Unrelated Business Income Tax Returns: Selected Items from Forms 990-T, Tax Years 2008 and 2009

[Money amounts are in thousands of dollars]

Item	2008	2009	Percentage change
	(1)	(2)	(3)
Number of returns, total	42,066	42,469	1.0
With gross unrelated business income of \$10,000 or less [1]	18,244	19,072	4.5
With gross unrelated business income over \$10,000 [1]	23,822	23,397	-1.8
With unrelated business taxable income	20,371	19,368	-4.9
Without unrelated business taxable income [2]	21,695	23,101	6.5
Gross unrelated business income	10,300,903	9,700,964	-5.8
Total deductions [3]	10,218,223	9,821,097	-3.9
Unrelated business taxable income (less deficit)	82,682	-120,133	-245.3
Unrelated business taxable income	1,209,470	930,795	-23.0
Deficit	1,126,788	1,050,928	-6.7
Unrelated business income tax	340,721	266,421	-21.8
Total tax	336,314	263,147	-21.8

[1] Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed "complete" return.

[2] Includes returns with deficits and returns with equal amounts of gross unrelated business income and total deductions.

[3] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33. Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services is a component of gross unrelated business income (upon which the filing requirement is based). Total cost of sales and services was \$2.4 billion for 2008 and 2009.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

Total tax reported on Forms 990-T, the sum of unrelated business income tax and certain additional taxes less credits fell sharply in 2009, to \$263.1 million (see Figure B). The additional taxes included \$1.5 million of alternative minimum tax, \$1.1 million of "proxy tax" on certain nondeductible lobbying and political expenditures, and

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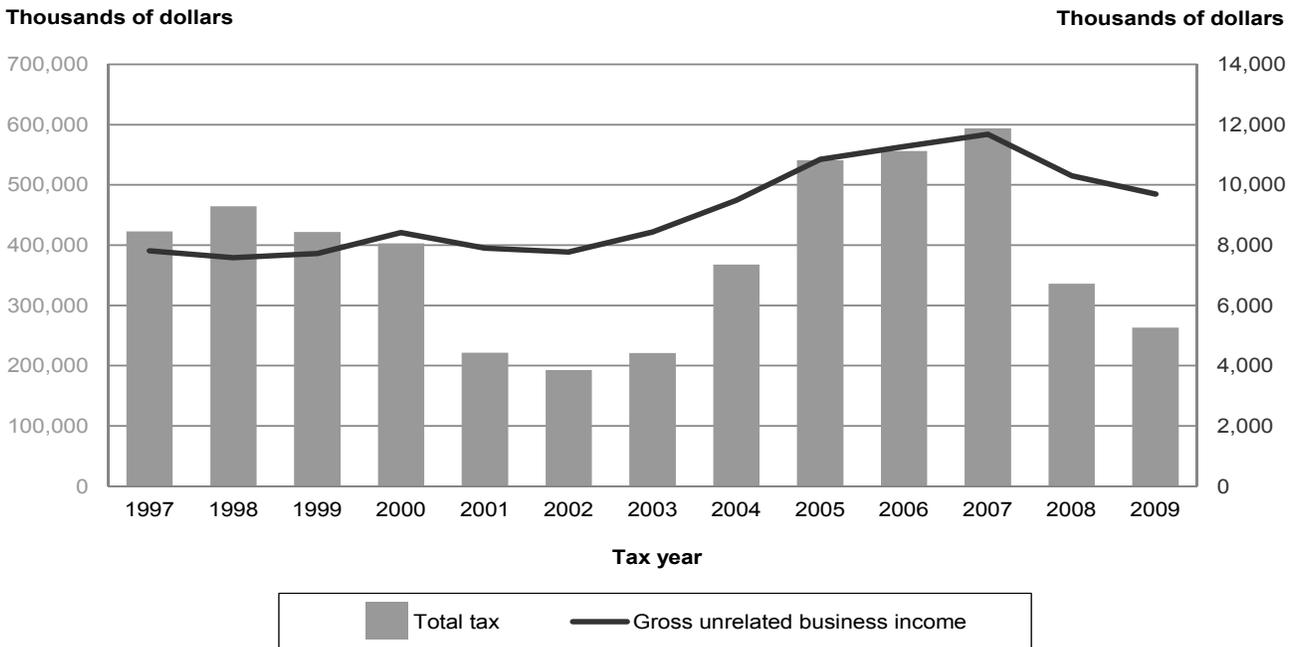
¹ See "Gross unrelated business income" in the Explanation of Selected Terms for additional information.

Unrelated Business Income Tax Returns, 2009

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Figure B

Unrelated Business Income Tax Returns: Gross Unrelated Business Income and Total Tax, Tax Years 1997–2009



\$0.14 million of “other” taxes.² To arrive at the total tax amount, total tax credits were subtracted from the sum of unrelated business income tax plus additional taxes. Total tax credits equaled \$6.1 million for Tax Year 2009, exceeding the amount of additional taxes reported. Tax credits included the foreign tax credit (\$4.5 million), general business credit (\$1.2 million), credit for prior-year minimum tax (\$0.11 million), and “other” credits (\$0.3 million).

Composition of Tax Year 2009 Filers

A variety of tax-exempt organizations are required to file Form 990-T to report unrelated business income and the associated tax. Charitable organizations, which are

tax-exempt under IRC section 501(c)(3), are the most common Form 990-T filers (see Table 8 for further information on the composition of 501(c)(3) filers). Churches are tax exempt under IRC section 501(c)(3) but are not required to apply for exemption. However, churches are required to file Form 990-T if they received \$1,000 or more of gross income from business activities that were considered unrelated to their religious purposes. Figure C further details the types of organizations that may be required to file Form 990-T by IRC section, description of organization, and nature of activities.³

Figure D provides a composition comparison for 2008 and 2009 filers by type of tax-exempt organization, type of entity, size of gross unrelated business

² A membership organization that was tax exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax in cases where it did not notify its members of the entire amount of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures. The proxy tax of \$1.4 million used in the total tax computation includes only proxy tax reported by Form 990-T filers with gross unrelated business income greater than the \$1,000 filing threshold. Filers that reported gross unrelated business income less than the \$1,000 threshold were not eligible for selection into the Statistics of Income (SOI) sample. Therefore, proxy tax reported by organizations that had no unrelated business income or those that had unrelated business income less than the filing threshold is not included.

³ Most tax-exempt organizations with receipts more than \$25,000 are required to file an annual Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax* (used by organizations with annual gross receipts of less than \$1,000,000 and total end-of-year assets of less than \$2,500,000). Private foundations, which are exempt under section 501(c)(3), file the information return Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*. Charitable remainder trusts, a type of Internal Revenue Code section 4947(a)(2) “split-interest trust,” were required to report unrelated business income on Form 1041, *Estate and Trust Income Tax Return*, rather than Form 990-T, for tax years before 2007. Beginning with Tax Year 2007, charitable remainder trusts were required to report unrelated business income on Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*. Published statistical reports on charitable and other nonprofit organizations, private foundations, and split-interest trusts are available from the Tax Stats pages of the IRS Website at <http://www.irs.gov/taxstats> and are also available on the site in a “snapshot” page that provides data highlights and products.

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Figure C

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
220(e)	Archer Medical Savings Accounts (MSAs)	Fiduciary agent for accounts used in conjunction with high-deductible health insurance plans to save funds for future medical expenses
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Traditional Individual Retirement Accounts (IRAs)	Fiduciary agent for retirement funds
408A	Roth Individual Retirement Accounts (IRAs)	Fiduciary agent for retirement funds; subject to same rules as traditional IRA's, except contributions are not tax deductible and qualified distributions are tax free
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; organizations that test for public safety. Also, organizations that prevent cruelty to children or animals, or foster national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, health, accident, or other insurance benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other insurance benefits to members
(10)	Domestic fraternal beneficiary societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident insurance benefits to members
(11)	Teachers' retirement fund associations	Fiduciary associations providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State-chartered credit unions and mutual insurance or reserve funds	Providing loans to members or providing insurance of, or reserve funds for, shares or deposits in certain banks or loan associations
(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee-funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Providing services to veterans or their dependents; advocacy of veteran's issues; and promotion of patriotism and community service programs
(21)	Black Lung Benefit Trusts	Providing funds to satisfy coal mine operators' liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multiple-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income

Footnotes at end of figure.

Unrelated Business Income Tax Returns, 2009

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Figure C—Continued

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section—Continued

Code section	Description of organization	General nature of activities
(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units
(26)	State-sponsored high-risk health insurance plans	Providing coverage for medical care on a not-for-profit basis to residents with pre-existing medical conditions that resulted in denied or exorbitantly priced traditional medical care coverage
(27)	State-sponsored workers' compensation reinsurance plans	Pooled employers' funds providing reimbursements to employees for losses arising under workers' compensation acts; also, State-created, -operated, and -controlled organizations providing workers' compensation insurance to employers
529(a)	Qualified State tuition plans	State- and agency-maintained plans that allow individuals to purchase credits or certificates, or make contributions to an account, to pay for future educational expenses
530(a)	Coverdell Education Savings Accounts	Fiduciary agent for accounts created for the purpose of paying qualified higher education expenses of a designated beneficiary

NOTES: Corporations that are organized under an Act of Congress, and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation. Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt effective for tax years beginning after June 30, 1992.

income, and gross unrelated business taxable income. The most common Form 990-T filers, as classified by the Internal Revenue Code, were 501(c)(3) organizations, which represented one-third of returns filed for Tax Year 2009. Additionally, 501(c)(3) charitable organizations accounted for even higher percentages of gross unrelated business income, total unrelated business income tax, and other financial items for Tax Year 2009. Traditional Individual Retirement Accounts (IRAs), exempt under section 408(e), and social and recreational clubs, exempt under section 501(c)(7), accounted for the largest percentages of all Tax Year 2009 Forms 990-T filed, 17 percent and 14 percent, respectively.

A look at selected financial items for Tax Year 2009, including gross unrelated business income and its components, the ratio of investment income to gross unrelated business income, total deductions, and unrelated business income tax, shows that charitable organizations accounted for 65 percent of the almost \$9.7 billion in gross unrelated business income reported for Tax Year 2009 (see Figure E). They claimed 66 percent of total deductions and reported 58 percent of total unrelated business income tax. Charitable organizations also reported 51 percent of total investment income for Tax Year 2009. However, investment income represented only a small percentage, about 11 percent, of gross unrelated business income reported by charitable organizations. Generally, organizations that were organized as tax-exempt trusts derived larger percentages of their gross unrelated business income from investments. For example, traditional

IRAs reported more than 96 percent of their gross unrelated business income as investment income.

Income Information, by Entity Type

At the time of inception, a tax-exempt organization has to consider criteria, such as point of origination and membership status, to decide its organizational structure. Organizations that hold funds in trust for beneficiaries are typically organized as trusts. For example, a voluntary employee beneficiary association (VEBA), exempt under Internal Revenue Code section 501(c)(9), provides a variety of supplemental employee benefits such as health, life, or accident insurance. However, for most groups, a corporate organizational structure is more beneficial, offering features such as liability protection and lower tax rates.

Generally organizations are taxed based upon their structures and tax-exempt organizations' unrelated business taxable income is subject to the same tax rates as income reported by for-profit filers with similar organizational structures. Those that are classified as tax-exempt trusts pay taxes on their unrelated business income at the same rates as estate and trust filers, while all other exempt organizations, which are classified as nonprofit corporations, pay taxes at the corporate rate. Nearly 79 percent of all Tax Year 2009 Forms 990-T were filed by tax-exempt organizations that paid taxes at the corporate rate (see Figure F). Tax-exempt trusts accounted for the additional 20 percent of Forms 990-T filed for the year, which is a slightly larger percentage than the

Unrelated Business Income Tax Returns, 2009

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Figure D

Unrelated Business Income Tax Returns: Form 990-T Filers, by Type of Organization, Type of Entity, Size of Gross Unrelated Business Income, and Presence of Unrelated Business Taxable Income, Tax Years 2008 and 2009

Category	Item	2008		2009		2008 to 2009 Number of returns, percentage change
		Number of returns	Percentage of total	Number of returns	Percentage of total	
		(1)	(2)	(3)	(4)	(5)
All Forms 990-T	All returns	42,066	100.0	42,469	100.0	1.0
Type of organization	All returns, by type of organization	42,066	100.0	42,469	100.0	1.0
	501(c)(3) Religious, educational, charitable, scientific, or literary organizations	14,057	33.4	14,169	33.4	0.8
	501(c)(4) Civic leagues and social welfare organizations	1,356	3.2	1,466	3.5	8.1
	501(c)(5) Labor, agricultural, and horticultural organizations	2,171	5.2	2,084	4.9	-4.0
	501(c)(6) Business leagues, chambers of commerce, and real estate boards	5,352	12.7	5,417	12.8	1.2
	501(c)(7) Social and recreational clubs	6,102	14.5	5,890	13.9	-3.5
	501(c)(19) War veterans' posts or organizations	1,986	4.7	1,874	4.4	-5.6
	408(e) Traditional Individual Retirement Accounts	6,279	14.9	7,025	16.5	11.9
	Other [1]	4,763	11.3	4,544	10.7	-4.6
Type of entity	All returns, by type of entity	42,066	100.0	42,469	100.0	1.0
	Corporation	34,089	81.0	33,619	79.2	-1.4
	Trust	7,977	19.0	8,850	20.8	10.9
Size of gross unrelated business income	All returns, by size of gross unrelated business income	42,066	100.0	42,469	100.0	1.0
	With gross unrelated business income of \$10,000 or less	18,244	43.4	19,072	44.9	4.5
	With gross unrelated business income over \$10,000	23,822	56.6	23,397	55.1	-1.8
Presence of unrelated business taxable income	All returns, with and without unrelated business taxable income	42,066	100.0	42,469	100.0	1.0
	With unrelated business taxable income	20,371	48.4	19,368	45.6	-4.9
	Without unrelated business taxable income	21,695	51.6	23,101	54.4	6.5

[1] This category includes organizations described under sections 501(c)(2), 501(c)(8)-(19), 501(c)(21)-(27), as well as Archer Medical Savings Accounts, exempt under section 220(e); qualified pension, profit-sharing, or stock bonus plans, exempt under section 401(a); Roth Individual Retirement Arrangements, exempt under section 408A; State-sponsored qualified tuition plans, exempt under section 529(a); and Coverdell Education Savings Accounts, exempt under section 530(a). See Figure C for additional information on the types of organizations that are required to file Form 990-T.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income and unrelated business taxable income (less deficit).

previous year. Traditional IRAs, voluntary employees' beneficiary associations, and pension, profit-sharing, and stock bonus plans account for the majority of the 8,850 tax-exempt trusts that filed Form 990-T. For Tax Year 2009, these organizations represented more than 79 percent of all trusts that filed the return.

Corporate filers reported the majority of gross unrelated business income, total deductions, positive unrelated business taxable income, and unrelated business income tax. These corporate filers reported \$9.0 billion

in gross unrelated business income, \$9.4 billion in total deductions, and \$192.0 million in unrelated business income tax. Corporate filers reported a relatively modest decline, 4 percent, in gross unrelated business income between Tax Years 2008 and 2009. Trust filers reported a more significant decrease of 22 percent.

Investment income represented 86 percent of gross unrelated income reported by trusts, compared to less than 10 percent for corporations. However, the amount reported, \$564.5 million in investment income, represents

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Figure E

Unrelated Business Income Tax Returns: Selected Items for Unrelated Business Income Tax Data for Tax-Exempt Organizations, by Subsection Code, Tax Year 2009

[Money amounts are in thousands of dollars]

Item	Subsection code								
	All	501(c)(3)	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(19)	408(e)	Other [1]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	42,469	14,169	1,466	2,084	5,417	5,890	1,874	7,025	4,544
Gross unrelated business income (UBI)	9,700,964	6,313,123	494,826	248,036	922,867	549,272	171,214	36,342	965,284
Total investment income [2]	1,394,316	713,542	7,984	23,101	44,227	60,750	8,828	34,915	500,969
Investment income to gross UBI (percentage)	14.4	11.3	1.6	9.3	4.8	11.1	5.2	96.1	51.9
Total deductions	9,821,097	6,499,786	491,797	245,404	936,812	551,590	173,498	17,352	904,858
Unrelated business taxable income (less deficit)	-120,133	-186,663	3,029	2,631	-13,945	-2,318	-2,284	18,991	60,426
Unrelated business taxable income	930,795	505,479	20,654	27,882	68,446	51,965	7,897	20,197	228,275
Deficit	1,050,928	692,142	17,625	25,251	82,391	54,283	10,181	1,206	167,849
Unrelated business income tax	266,421	155,543	5,942	7,252	19,025	12,100	1,422	5,168	59,970
Total tax	263,147	151,218	5,886	7,253	20,251	11,499	1,411	5,162	60,467

[1] This category includes organizations described under sections 501(c)(2), 501(c)(8)-(18), 501(c)(21)-(27), as well as Archer Medical Savings Accounts, exempt under section 220(e); qualified pension, profit-sharing, or stock bonus plans, exempt under section 401(a); Roth Individual Retirement Arrangements, exempt under section 408A, state-sponsored qualified tuition plans, exempt under section 529(a); and Coverdell education savings accounts, exempt under section 530(a). See Figure C for additional information on the types of organizations that are required to file Form 990-T.

[2] Total investment income includes net capital gain income, combined partnership and S corporation income, unrelated debt-financed income, and investment income of Internal Revenue Code section 501(c)(7),(9), and (17) organizations. Other types of tax-exempt organizations' investment income ordinarily are not taxed, unless the investments were purchased with borrowed funds, i.e. debt-financed.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

Figure F

Unrelated Business Income Tax Returns: Selected Items for Tax-Exempt Corporate and Trust Entities, Tax Years 2007, 2008, and 2009

[Money amounts are in thousands of dollars]

Item	2007 Type of entity			2008 Type of entity			2009 Type of entity		
	All	Corporations	Trusts	All	Corporations	Trusts	All	Corporations	Trusts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	45,069	34,708	10,361	42,066	34,089	7,977	42,469	33,619	8,850
Gross unrelated business income (UBI)	11,682,909	9,882,871	1,800,038	10,300,903	9,456,750	844,153	9,700,964	9,045,872	655,092
Total investment income [1]	3,067,541	1,443,069	1,624,472	1,674,016	908,832	718,183	1,394,316	829,791	564,525
Ratio of investment income to gross UBI (percentage)	26.3	14.6	90.2	15.8	9.6	85.1	14.4	9.2	86.2
Total deductions	10,254,953	9,575,530	679,423	10,218,223	9,767,613	450,610	9,821,097	9,376,749	444,347
Unrelated business taxable income (less deficit)	1,427,956	307,341	1,120,615	82,682	-310,862	393,542	-120,133	-330,878	210,745
Unrelated business taxable income	2,316,677	1,147,111	1,169,566	1,209,470	765,338	444,131	930,795	657,311	273,484
Deficit	888,721	839,770	48,951	1,126,788	1,076,200	50,589	1,050,928	988,189	62,739
Unrelated business income tax	598,568	348,930	249,638	340,721	225,850	114,871	266,421	192,050	74,372
Total tax	594,126	348,074	246,052	336,314	222,206	114,108	263,147	190,069	73,079

[1] Total investment income includes net capital gain income, combined partnership and S corporation income, unrelated debt-financed income, and investment income of Internal Revenue Code section 501(c)(7),(9), and (17) organizations. Other types of tax-exempt organizations' investment income ordinarily are not taxed, unless the investments were purchased with borrowed funds, i.e., debt-financed.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

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a decrease of 21 percent over the previous year. Of the \$1.4 billion in investment income reported for Tax Year 2009, corporate filers reported the majority, \$829.8 million. This represents a significant departure from Tax Years 2005 through 2007, when trusts accounted for the majority of all investment income reported on Form 990-T, despite representing only 20 percent of all Form 990-T filers.

Summary

The \$9.7 billion in gross unrelated business income reported by tax-exempt organizations for Tax Year 2009 represented a 6-percent decrease from Tax Year 2008. Total unrelated business income tax liability decreased even more, 22 percent, to \$266.4 million.

As in previous years, charitable organizations, tax exempt under Internal Revenue Code section 501(c)(3), were the most common Form 990-T filers, representing nearly one-third of all organizations that filed the return for Tax Year 2009. These organizations reported 65 percent of all gross unrelated business income for the year, claimed nearly 66 percent of deductions, and accounted for a little more than half of all unrelated business income tax liability.

Nearly 79 percent of all Tax Year 2009 Forms 990-T were filed by tax-exempt organizations that paid taxes at the corporate rate, with tax-exempt trusts accounting for the remainder of filers. Filers classified as corporations reported the majority of gross unrelated business income, investment income, total deductions, and unrelated business income tax for Tax Year 2009. Tax-exempt trusts accounted for larger proportions of net unrelated business taxable income.

Data Sources and Limitations

To report unrelated business income of \$1,000 (the filing threshold) or more for Tax Year 2009, the required reporting period for trust, defined in Internal Revenue Code sections 220(e), 401(a), 408(e), 408A, and 530(a) was Calendar Year 2009, and the Form 990-T filing deadline was April 15, 2010. For all other organizations, the required reporting period was any accounting period beginning in Calendar Year 2009 and, thus, ending between December 2009 and November 2010, for full-year return filers. The associated required due dates for filing Tax Year 2009 Forms 990-T generally fell between May 2010 to April 2011, but extensions of time to file beyond this period were routinely granted to many organizations. Corresponding to the required filing dates, the SOI Tax Year 2009 study sample was drawn from Forms 990-T processed by IRS throughout Calendar Years 2010 and

2011. Because of the various accounting periods of the organizations filing a Tax Year 2009 return, the financial activities covered in this article span the period January 2009 through November 2010, although 56 percent of Form 990-T filers had Calendar Year 2009 accounting periods.

The population from which the Form 990-T sample was drawn consisted of Tax Year 2009 Form 990-T records posted to the IRS Business Master File system during 2010 and 2011. Generally, returns filed after Calendar Year 2011 were not included in the sample. However, in some cases, late-filed returns that were considered to be large income-size cases (over \$500,000 or more of gross unrelated business income) were added after the close of the sampling period. A sample of 6,981 returns was selected from a population of 42,701. After excluding returns that were selected for the sample but later rejected, the resulting sample size was 6,949 returns, and the estimated population size was 42,469. Rejected returns included those that had gross unrelated business income less than the \$1,000 filing threshold; were filed for a part-year 2009 accounting period, and a full-year 2009 return was also filed; or were filed for a part-year accounting period that began in a year other than 2009.

The Tax Year 2009 Statistics of Income (SOI) Form 990-T study incorporated a two-stage sample design consisting of a stratified random sample and a special “integrated” sample. The stratified random sample was designed to represent the entire population of Form 990-T filers reporting unrelated business income. The integrated sample was designed to gather information on “related” (tax exempt) and “unrelated” (taxable) income and expenses for IRC section 501(c)(3) nonprofit charitable organizations that filed both Form 990 (or Form 990-EZ) and Form 990-T. This integrated sampling program ensured that the SOI sample of Forms 990-T included any unrelated business income tax returns (with gross unrelated business income of \$1,000 or more) filed by organizations whose Form 990 or Form 990-EZ information returns were selected for the separate SOI sample of section 501(c)(3) nonprofit charitable organizations. Organizations exempt under other Code sections were not subjected to the integrated sampling program.

The Form 990-T returns were initially divided into strata, based on gross unrelated business income, and selected using Bernoulli sampling, with sample rates ranging from 3.65 percent to 100 percent. IRC section 501(c)(3) returns not selected randomly were then matched to returns in the Forms 990/990-EZ sample. These linked returns, along with any randomly selected Forms 990-T that also had counterparts in the Forms 990/990-EZ

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sample, formed the “integrated” IRC section 501(c)(3) portion of the Form 990-T sample.⁴

The information presented in this article was obtained from returns as originally filed with the Internal Revenue Service. The amount of total tax liability originally reported on Forms 990-T, as stated in these statistics, may not necessarily be the amount ultimately paid to IRS. Changes in tax liability assessments can be made after the original return is filed, either by the taxpayer on an amended return, by the IRS after examination, or through litigation. The data were subjected

to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, due to time constraints, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the database.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure G shows CVs for selected financial data

Figure G

Unrelated Business Income Tax Returns: Coefficients of Variation by Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2009

Type of tax-exempt organization, as defined by Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions		Unrelated business taxable income (less deficit)		Unrelated business taxable income [1]		Total tax	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All organizations	0.00	0.21	0.00	0.32	0.00	19.98	0.00	1.16	0.00	1.09
501(c)(2) Title-holding corporations for exempt organizations [2]	28.40	9.33	28.40	8.88	30.42	45.01	35.69	25.93	35.69	15.59
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	2.73	0.32	2.73	0.38	3.10	7.06	5.07	1.27	5.03	1.08
501(c)(4) Civic leagues and social welfare organizations	11.54	1.93	11.54	2.16	13.31	119.82	21.64	7.13	21.53	4.16
501(c)(5) Labor, agricultural, and horticultural organizations	9.85	4.41	9.85	4.76	10.97	158.18	14.94	9.36	14.94	8.42
501(c)(6) Business leagues, chambers of commerce, and real estate boards	5.93	1.77	5.94	1.96	6.88	47.95	10.56	4.49	10.34	3.40
501(c)(7) Social and recreational clubs	5.75	3.04	5.82	3.64	6.50	403.18	8.06	8.05	8.22	7.91
501(c)(8) Fraternal beneficiary societies and associations	13.98	9.37	13.98	9.81	15.54	101.24	20.70	19.78	20.70	19.13
501(c)(9) Voluntary employees' beneficiary associations	16.78	1.51	16.78	2.28	21.09	4.21	23.22	2.88	23.14	3.46
501(c)(10) Domestic fraternal beneficiary societies and associations	42.58	24.38	42.59	23.43	48.16	55.92	76.48	60.37	76.55	56.28
401(a) Qualified pension, profit-sharing, or stock bonus plans	22.02	6.64	22.72	8.59	22.74	299.01	27.02	8.37	26.38	8.24
408(e) Traditional Individual Retirement Arrangements	5.54	11.88	5.54	13.56	6.11	19.06	5.76	17.79	5.79	21.65
Other [3]	7.17	2.61	7.19	3.34	7.81	16.71	12.51	8.79	12.83	6.86

[1] Includes data from returns with positive amounts of unrelated business taxable income only.

[2] Corporations that are organized under an Act of Congress and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation.

[3] This category includes organizations described under sections 501(c)(11)-(19), 501(c)(21)-(27), as well as Archer medical savings accounts, exempt under section 220(e); Roth Individual Retirement Arrangements, exempt under section 408A, state-sponsored health plans, exempt under section 529(a); and Coverdell education savings accounts, exempt under section 530(a).

NOTE: For more complete descriptions of the types of tax-exempt organizations filing Form 990-T, by the Internal Revenue Code section describing them, see Figure C of this article.

⁴ For additional information on the Forms 990 and 990-T integrated sample design, see Harte, James M., and Cecelia H. Hilgert, “Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations,” *Statistics of Income: Compendium of Studies of Tax-Exempt Organizations, 1989–1998, 2002*.

estimates derived from the Form 990-T stratified random sample. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in SOI Sampling Methodology and Data Limitations, located near the back of this issue of the *SOI Bulletin* or at <http://www.irs.gov/uac/SOI-Tax-Stats-SOI-Bulletins>.

Explanation of Selected Terms

This section provides definitions to help the reader understand the terms contained in the article and in Tables 1 through 8, found at the end of the article. In some of the following explanations, tax-exempt organizations are cited by the Internal Revenue Code section under which they are described. The various types of tax-exempt organizations subject to the unrelated business income tax provisions are shown in Figure C.

Charitable contributions—To the extent permissible under the Internal Revenue Code, a deduction was allowed for contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or Governmental organization described in Code section 170(c). A tax-exempt corporation was allowed a deduction for charitable contributions up to 10 percent of its unrelated business taxable income computed without regard to the deduction for contributions. A tax-exempt trust was generally allowed a deduction for charitable contributions under the rules applicable to individual taxpayers, except the limit on the deduction was determined in relation to unrelated business taxable income computed without regard to the contributions deduction, rather than in relation to adjusted gross income. Contributions in excess of the respective corporate or trust limitations may be carried over to the next 5 taxable years, subject to certain rules. The contributions deduction was allowed whether or not the donated income was directly connected with the carrying on of a trade or business.

Cost of sales and services—Cost of sales and services may have included depreciation, salaries and wages, and certain other types of deductible items. For this reason, the total amount shown for some of the separately reported components of total deductions, such as “salaries and wages,” may be understated. Cost of sales and services was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income.

Gross unrelated business income—This was the total gross unrelated business income prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross unrelated business income. The components of gross unrelated business income were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss) from sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships and S corporations; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code sections 501(c)(7), (9), and (17) organizations; income (annuities, interest, rents, and royalties) from controlled organizations; “exploited exempt activity” income, except advertising; advertising income; and “other” income (less loss). (For an explanation of these sources of income, see the separate explanations of each component.)

A tax-exempt organization’s income was treated as unrelated business income if it was from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activities carried on for the production of income from selling goods or performing services. These activities did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization. Soliciting, selling, or publishing commercial advertising, for example, is identified as a trade or business, even though the advertising is published in an exempt organization’s periodical that contains editorial material that is related to the organization’s exempt purpose.

Investment income (less loss)—This income was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) and included such income as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-asides.) All gross rents (except those that were exempt-function income) from investment property of sections 501(c)(7), (9), and (17) organizations were treated as unrelated

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business income and were reported as “rental income.” Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report “investment income (less loss).” Generally, these organizations’ investment income (dividends, interest, rents, and annuities) and royalty income were not taxed as unrelated business income, unless it was income, other than dividends, from a controlled organization or debt-financed income, or the rents were of the type described in the explanation of rental income.

Other deductions—This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

Other income (less loss)—This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefit fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local government tax payments, if the payments were previously reported as a deduction.

Proxy tax—This was a tax on certain nondeductible lobbying and political expenditures. A membership organization that was tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures, or if the notice did not include the entire amount of dues that was allocated. The proxy tax was computed as 35 percent of the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization’s members. The proxy tax was required to be reported on Form 990-T and was included in total tax; however, there was no connection between the proxy tax and the taxation of income from an organization’s unrelated business activities.

Total deductions—Total deductions included both deductions reported on the main part of Form 990-T and expense items reported on any of six supporting schedules, which were also part of the tax form. It excluded cost of sales and services, which was subtracted

from gross receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income. (See the explanation of Cost of sales and services.)

Total tax—Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the “proxy tax” on certain lobbying and political expenditures, the “alternative minimum tax,” and “other” taxes.

Unrelated business activity—A business activity is considered unrelated if it does not contribute importantly (other than the production of funds) to accomplishing an organization’s charitable, educational, or other purpose that is the basis for the organization’s tax exemption. In determining whether activities contribute importantly to the accomplishment of an exempt purpose, the size, extent, and nature of the activities involved must be considered in relation to the size, extent, and nature of the exempt function that they intend to serve. To the extent an activity is conducted on a scale larger than is reasonably necessary to perform an exempt purpose, it does not contribute importantly to the accomplishment of the exempt purpose. The part of the activity that is more than needed to accomplish the exempt purpose is an unrelated trade or business. Whether an activity contributes importantly depends in each case on the facts involved. See IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*, for additional information on unrelated business income and tax.

The following is a case example from Publication 598. An American folk art museum operates a shop in the museum that sells reproductions of works in the museum’s own collection and also works from the collections of other art museums. In addition, the museum sells souvenir items of the city where the museum is located. The sale of the reproductions, regardless of which museum houses the original works, is considered to be “related” because it contributes importantly to the achievement of the museum’s exempt educational purpose by making works of art familiar to a broader segment of the public, thereby enhancing the public’s understanding and appreciation of art. However, the sale of souvenir items depicting the city in which the museum is located is considered to be “unrelated” because it has no causal relationship to art or to artistic endeavor, and, therefore, does not contribute importantly to the accomplishment of the museum’s exempt educational purposes.

Unrelated business income—See definition of gross unrelated business income.

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Unrelated business income tax—This was the tax imposed on unrelated business taxable income. It was determined based on the regular corporate or trust income tax rates that were in effect for the 2008 Tax Year, as shown in the following schedules. Trusts that were eligible for the maximum 28-percent tax rate on capital gain net income figured their tax based on Schedule D of Form 1041, *U.S. Income Tax Return for Estates and Trusts*.

Tax Rates for Corporations

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$50,000	+ 15%	\$ 0
50,000	75,000	\$7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	—	35%	0

Tax Rates for Trusts

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$2,300	+ 15%	\$ 0
2,300	5,350	\$345 + 25%	2,300
5,350	8,200	1,107.50 + 28%	5,350
8,200	11,150	1,905.50 + 33%	8,200
11,150	—	2,879 + 35%	11,150

Unrelated business taxable income (less deficit) (referenced as Net unrelated business taxable income)—This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (unrelated business taxable income), negative (deficit), or zero. Taxable income was subject to the unrelated business income tax.

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Table 1. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2009

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

Type of tax-exempt organization, as defined by Internal Revenue Code section	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]	
			Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
All organizations	42,469	9,700,964	42,086	9,821,097	33,266	-120,133
220(e) Archer Medical Savings Accounts	d	d	d	d	d	d
401(a) Qualified pension, profit-sharing, or stock bonus plans	389	80,583	350	78,770	352	1,813
408(e) Traditional Individual Retirement Accounts	7,025	36,342	6,994	17,352	5,694	18,991
408(A) Roth Individual Retirement Accounts	351	6,420	351	1,839	351	4,580
501(c)(2) Title-holding corporations for exempt organizations [6]	313	35,584	313	37,635	274	-2,051
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	14,169	6,313,123	14,078	6,499,786	10,916	-186,663
501(c)(4) Civic leagues and social welfare organizations	1,466	494,826	1,466	491,797	1,014	3,029
501(c)(5) Labor, agricultural, and horticultural organizations	2,084	248,036	2,084	245,404	1,737	2,631
501(c)(6) Business leagues, chambers of commerce, and real estate boards	5,417	922,867	5,386	936,812	3,961	-13,945
501(c)(7) Social and recreational clubs	5,890	549,272	5,731	551,590	4,639	-2,318
501(c)(8) Fraternal beneficiary societies and associations	1,242	69,338	1,242	67,257	1,019	2,081
501(c)(9) Voluntary employees' beneficiary associations	509	411,579	509	279,007	329	132,572
501(c)(10) Domestic fraternal beneficiary societies and associations	107	12,641	107	13,035	87	-394
501(c)(11) Teachers' retirement fund associations	0	0	0	0	0	0
501(c)(12) Benevolent life insurance associations and certain mutual companies	269	82,106	269	73,904	237	8,202
501(c)(13) Cemetery companies	103	6,298	103	8,423	77	-2,125
501(c)(14) State-chartered credit unions	1,219	251,294	1,219	328,873	1,038	-77,578
501(c)(15) Mutual insurance companies	0	0	0	0	0	0
501(c)(16) Corporations organized to finance crop operations	0	0	0	0	0	0
501(c)(17) Supplemental unemployment benefit trusts	0	0	0	0	0	0
501(c)(18) Employee-funded pension trusts	0	0	0	0	0	0
501(c)(19) War veterans' posts or organizations	1,874	171,214	1,842	173,498	1,504	-2,284
501(c)(21) Black Lung Benefit Trusts [7]	0	0	0	0	0	0
501(c)(22) Withdrawal liability payment funds	0	0	0	0	0	0
501(c)(23) Veterans' associations founded before 1880	0	0	0	0	0	0
501(c)(24) Trusts described in section 4049 of ERISA	d	d	d	d	d	d
501(c)(25) Title-holding companies with no more than 35 shareholders	0	0	0	0	0	0
501(c)(26) High-risk health insurance plans	d	d	d	d	d	d
501(c)(27) Workers' compensation reinsurance plans	d	d	d	d	d	d
529(a) Qualified State Tuition Plans	d	d	d	d	d	d
530(a) Coverdell Education Savings Accounts	0	0	0	0	0	0

Footnotes at end of table.

Unrelated Business Income Tax Returns, 2009

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Table 1. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2009—Continued

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

Type of tax-exempt organization, as defined by Internal Revenue Code section	Unrelated business taxable income [4]		Total tax [5]	
	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)
All organizations	19,368	930,795	19,189	263,147
220(e) Archer Medical Savings Accounts	d	d	d	d
401(a) Qualified pension, profit-sharing, or stock bonus plans	278	43,176	286	14,405
408(e) Traditional Individual Retirement Accounts	5,392	20,197	5,329	5,162
408(A) Roth Individual Retirement Accounts	288	4,840	288	1,507
501(c)(2) Title-holding corporations for exempt organizations [6]	211	2,698	211	673
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	5,043	505,479	4,971	151,218
501(c)(4) Civic leagues and social welfare organizations	377	20,654	379	5,886
501(c)(5) Labor, agricultural, and horticultural organizations	978	27,882	978	7,253
501(c)(6) Business leagues, chambers of commerce, and real estate boards	1,722	68,446	1,803	20,251
501(c)(7) Social and recreational clubs	3,110	51,965	3,036	11,499
501(c)(8) Fraternal beneficiary societies and associations	589	7,432	589	1,525
501(c)(9) Voluntary employees' beneficiary associations	266	147,328	267	36,320
501(c)(10) Domestic fraternal beneficiary societies and associations	5	295	5	52
501(c)(11) Teachers' retirement fund associations	0	0	0	0
501(c)(12) Benevolent life insurance associations and certain mutual companies	199	12,945	193	3,336
501(c)(13) Cemetery companies	32	176	32	26
501(c)(14) State-chartered credit unions	224	9,034	225	2,537
501(c)(15) Mutual insurance companies	0	0	0	0
501(c)(16) Corporations organized to finance crop operations	0	0	0	0
501(c)(17) Supplemental unemployment benefit trusts	0	0	0	0
501(c)(18) Employee-funded pension trusts	0	0	0	0
501(c)(19) War veterans' posts or organizations	621	7,897	566	1,411
501(c)(21) Black Lung Benefit Trusts [7]	0	0	0	0
501(c)(22) Withdrawal liability payment funds	0	0	0	0
501(c)(23) Veterans' associations founded before 1880	0	0	0	0
501(c)(24) Trusts described in section 4049 of ERISA	d	d	d	d
501(c)(25) Title-holding companies with no more than 35 shareholders	0	0	0	0
501(c)(26) High-risk health insurance plans	d	d	d	d
501(c)(27) Workers' compensation reinsurance plans	d	d	d	d
529(a) Qualified State Tuition Plans	d	d	d	d
530(a) Coverdell Education Savings Accounts	0	0	0	0

d—Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 9,203 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax, but it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

[6] Corporations that are organized under an Act of Congress and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation.

[7] Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax-exempt, beginning with tax years after June 30, 1992. Therefore, these organizations are not listed in this table.

NOTE: Detail may not add to totals because of rounding. For more complete descriptions of the types of tax-exempt organizations filing Form 990-T, by the Internal Revenue Code section describing them, see the Appendix to the most recent Unrelated Business Income Tax (UBIT) article listed under Publications and Papers on the Exempt Organizations' UBIT Statistics page of the IRS Website ([http://www.irs.gov/uac/SOI-Tax-Stats—Exempt-Organizations'-Unrelated-Business-Income-\(UBI\)-Tax-Statistics](http://www.irs.gov/uac/SOI-Tax-Stats—Exempt-Organizations'-Unrelated-Business-Income-(UBI)-Tax-Statistics)).

Source: IRS, Statistics of Income Division, October 2012.

Unrelated Business Income Tax Returns, 2009

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Table 2. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Size of Gross UBI, Tax Year 2009

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

Size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	42,469	9,700,964	42,086	9,821,097	33,266	-120,133	19,368	930,795	19,189	263,147
\$1,000 under \$10,001 [6]	19,072	72,638	18,780	82,237	14,631	-9,599	10,570	18,293	10,507	3,252
\$10,001 under \$100,000 [6]	13,996	607,491	13,912	646,944	11,188	-39,453	5,505	96,497	5,373	17,092
\$100,000 under \$500,000	6,504	1,411,079	6,498	1,493,000	5,162	-81,921	2,263	145,146	2,255	37,164
\$500,000 under \$1,000,000	1,343	933,573	1,343	957,385	1,052	-23,812	492	86,403	483	25,760
\$1,000,000 under \$5,000,000	1,245	2,531,749	1,245	2,573,737	982	-41,989	428	257,158	448	77,386
\$5,000,000 or more	308	4,144,434	308	4,067,793	251	76,640	110	327,298	123	102,493

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 9,203 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

[6] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

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

Source: IRS, Statistics of Income Division, October 2012.

Unrelated Business Income Tax Returns, 2009

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Table 3. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), and Total Tax, by Size of Unrelated Business Taxable Income or Deficit, Tax Year 2009

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

Size of unrelated business taxable income or deficit	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit)		Total tax [3]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	42,469	9,700,964	42,086	9,821,097	33,266	-120,133	19,189	263,147
Deficit	13,898	4,458,192	13,898	5,509,120	13,989	-1,050,928	82	621
Zero [4]	9,203	1,909,854	9,203	1,909,854	[4] 0	[4] 0	156	993
\$1 under \$1,000	5,382	68,455	5,382	66,085	5,382	2,369	5,219	355
\$1,000 under \$10,000	8,279	269,318	7,987	239,437	8,279	29,881	8,180	4,713
\$10,000 under \$100,000	4,610	771,418	4,525	620,150	4,610	151,268	4,465	27,148
\$100,000 under \$500,000	776	657,938	769	494,094	776	163,844	772	50,550
\$500,000 under \$1,000,000	161	437,895	161	327,909	161	109,986	159	34,686
\$1,000,000 or more	160	1,127,895	160	654,448	160	473,447	156	144,081

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

[4] The Zero category includes 9,203 returns with equal amounts of gross unrelated business income and total deductions.

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

Source: IRS, Statistics of Income Division, October 2012.

Unrelated Business Income Tax Returns, 2009

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Table 4. Unrelated Business Income Tax Returns with Positive Unrelated Business Taxable Income: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income, and Total Tax, by Type of Entity and Size of Gross UBI, Tax Year 2009

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

Type of entity and size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income	Total tax [3]	
			Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ALL ENTITIES							
Total	19,368	3,332,918	18,985	2,402,123	930,795	18,951	261,534
\$1,000 under \$10,001 [4]	10,570	34,910	10,279	16,617	18,293	10,379	2,890
\$10,001 under \$100,000 [4]	5,505	242,878	5,420	146,382	96,497	5,364	17,089
\$100,000 under \$500,000	2,263	495,824	2,256	350,679	145,146	2,212	36,978
\$500,000 under \$1,000,000	492	343,602	492	257,199	86,403	469	25,643
\$1,000,000 under \$5,000,000	428	858,902	428	601,744	257,158	419	77,062
\$5,000,000 or more	110	1,356,802	110	1,029,503	327,298	108	101,872
TAX-EXEMPT CORPORATIONS							
Total	12,810	2,963,728	12,497	2,306,417	657,311	12,464	188,658
\$1,000 under \$10,001 [4]	4,763	19,872	4,534	9,871	10,001	4,635	1,471
\$10,001 under \$100,000 [4]	5,054	225,333	4,970	144,719	80,614	4,917	12,631
\$100,000 under \$500,000	2,083	452,854	2,083	342,375	110,479	2,032	26,037
\$500,000 under \$1,000,000	445	309,274	445	248,481	60,794	422	18,526
\$1,000,000 under \$5,000,000	368	732,047	368	567,925	164,122	363	53,963
\$5,000,000 or more	97	1,224,347	97	993,046	231,301	95	76,029
TAX-EXEMPT TRUSTS							
Total	6,558	369,190	6,488	95,706	273,484	6,488	72,876
\$1,000 under \$10,001 [4]	5,808	15,037	5,744	6,746	8,291	5,744	1,418
\$10,001 under \$100,000 [4]	451	17,546	451	1,663	15,883	448	4,457
\$100,000 under \$500,000	180	42,970	173	8,303	34,667	180	10,941
\$500,000 under \$1,000,000	47	34,328	47	8,718	25,609	47	7,117
\$1,000,000 under \$5,000,000	60	126,855	60	33,818	93,036	56	23,099
\$5,000,000 or more	13	132,455	13	36,457	95,997	13	25,843

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting positive unrelated business taxable income, cost of sales and services was \$9.2 million, 99 percent of which was attributable to tax-exempt corporations.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive unrelated business taxable income, total proxy tax was \$1.1 million.

[4] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

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

Source: IRS, Statistics of Income Division, October 2012.

Unrelated Business Income Tax Returns, 2009

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Table 5. Unrelated Business Income Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 2009

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

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All activities and groupings	42,469	9,700,964	42,086	9,821,097	33,266	-120,133	19,368	930,795	19,189	263,147
Agriculture, forestry, hunting, and fishing	261	29,297	261	22,940	188	6,357	113	11,356	82	3,822
Mining	444	34,203	444	26,604	410	7,600	309	13,541	308	3,201
Utilities	27	19,858	27	18,765	* 19	* 1,094	* 11	* 2,236	* 11	* 686
Construction	60	68,449	60	66,913	* 45	* 1,536	* 41	* 1,665	* 35	* 391
Manufacturing	118	45,715	112	38,913	78	6,802	53	13,943	53	4,951
Wholesale trade	76	18,061	76	8,202	76	9,859	72	10,102	70	2,200
Retail trade	1,365	769,147	1,365	769,628	1,157	-481	439	64,184	444	20,887
Transportation and warehousing	d	d	d	d	d	d	d	d	d	d
Information	590	164,152	590	164,379	375	-228	163	15,541	162	4,597
Finance and insurance, total	13,177	1,484,636	13,050	1,354,585	10,476	130,052	8,492	354,587	8,421	95,041
Unrelated debt-financed activities, other than rental of real estate	855	100,350	855	92,702	766	7,648	598	22,041	594	5,503
Investment activities of Code section 501(c)(7), (9), and (17) organizations [6]	2,727	454,410	2,663	313,533	2,006	140,877	1,752	151,052	1,736	35,181
Passive income activities with controlled organizations	194	166,659	194	169,416	135	-2,757	88	33,865	97	10,312
Other finance and insurance	9,401	763,217	9,338	778,934	7,569	-15,716	6,054	147,629	5,994	44,045
Real estate and rental and leasing, total	8,157	981,513	8,124	1,025,385	7,045	-43,872	3,900	108,075	3,901	29,044
Rental of personal property	617	55,617	617	61,566	553	-5,949	336	5,834	338	1,419
Other real estate and rental and leasing	7,540	925,896	7,507	963,819	6,492	-37,923	3,564	102,241	3,563	27,625
Professional, scientific, and technical services	8,018	1,955,500	7,987	2,001,459	5,588	-45,959	2,255	111,409	2,350	32,469
Management of companies and enterprises	d	d	d	d	d	d	d	d	d	d
Administrative and support and waste management and remediation services	742	564,975	742	594,312	487	-29,337	171	15,587	179	4,712
Educational services	29	39,349	29	45,182	24	-5,833	* 11	* 3,114	* 11	* 1,030
Healthcare and social assistance	950	1,884,541	950	1,865,751	736	18,790	350	135,337	373	44,916
Arts, entertainment, and recreation	4,163	826,273	4,005	927,943	3,103	-101,670	1,463	21,834	1,362	4,262
Accommodation and food services	3,087	597,827	3,060	674,793	2,463	-76,966	922	22,597	885	4,700
Other services	652	113,732	652	119,230	543	-5,498	312	7,846	254	1,741
Exploited exempt activities	239	77,995	239	79,561	188	-1,567	113	5,437	113	1,631
Other activity	177	8,458	177	5,754	138	2,703	128	2,787	128	815
Not allocable	d	d	d	d	d	d	d	d	d	d

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

d—Data were deleted to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 9,203 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

[6] Section 501(c)(7) organizations are social and recreational clubs; section 501(c)(9) organizations are voluntary employees' beneficiary associations; and section 501(c)(17) organizations are supplemental unemployment benefit trusts. See Table 1 for separate data on each of these organizations.

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

Unrelated Business Income Tax Returns, 2009

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Table 6. Unrelated Business Income Tax Returns: Sources of Gross Unrelated Business Income, by Size of Gross Unrelated Business Income, Tax Year 2009

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

Size of gross unrelated business income	Gross unrelated business income		Sources of gross unrelated business income							
			Gross profit (less loss) from sales and services		Capital gain net income		Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets [2]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	42,469	9,700,964	15,987	5,975,602	1,083	93,670	310	870	244	2,001
\$1,000 under \$10,001 [1]	19,072	72,638	3,563	15,893	384	941	* 127	* 322	* 35	* -43
\$10,001 or more, total [1]	23,396	9,628,326	12,424	5,959,710	699	92,729	183	548	209	2,044
\$10,001 under \$100,000	13,996	607,491	6,418	248,508	377	9,305	**	**	** 120	** 240
\$100,000 under \$500,000	6,504	1,411,079	3,977	767,030	195	18,142	52	157	69	-72
\$500,000 under \$1,000,000	1,343	933,573	908	534,133	40	12,689	23	69	31	472
\$1,000,000 under \$5,000,000	1,245	2,531,749	882	1,568,042	67	40,140	32	93	48	1,426
\$5,000,000 or more	308	4,144,434	239	2,841,997	20	12,453	**	**	** 17	** 207

Size of gross unrelated business income	Sources of gross unrelated business income—continued							
	Income (less loss) from partnerships and S corporations		Rental income [3]		Unrelated debt-financed income		Investment income (less loss) [4]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Total	9,235	324,512	4,910	335,553	4,026	572,581	4,722	403,553
\$1,000 under \$10,001 [1]	6,995	17,156	1,441	7,576	1,453	6,592	2,344	7,335
\$10,001 or more, total [1]	2,240	307,357	3,469	327,978	2,574	565,989	2,378	396,217
\$10,001 under \$100,000	1,202	28,831	2,249	66,737	1,530	52,904	1,151	15,041
\$100,000 under \$500,000	504	34,241	889	92,468	723	113,804	902	49,094
\$500,000 under \$1,000,000	165	21,364	157	50,314	135	56,767	210	35,039
\$1,000,000 under \$5,000,000	250	68,967	141	69,898	141	149,816	96	101,824
\$5,000,000 or more	119	153,954	33	48,561	45	192,698	19	195,219

Size of gross unrelated business income	Sources of gross unrelated business income—continued							
	Income from controlled organizations [5]		Exploited exempt-activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Total	739	102,380	975	196,541	7,886	1,155,527	5,655	539,913
\$1,000 under \$10,001 [1]	192	515	170	924	2,957	12,474	1,360	3,598
\$10,001 or more, total [1]	547	101,865	802	195,618	4,930	1,143,053	4,295	536,317
\$10,001 under \$100,000	231	9,679	377	12,898	3,002	101,108	2,554	62,661
\$100,000 under \$500,000	173	16,132	226	24,864	1,292	201,271	1,190	94,263
\$500,000 under \$1,000,000	43	8,221	87	26,424	301	133,865	247	54,355
\$1,000,000 under \$5,000,000	77	40,507	94	64,627	273	270,333	244	156,264
\$5,000,000 or more	23	27,326	21	66,805	62	436,476	60	168,774

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

** Data in adjacent variable columns are combined to avoid disclosure of information about specific taxpayers.

[1] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 or more" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

[2] Property other than capital assets generally included property of a business nature, in contrast to personal property and investment property, which were capital assets.

[3] Income from real property and personal property leased with real property.

[4] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only. See Table 1 for separate data on each of these organizations.

[5] Annuities, interest, rents, and royalties.

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

Source: IRS, Statistics of Income Division, October 2012.

Unrelated Business Income Tax Returns, 2009

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Table 7. Unrelated Business Income Tax Returns: Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 2009

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

Item	Size of gross unrelated business income					
	All		\$1,000 under \$10,001 [3]		\$10,001 under \$100,000 [3]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	42,469	N/A	19,072	N/A	13,996	N/A
Total deductions [1,2]	42,086	9,821,097	18,780	82,237	13,912	646,944
Organizations with gross unrelated business income of \$1,000 under \$10,001 [3]:						
Total deductions [2,4]	18,780	82,237	18,780	82,237	N/A	N/A
Net operating loss deduction	2,443	6,019	2,443	6,019	N/A	N/A
Specific deduction	11,855	11,176	11,855	11,176	N/A	N/A
Organizations with gross unrelated business income of \$10,001 or more [3]:						
Total deductions [2,5]	23,305	9,738,860	N/A	N/A	13,912	646,944
Deductions directly connected with UBI	22,140	9,179,399	N/A	N/A	12,984	615,052
Allocable to rental income [6]	2,105	235,654	N/A	N/A	1,373	40,187
Allocable to unrelated debt-financed income [6]	2,359	569,284	N/A	N/A	1,382	63,821
Allocable to investment income [6,7]	710	30,278	N/A	N/A	* 147	* 3,377
Allocable to income from controlled organizations [6]	335	79,307	N/A	N/A	146	5,562
Allocable to exploited exempt-activity income, except advertising [6]	715	161,932	N/A	N/A	365	10,957
Direct advertising costs [6]	4,310	861,524	N/A	N/A	2,576	72,712
Compensation of officers, directors, and trustees	1,714	52,963	N/A	N/A	790	12,536
Salaries and wages	10,364	1,923,068	N/A	N/A	4,894	125,909
Repairs and maintenance	7,129	135,756	N/A	N/A	3,577	19,427
Bad debts	814	38,942	N/A	N/A	259	393
Interest	2,680	91,736	N/A	N/A	1,162	9,312
Taxes and licenses paid deduction	10,067	181,830	N/A	N/A	5,190	22,540
Depreciation	6,883	280,610	N/A	N/A	2,959	20,110
Depletion	137	36,713	N/A	N/A	* 86	* 260
Contributions to deferred compensation plans	1,092	19,721	N/A	N/A	270	419
Contributions to employee benefit programs	5,166	433,922	N/A	N/A	1,815	8,195
Net operating loss deduction	3,140	189,421	N/A	N/A	1,735	16,365
Other deductions	14,154	3,856,740	N/A	N/A	7,384	182,972
Deductions not directly connected with UBI	11,463	559,461	N/A	N/A	6,990	31,891
Specific deduction	9,463	9,225	N/A	N/A	6,016	5,671
Charitable contributions	1,896	72,271	N/A	N/A	** 1,056	** 2,735
Set-asides [7]	227	214,774	N/A	N/A	**	**
Excess exempt-activity expenses [8]	2,269	263,191	N/A	N/A	1,248	23,486

Footnotes at end of table.

Unrelated Business Income Tax Returns, 2009

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Table 7. Unrelated Business Income Tax Returns: Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 2009—Continued

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

Item	Size of gross unrelated business income—continued							
	\$100,000 under \$500,000		\$500,000 under \$1,000,000		\$1,000,000 under \$5,000,000		\$5,000,000 or more	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Number of returns	6,504	N/A	1,343	N/A	1,245	N/A	308	N/A
Total deductions [1,2]	6,498	1,493,000	1,343	957,385	1,245	2,573,737	308	4,067,793
Organizations with gross unrelated business income of \$1,000 under \$10,001 [3]:								
Total deductions [2,4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net operating loss deduction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Specific deduction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Organizations with gross unrelated business income of \$10,001 or more [3]:								
Total deductions [2,5]	6,498	1,493,000	1,343	957,385	1,245	2,573,737	308	4,067,793
Deductions directly connected with UBI	6,320	1,423,018	1,317	903,120	1,221	2,447,699	297	3,790,509
Allocable to rental income [6]	522	72,799	91	37,374	94	48,364	25	36,930
Allocable to unrelated debt-financed income [6]	675	122,906	131	59,862	130	147,119	40	175,576
Allocable to investment income [6,7]	383	4,599	123	3,960	51	13,301	* 6	* 5,041
Allocable to income from controlled organizations [6]	89	11,666	32	7,311	51	30,510	17	24,259
Allocable to exploited exempt-activity income, except advertising [6]	171	18,970	74	20,977	86	58,699	20	52,328
Direct advertising costs [6]	1,141	149,953	282	98,011	254	201,260	57	339,589
Compensation of officers, directors, and trustees	620	15,462	159	8,335	114	11,605	31	5,026
Salaries and wages	3,682	330,782	793	207,776	790	548,724	205	709,887
Repairs and maintenance	2,430	29,684	498	15,519	489	30,593	135	40,534
Bad debts	243	991	92	1,318	157	11,280	64	24,961
Interest	1,018	17,613	224	7,484	218	28,121	58	29,207
Taxes and licenses paid deduction	3,375	50,733	709	25,343	619	36,954	174	46,259
Depreciation	2,588	61,032	595	36,367	576	88,557	165	74,543
Depletion	* 30	* 2,533	* 9	* 963	* 8	* 21,616	* 5	* 11,341
Contributions to deferred compensation plans	520	2,093	166	1,820	112	5,387	24	10,002
Contributions to employee benefit programs	2,073	33,707	530	25,597	582	101,363	166	265,060
Net operating loss deduction	902	33,456	211	21,984	230	50,426	62	67,189
Other deductions	4,517	464,039	1,014	323,131	983	1,013,819	256	1,872,779
Deductions not directly connected with UBI	3,081	69,982	655	54,265	582	126,038	155	277,284
Specific deduction	2,389	2,516	505	490	442	436	111	111
Charitable contributions	513	8,330	** 175	** 20,853	156	15,633	60	40,796
Set-asides [7]	127	18,598	**	**	26	37,804	11	142,296
Excess exempt-activity expenses [8]	645	40,537	170	32,922	165	72,165	41	94,081

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

** Data in adjacent items are combined to avoid disclosure of information about specific taxpayers.

N/A—Not applicable.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown.

[4] Excludes \$80.1 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

[5] Excludes \$2.34 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

[6] This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

[7] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only. See Table 1 for separate data on each of these organizations.

[8] Includes excess exempt-activity expenses from Form 990-T, Schedule I, and excess readership costs from Form 990-T, Schedule J.

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

Source: IRS, Statistics of Income Division, October 2012.

Unrelated Business Income Tax Returns, 2009

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Table 8. Unrelated Business Income Tax Returns for 501(c)(3) Organizations: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 2009

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

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All activities and groupings	14,169	6,313,123	14,078	6,499,786	10,916	-186,663	5,043	505,479	4,971	151,218
Agriculture, forestry, hunting, and fishing	159	20,214	159	18,850	149	1,364	106	6,263	74	2,058
Mining	191	27,472	191	23,389	158	4,082	139	9,654	138	2,150
Utilities	d	d	d	d	d	d	d	d	d	d
Construction	d	d	d	d	d	d	d	d	d	d
Manufacturing	73	31,892	73	35,530	65	-3,638	44	3,500	44	1,007
Wholesale trade	13	12,205	13	6,601	13	5,604	10	5,847	8	1,098
Retail trade	946	736,464	946	733,440	778	3,024	299	61,922	304	20,377
Transportation and warehousing	57	3,147	57	2,826	51	320	8	819	8	277
Information	271	110,051	271	112,225	220	-2,174	78	9,336	78	2,990
Finance and insurance, total	1,441	423,564	1,409	384,594	1,151	38,970	902	101,881	870	29,905
Unrelated debt-financed activities, other than rental of real estate	367	80,986	367	81,784	341	-798	229	12,258	225	2,902
Passive income activities with controlled organizations	137	122,484	137	101,997	92	20,487	76	26,368	78	7,557
Other finance and insurance	937	220,094	905	200,813	718	19,281	597	63,255	567	19,446
Real estate and rental and leasing, total	4,096	719,919	4,063	774,925	3,242	-55,008	1,294	70,650	1,297	19,652
Rental of personal property	305	45,360	305	50,380	249	-5,021	131	5,183	133	1,318
Other real estate and rental and leasing	3,791	674,559	3,758	724,545	2,993	-49,987	1,163	65,467	1,164	18,334
Professional, scientific, and technical services	3,064	977,518	3,064	1,014,375	2,038	-36,856	766	52,605	779	15,250
Management of companies and enterprises	d	d	d	d	d	d	d	d	d	d
Administrative and support and waste management and remediation services	300	436,260	300	460,450	209	-24,190	64	11,723	73	3,621
Educational services	d	d	d	d	d	d	d	d	d	d
Healthcare and social assistance	943	1,871,352	943	1,854,675	731	16,677	346	132,973	368	44,107
Arts, entertainment, and recreation	1,027	433,394	1,027	508,698	768	-75,304	327	7,218	329	1,584
Accommodation and food services	855	305,746	828	359,584	747	-53,838	316	9,934	319	2,149
Other services	486	102,737	486	108,140	418	-5,402	228	6,854	169	1,550
Exploited exempt activities	75	35,730	75	39,583	62	-3,853	20	1,578	20	419
Other activity	80	4,405	80	3,747	41	658	* 38	* 710	* 38	* 224
Not allocable	d	d	d	d	d	d	d	d	d	d

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

d—Data were deleted to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.4 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 9,203 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.1 million.

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

Source: IRS, Statistics of Income Division, October 2012.

Use of the Empowerment Zone and Renewal Community Employment Credit, Tax Years 1998–2010

by Craig E. Johnson

Empowerment zones and renewal communities are leading examples of a set of temporary tax incentives enacted during the past 20 years to encourage economic development in particular geographic regions.¹ This paper examines in detail the use of one of the incentives offered to these areas, the empowerment zone and renewal community (EZ/RC) employment credit, for Tax Years 1998 through 2010.² The amount of allowable EZ/RC employment credit claimed on individual and corporate tax returns increased from \$41.7 million in 1998, to a high of \$277.1 million in 2005, and then declined to \$172.9 million in 2010. This pattern of increase and subsequent decrease in the amount of credit claimed annually corresponds to the number of designated zones and communities for these years (Figure A). Summing over Tax Years 1998 through 2010, the \$1.0 billion of the EZ/RC employment credit claimed on individual returns almost matched the \$1.2 billion of credit claimed on corporate returns.

Evaluating whether empowerment zones and renewal communities are effective at supporting additional economic activity in the targeted regions is beyond the scope of this article. However, having an accurate measure of the use of the EZ/RC employment credit provides a crucial component in evaluating the overall cost effectiveness of these initiatives. This is important as policy makers decide whether to extend these provisions for additional years or enact similar provisions, such as the proposal for Promise Zones in the Administration's Fiscal Year 2014 Budget. The Promise Zone proposal includes an employment credit similar in design to the EZ/RC employment credit.

The first section of this article briefly describes the history of empowerment zones and renewal communities, followed by a description of the EZ/RC employment credit. The next section examines in detail the use of the credit by corporate taxpayers, including a breakdown by major industry and asset size, which is followed by a similar analysis for the credit claimed on individual returns. The next to last section provides an analysis of the impact of statutory and alternative tax liability limitations on

amount of allowable credit for both corporate and individual returns, while the last section summarizes the results.

Description of Empowerment Zones and Renewal Communities

Empowerment zones (EZs) were authorized through three separate rounds of legislation enacted in 1993, 1997, and 2000. A total of 40 EZs have been designated—30 in urban areas and 10 in rural areas—through a competitive application process. State and local governments nominated economically distressed geographic areas, which were selected on the strength of their strategic plans for economic and social revitalization. The urban areas were designated by the Secretary of Housing and Urban Development (HUD). The rural areas were designated by the Secretary of Agriculture.

EZs have been provided a set of tax incentives and government grants to spur economic activity within the zones. The mix of tax incentives and grants has varied by round. Nine Round I zones (six urban and three rural) were authorized by the Omnibus Budget Reconciliation Act of 1993. Businesses in the zones were eligible for three tax incentives: (1) an employment credit for qualified employees who both work and live within a zone; (2) additional section 179 expensing for qualified zone property; and (3) tax-exempt financing for certain qualifying zone facilities. Round I zones received the greatest amount of direct government spending, with grant authority of approximately \$100 million per urban zone and \$40 million per rural zone.³ Zone designation began in December 1994 and was originally scheduled to last 10 years.

The Taxpayer Relief Act of 1997 authorized the designation of two urban supplemental Round I zones (effective January 1, 2000), plus 20 Round II zones (15 urban and 5 rural). Businesses in Round II zones were eligible for: (1) additional section 179 expensing for qualified zone property; and (2) tax-exempt financing for certain qualifying zone facilities that was less restrictive than in Round I zones. Round II zones received approximately \$26 million per urban zone and \$18 million per rural zone in grant authority. The Round II zones were initially designated for 10 years. This act also authorized the District of Columbia Enterprise Zone (DC Zone), effective January 1, 1998, which received similar tax benefits

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¹ Empowerment zones, enterprise communities, renewal communities, and the new markets tax credit are examples of incentives targeted to economically distressed areas, as indicated by high poverty rates, high unemployment rates, or relatively low median incomes. Other targeted incentives have focused on disaster relief, such as the New York Liberty Zone, the Gulf Opportunity Zone, and the Midwestern Disaster Area.

² For an analysis of the empowerment zone employment credit for Tax Year 1996, see Brashares, Edith, "Empowerment Zone Tax Incentive Use: What the 1996 Data Indicate," *Statistics of Income Bulletin*, Summer 2000, Volume 20, Number 1. For an analysis of the empowerment zone employment credit for Tax Year 1997, see Bershader, Andrew, and Edith Brashares, "Use of the Federal Empowerment Zone Employment Credit for Tax Year 1997: Who Claims What?" *Statistics of Income Bulletin*, Spring 2004, Volume 23, Number 4.

³ See U.S. Government Accountability Office, *Revitalization Programs: Empowerment Zones, Enterprise Communities and Renewal Communities* (GAO-10-464R, 2010), for a summary of grant authority given to EZs and RCs.

Use of the Empowerment Zone and Renewal Community Employment Credit, Tax Years 1998–2010

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Figure A

Empowerment Zone and Renewal Community Employment Credit, Number of Corporate and Individual Returns, Allowable Credit, and Number of Qualifying Areas, Tax Years 1998–2010

[Money amounts are in thousands of dollars]

Tax year	Corporate returns [1]		Individual returns		Total allowable credit	Number of qualifying areas [2]
	Number of returns	Allowable credit	Number of returns	Allowable credit		
	(1)	(2)	(3)	(4)	(5)	(6)
1998	541	19,619	3,150	22,091	41,709	10
1999	590	21,958	4,757	26,893	48,851	10
2000	676	23,700	5,169	21,948	45,648	12
2001	797	23,401	9,833	24,274	47,675	12
2002 [3]	2,130	65,676	19,926	61,262	126,938	81
2003	2,662	92,458	25,896	83,449	175,907	81
2004	3,122	113,651	35,372	105,179	218,830	81
2005	3,378	149,351	33,933	127,790	277,142	81
2006	3,595	153,436	38,475	120,603	274,039	81
2007	3,795	152,629	36,166	116,603	269,231	81
2008 [4]	3,817	131,365	39,325	126,870	258,236	81
2009 [4]	3,535	138,565	38,014	124,770	263,335	81
2010 [4], [5]	2,649	99,419	30,362	73,479	172,898	41

[1] Corporate return estimates exclude Forms 1120S. Estimates may vary from other published numbers (see footnote 11).

[2] The number of qualifying areas are based on calendar years. In 1998, there were nine Round I empowerment zones (EZs) plus the DC Zone. In 2000, two supplemental Round I EZs were added. In 2002, the number of EZs increased to 40 and 40 renewal communities (RCs) were designated. The 40 RCs expired at the end of 2009.

[3] Minor corrections were made to the allowable credit amount reported in the corporate sample.

[4] Allowable credit for corporate returns calculated by author based on a change to the tax form starting in Tax Year 2008.

[5] Allowable credit for both corporate and individual returns includes Eligible Small Business Credits calculated by author.

to Round I EZs.⁴ The primary difference is that the eligibility rules for the tax incentives were less restrictive for the DC Zone. Of particular interest for the purpose of this article, all DC residents who work within the DC Zone qualify for the employment credit, not just those who both work and live within the zone.

The Community Renewal Tax Relief Act of 2000 authorized the designation of nine Round III zones (seven urban and two rural).⁵ In addition, this act extended Round I and Round II zone designations through the end of 2009, and it conformed the tax incentives across all zones for the period 2002 through 2009. For this period, tax incentives for businesses in all EZs included: (1) the employment credit; (2) additional section 179 expensing for qualified zone property; (3) tax-exempt financing for certain qualifying zone facilities; (4) deferral of capital gains on sales and reinvestment in empowerment zone assets; and (5) an additional exclusion of the gain on the

sale of qualified small business stock held more than 5 years.⁶ The Round III rural zones were eligible for about \$3 million in grant authority per zone, while no specific grant authority was given for urban zones.

The Community Renewal Tax Relief Act of 2000 also authorized HUD to designate 40 renewal communities (RCs), 28 in urban areas and 12 in rural areas. Businesses in RCs were eligible for the following tax incentives: (1) an employment credit; (2) additional section 179 expensing for qualified community property; (3) a capped commercial revitalization deduction; and (4) a capital gains exclusion for qualified community assets held longer than 5 years. No grant authority was specifically authorized for RCs. RC designations were in effect from 2002 through 2009.

EZ designations (including the DC Zone) expired temporarily at the end of 2009 but were extended retroactively through the end of 2011 by the Tax Relief,

⁴ The DC Zone was originally designated for 5 years and had been subsequently extended several times on a temporary basis before expiring on December 31, 2011.

⁵ A total of eight urban zones were designated in this round because the Round I EZ in Atlanta, GA, elected to become an RC in 2002, and was replaced by a new zone.

⁶ See Internal Revenue Service, *Publication 954: Tax Incentives for Distressed Communities*, 2004, and U.S. Government Accountability Office, *Community Development: Federal Revitalization Programs Are Being Implemented, but Data on the Use of Tax Benefits Are Limited* (GAO-04-306, 2004) for a more detailed discussion of the tax incentives available in EZs and RCs.

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Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which was enacted in December 2010. EZ designations expired again at the end of 2011 and were extended retroactively through the end of 2013 by the American Taxpayer Relief Act of 2012, which was enacted in January 2013. However, the DC Zone was not extended.

In addition to these incentives, residents of EZs and RCs ages 18-39 years old qualify as a targeted group for the work opportunity tax credit (WOTC).⁷ Employers who hire an individual in a targeted group receive a 40-percent credit that applies to the first \$6,000 of qualified first-year wages. EZ and RC residents ages 16-17 can also qualify as a targeted group for WOTC, but the qualifying wage limit is reduced to \$3,000, and the period of employment must be between May 1 and September 15.

The Empowerment Zone and Renewal Community Employment Credit

The EZ employment credit provides a 20-percent credit on the first \$15,000 of annual qualifying wages paid to a qualified zone employee.⁸ A qualified zone employee resides within an EZ, and substantially all of the employee's services are performed within an EZ in a trade or business of the employer. The RC employment credit is subject to the same eligibility rules as the EZ employment credit, only the credit rate is 15 percent on the first \$10,000 of annual qualifying wages paid to employees who both live and work within an RC.

Both full-time and part-time employees who have been employed for at least 90 days are eligible for the EZ/RC employment credit. However, the following individuals do not qualify as a qualified zone employee: (1) certain related taxpayers; (2) certain dependents; and (3) any person who owns more than 5 percent of stock (or capital or profits interests) of the employer. While it is not necessary for the employer to satisfy the requirements of an enterprise zone business that are necessary for other EZ incentives, wages paid in connection to certain business activities do not qualify for the credit.⁹

The employer's deduction for salaries and wages paid is reduced by the amount of the employment credit generated that year. Also, the credit is not available for

wages taken into account in determining the WOTC and the \$15,000 (\$10,000) cap is reduced by any wages taken into account in computing the WOTC. These provisions prevent claiming more than one credit on the basis of the same wages.

To determine the amount of employment credit allowed for a given year, a taxpayer first calculates the current-year amount of the credit. The current-year amount of the credit is the sum of qualifying wages paid by the taxpayer to qualifying employees subject to the appropriate credit rate (20 percent for EZs, 15 percent for RCs), plus the amount of credit from passthrough entities in which the taxpayer holds an ownership interest. The tentative credit for the year is the current-year amount (minus any amounts restricted because of passive activity rules) plus any carryback or carryforward of the credit from other tax years.¹⁰

The allowable credit is equal to the tentative credit, unless restricted by the tax liability of the taxpayer for that year. The employment credit is a component of the General Business Credit (GBC). Most components of the GBC are not allowed to offset the Alternative Minimum Tax (AMT), but the EZ/RC employment credit can offset up to 25 percent of AMT liability. To determine the amount of tax liability that may be offset by the credit in the current year, the taxpayer subtracts a limitation amount from the taxpayer's net income tax. The limitation amount is the greater of: (1) 75 percent of the taxpayer's tentative minimum tax; or (2) 25 percent of the excess of net regular tax liability that exceeds \$25,000. The amount of tentative credit that exceeds the allowable amount of credit for that year is currently subject to a 1-year carryback and a 20-year carryforward, according to the GBC rules.

Analysis of Use of the Employment Credit on Corporate Returns

This study uses the sample of corporate returns assembled each year by the Statistic of Income Division (SOI) of the Internal Revenue Service for Tax Years 1998 through 2010. The EZ/RC employer credit is unique among credits in that for most years the credit has been in effect, the corporate sample contains the full population of corporations that utilize the credit. This began

⁷ Prior to May 25, 2007, the upper age limit was 24.

⁸ Qualified wages include those wages subject to the Federal Unemployment Tax Act (FUTA) without regard to the FUTA dollar limit and certain training and education expenses paid or incurred on behalf of the qualified employee.

⁹ These nonqualified activities include farming businesses above a certain scope and activities described in IRC section 144(c)(6)(b), which include golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, racetracks, and liquor stores.

¹⁰ Note that the use of the terms "current-year" and "tentative" credit follow how those terms were defined on Form 8844 for 1998 through 2001. In later years, these terms were either dropped from the form or were used in a different way. For example, for 2002 through 2005, the form used the term "current-year" to label what this article refers to as the "tentative" credit.

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out of a concern that the national sample may not provide an accurate representation of a credit with limited geographic reach. Thus for all of the years in this study, the corporate sample includes every corporate return that filed Form 8844, *Empowerment Zone and Renewal Community Employment Credit*, during the filing period for that tax year.

The values reported for corporate returns are weighted to adjust for the small percentage of returns that are not included in the corporate sample for that tax year. This could be the result of a taxpayer filing the return late or amending a return at a later date to include Form 8844. For most of the tax years in this analysis (2002–2010), SOI assigned a special weight to the returns that included Form 8844 for the purpose of calculating the aggregate amount of the EZ/RC employment credit. This weight, rather than the national final weight, is used when available for this article.¹¹ The tabulations for corporate returns in this article do not include the credits reported on Forms 1120S for small business corporations since the credits are passed to their shareholders and reported on individual returns.

The corporate sample includes several lines from Form 8844, which provide information on the current-year credit, the amount of carryforwards, the tentative credit, and the impact of the tax liability limitations on the allowable credit. Form 8844 underwent several modifications during this time period and there is not complete consistency across the years regarding which lines are included in the sample. The most significant change occurred in 2008, when the calculation of the allowable credit was moved from Form 8844, to Form 3800, *General Business Credit*. The allowable amount of credit for 2008 through 2010 was not directly captured in the sample and the amounts reported in this article were calculated based on information on the tax return.

The current-year credit is the amount of potential credit resulting from qualifying wages paid in that calendar year, whether directly by the taxpayer or through a passthrough entity in which the taxpayer holds an ownership interest. The amount of current-year credit and the percentage change from the previous year are listed in columns (1) and (2) of Figure B. The amount of current-year credit generally increases from one year to the next until Tax Year 2009 when a decline of 6 percent occurs.

There are many factors that affect the growth of the current-year credit from year to year. The most significant is the number of eligible areas, which began with 10

eligible zones in 1998 (including the DC Zone), increased to 12 eligible zones in 2000, and then to 81 zones and communities in 2002. In 2010, the number of eligible areas declined to 41 as the 40 RCs expired. The expiration of the RCs was the primary factor leading to the significant decline in current-year credit from \$173.6 million in Tax Year 2009 to \$99.9 million in Tax Year 2010, a 42-percent decrease. However, qualifying wages paid in EZs also declined by 9 percent from Tax Year 2009 to Tax Year 2010.

Also, it is common to see a phased take-up of tax incentives as more taxpayers become aware of the credit over time and adjust behavior to take advantage of the credit, which would help explain the large growth rates in years right after the expansion that tend to level off over time. Plus it is important to note that there is not an exact correspondence between the tax year and the calendar year for which Form 8844 applies. A taxpayer with a fiscal year different than a calendar year may file a Form 8844 that reports calendar year amounts that lag the tax year by one year. For example, in the Tax Year 2008 sample, 387 out of 3,817 corporate returns filed the 2007 version of Form 8844. This can make the take-up of the credit appear slower than it is in reality.

The state of the national economy (as a proxy for the local economy) may also contribute to the growth of current-year credits over time. For example, the 6-percent decline in the current-year credit in Tax Year 2009 coincided with a severe national recession. Whether the possibility of the employment credit expiring after Calendar Year 2009 contributed to the decline in current-year credit in Tax Year 2009 is unclear. For 2002 through 2009, when the full number of EZs and RCs were eligible for the employment credit, the current-year credit ranged between \$99.4 million in Tax Year 2002 and a high of \$185.2 million in Tax Year 2008 (Figure B).

The figure also shows the amount of carryforwards and tentative credits reported by corporate taxpayers. The tentative credit is the sum of the current-year credit plus the amount of carryforwards and carrybacks. In the sample, carrybacks are not observed as the file does not include amended returns.¹² The carryforward credit (\$192.0 million) exceeded the current-year credit (\$173.6 million) for the first time in Tax Year 2009. The tentative credit grew in each year from Tax Years 1999 through 2009, and has exceeded \$300 million for every year from Tax Years 2006 through 2009. Driven by the fall in the current-year credit in Tax Year 2010, the tentative credit

¹¹ The use of different weights implies that some of the corporate results in this article will differ somewhat from other published numbers, such as those found in *Statistics of Income*, Corporation Income Tax Returns, Publication 16, which use the final sample weights.

¹² The tentative credit listed in column (5) is less than the sum of the carryforwards and current-year credit when passive activity restrictions apply. When the amount of tentative credit exceeds the sum of carryforwards and current-year credit, it is most likely due to missing data in the carryforward or current-year field.

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Figure B

Empowerment Zone and Renewal Community Employment Credit for Corporate Returns, Amount and Annual Percentage Change for Current-Year, Carryforward, Tentative and Allowable Credits, Tax Years 1998–2010 [1]

[Money amounts are in thousands of dollars]

Tax Year	Current-year credit		Carryforward credit		Tentative credit		Allowable credit	
	Amount	Annual percentage change	Amount	Annual percentage change	Amount	Annual percentage change	Amount	Annual percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1998	25,655	N/A	10,993	N/A	36,647	N/A	19,619	N/A
1999	31,539	22.9	12,642	15.0	44,181	20.6	21,958	11.9
2000	33,701	6.9	22,579	78.6	56,259	27.3	23,700	7.9
2001	35,649	5.8	28,267	25.2	64,073	13.9	23,401	-1.3
2002 [2]	99,447	179.0	41,010	45.1	140,512	119.3	65,676	180.7
2003	128,078	28.8	67,421	64.4	195,907	39.4	92,458	40.8
2004	136,458	6.5	99,354	47.4	236,491	20.7	113,651	22.9
2005	161,489	18.3	115,802	16.6	277,122	17.2	149,351	31.4
2006	169,354	4.9	134,914	16.5	304,271	9.8	153,436	2.7
2007	176,974	4.5	149,313	10.7	326,514	7.3	152,629	-0.5
2008 [3]	185,166	4.6	163,582	9.6	348,981	6.9	131,365	-13.9
2009 [3]	173,602	-6.2	191,954	17.3	365,544	4.7	138,565	5.5
2010 [3], [4]	99,909	-42.4	187,997	-2.1	287,903	-21.2	99,419	-28.3

N/A—Not available.

[1] Estimates exclude Forms 1120S. Estimates may vary from other published numbers (see footnote 11).

[2] Minor corrections were made to the allowable credit amount reported in the sample.

[3] Allowable credit for corporate returns calculated by author based on a change to the tax form starting in Tax Year 2008.

[4] Allowable credit includes Eligible Small Business Credits calculated by author.

declined from \$365.5 million in Tax Year 2009 to \$287.9 million in Tax Year 2010.

The allowable credit has also mostly increased year by year over the life of the credit, except for large declines of 14 percent in Tax Year 2008 and 28 percent in Tax Year 2010. Small declines of 1 percent also occurred in Tax Year 2001 and Tax Year 2007. This trend is consistent with the change in the number of zones and communities over time, a phased take-up period, and the effect of economic conditions on hiring and profitability. For example, the strong annual growth in the allowable credit from a level of \$23.4 million in Tax Year 2001 to a level of \$149.4 million in Tax Year 2005 coincided with a substantial increase in the number of eligible areas in 2002 and a growing economy. The amount of allowable credits peaked in Tax Year 2006 at \$153.4 million, declined slightly in Tax Year 2007 to \$152.6 million, and then declined considerably in Tax Year 2008 to \$131.4 million. These declines appear to be primarily the result of lower taxpayer profitability, as the level of tentative credits increased during these years. The Tax Year 2010

decline in the allowable credit mostly reflects the expiration of RCs.

The utilization rate of the credit, that is, the allowable credit as a share of the current-year or tentative credit is shown in Figure C. For any given year, the allowable credit was less than the current-year credit, with the share ranging from 66 percent in Tax Year 2001 to nearly 100 percent in Tax Year 2010. The allowable credit as a share of the tentative credit was around 50 percent for most years, with dips below 40 percent in Tax Year 2001, and Tax Years 2008 through 2010, which coincided with recession years.

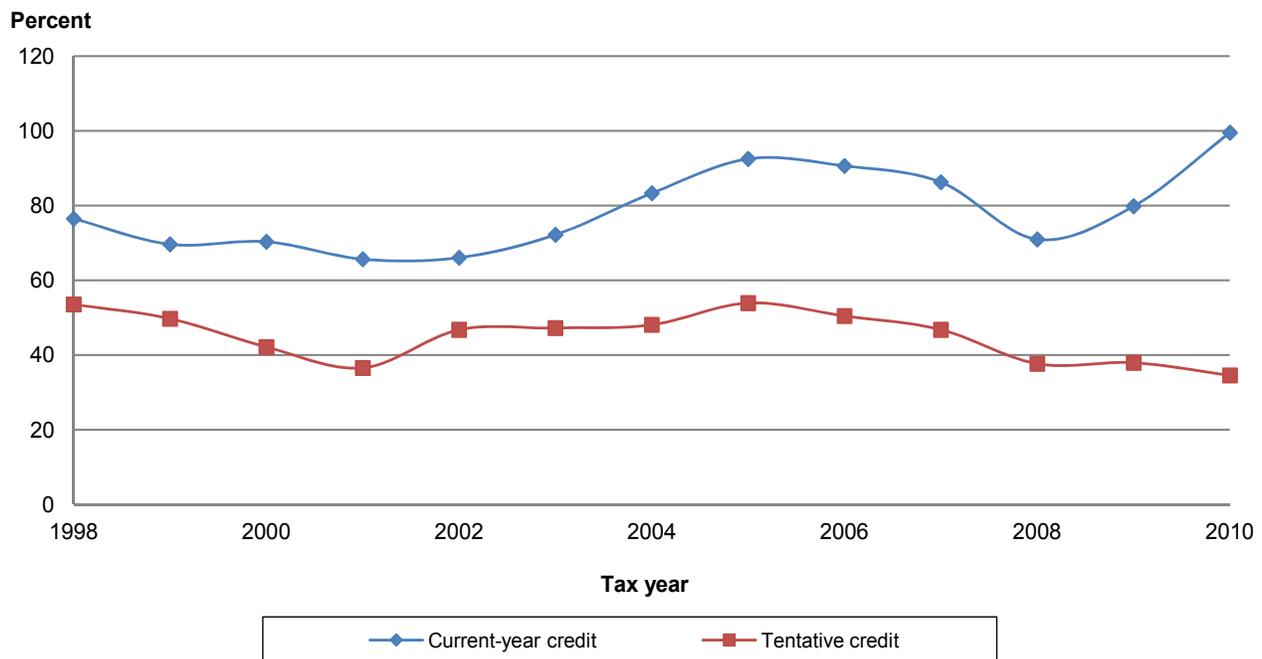
Over the time period of this study, Tax Years 1998 through 2010, corporate taxpayers generated \$1.46 billion in current-year credits. Adding \$11 million in carryforwards from credits unused in years prior to 1998 brings the amount of total potential credits for Tax Years 1998 through 2010 to \$1.47 billion. Of this amount, taxpayers have claimed \$1.19 billion (81 percent) in allowable credits, with an additional \$0.19 billion projected as the carryforward stock for Tax Year 2011. This accounts

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Figure C

Allowable Empowerment Zone and Renewal Community Employment Credit as a Percentage of the Current-Year and Tentative Credit, Corporate Returns, Tax Years 1998–2010 [1]



[1] Estimates exclude Forms 1120S.

for 94 percent of the potential credits for Tax Years 1998 through 2010. It is unclear to what extent the remaining difference is the result of unreported carrybacks, missing returns, missing or inaccurate information on returns, or unused credits resulting from the business entity ceasing to exist.

Use of the Employment Credit by Size of the Corporation

Policy makers may be interested in whether the businesses that take advantage of the EZ/RC employment credit tend to be relatively large or small. Figure D reports the share of corporate returns, current-year credit, carryforward credit, tentative credit, and allowable credit for small firms (those with total assets of \$5 million or less) and large firms (those with total assets greater than \$500 million).¹³ As is often the case in tax data, smaller corporations account for a large portion of returns, but only a small portion of credit. For example, firms with \$5 million or less in total assets on average accounted

for 58 percent of the corporate returns filing Form 8844 from Tax Year 1998 through Tax Year 2010, but on average claimed only 11 percent of the allowable credit. Meanwhile, firms with over \$500 million in total assets on average accounted for 16 percent of Forms 8844 filed from Tax Year 1998 through Tax Year 2010, but on average claimed 64 percent of the allowable credit. The share of the allowable credit going to the larger firms generally increased from 53 percent in Tax Year 1998 to 69 percent in Tax Year 2004, where the share has stabilized around 70 percent through Tax Year 2010.

Furthermore, large companies are more likely to be profitable and less likely to have the credit restricted in a given year due to limited tax liability. Thus, the share of current-year credit going to large companies should be smaller than the allowable credit. This is generally the case, but the differences are not great. The share of the current-year credit attributable to large firms averaged 59 percent from Tax Years 1998 to 2010. In contrast, the

¹³ The asset classes are fixed in 2010 dollars, but the total assets reported by firms in a previous year are scaled by the ratio of nominal GDP in 2010 to nominal GDP in that year for greater consistency in the measurement of firm size over time.

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Figure D

Corporate Returns Filing Form 8844, Empowerment Zone and Renewal Community Employment Credit: Share of Returns, and Current-Year, Carryforward, Tentative, and Allowable Credits, by Selected Size of Total Assets, Tax Years 1998–2010 [1]

Selected size of total assets [2]	Tax year													Average for tax years 1998–2010
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Share of Form 8844 returns (percent)														
\$5,000,000 or less	53.4	54.6	52.2	55.8	58.4	58.1	60.8	61.3	62.3	62.0	61.3	58.7	58.0	58.2
Over \$500,000,000	14.8	15.9	16.7	16.9	16.1	16.6	15.1	15.8	15.4	16.1	16.3	18.1	19.9	16.4
Share of current-year credit (percent)														
\$5,000,000 or less	14.1	12.8	13.9	17.0	15.3	14.6	15.0	13.7	13.4	12.9	12.1	11.5	11.7	13.7
Over \$500,000,000	49.4	48.1	45.4	46.7	56.6	59.7	59.8	63.3	64.0	65.9	67.4	68.3	70.9	58.9
Share of carryforward credit (percent)														
\$5,000,000 or less	39.7	43.0	37.6	39.0	31.7	33.7	29.5	33.2	36.4	36.9	38.3	29.9	26.6	35.0
Over \$500,000,000	7.0	4.2	13.4	7.2	12.8	34.8	29.5	25.7	19.1	17.4	20.3	32.4	34.0	19.8
Share of tentative credit (percent)														
\$5,000,000 or less	21.8	21.5	23.4	26.8	20.1	21.2	21.1	21.9	23.7	23.9	24.3	21.2	21.4	22.5
Over \$500,000,000	36.7	35.6	32.6	29.2	43.8	51.1	46.9	47.6	44.1	43.6	45.2	49.4	46.8	42.5
Share of allowable credit (percent)														
\$5,000,000 or less	10.9	9.8	11.0	14.6	11.8	10.0	9.7	9.0	9.7	10.1	10.5	9.8	10.3	10.6
Over \$500,000,000	52.7	58.9	54.5	52.6	63.6	65.6	68.5	71.2	69.0	71.9	70.6	70.3	68.7	64.5

[1] Estimates exclude Forms 1120S.

[2] Total asset values for years 1998 through 2009 were scaled to 2010 values using nominal Gross Domestic Product ratios.

share of current-year credit going to small firms averaged 14 percent over these years, which is greater than the smaller firms' share of allowable credit (11 percent).

The interaction of the tax liability limitations and firm size are more easily observed in the relative shares of carryforward credits. The average share of carryforward credits attributable to small firms for Tax Years 1998 to 2010 (35 percent), was greater than the average share of carryforwards attributable to large firms (20 percent) over this same time period. The greater carryforward shares going to small firms implies that small firms accounted for a larger portion of tentative credits relative to the current-year or allowable credits. Small firms on average accounted for 22 percent of tentative credits for Tax Years 1998 to 2010, while large firms on average accounted for 43 percent. Table 1 shows shares of returns and credit by size of total assets.

Current-Year Credit Shares for RCs

One of the criticisms of the EZ/RC employment credit is that it is not possible to determine what portion of the aggregate credit is attributable to a particular zone or community, as that information is not reported on the tax

return.¹⁴ For returns with multiple subsidiaries and lines of business, the address listed on the tax return at the consolidated level may not be representative of the business locations of the subsidiaries classified within empowerment zones and/or renewal communities. Therefore, this study does not attempt such a breakdown; however, the portion of the current-year credit attributable to employment in RCs can be separated from employment in EZs, since the qualifying wages for each are reported separately on Form 8844.

For the years where RC designations are in effect, 2002 through 2009, the RC share of the current-year EZ/RC employment credit has averaged 46 percent; rising from a low of 40 percent in Tax Year 2003 to a high of 48 percent in Tax Year 2009 (Figure E). The RC share of qualifying wages was higher, averaging 53 percent for Tax Years 2002 through 2009; this would also have been the RC share of the current-year credit if the credit rates were equal for RCs and EZs. The RC employment credit applies a 15-percent credit rate to the first \$10,000 of annual qualifying wages paid to a qualified employee, for a maximum annual credit of \$1,500 per qualified employee. A higher credit rate of 20 percent and a higher

¹⁴ See U.S. Government Accountability Office, *Community Development: Federal Revitalization Programs Are Being Implemented, but Data on the Use of Tax Benefits Are Limited* (GAO-04-306, 2004) and U.S. Government Accountability Office, *Revitalization Programs: Empowerment Zones, Enterprise Communities and Renewal Communities* (GAO-10-464R, 2010) for a discussion of this issue.

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Figure E

Corporate Returns Filing Form 8844, Empowerment Zone (EZ) and Renewal Community (RC) Employment Credit: RC Share of Current-Year Credit and Qualifying Wages, Tax Years 2002–2009 (Percent) [1]

Tax year	RC share of current-year credit [2]	RC share of qualifying wages	Implied RC share of current-year credit assuming EZ parameters [3]
	(1)	(2)	(3)
2002	40.9	48.0	58.1
2003	39.9	47.0	57.1
2004	43.4	50.6	60.5
2005	46.6	53.8	63.6
2006	48.1	55.3	64.9
2007	46.3	53.5	63.3
2008	47.4	54.6	64.3
2009	47.5	54.7	64.4
Average for tax years 2002–2009	45.5	52.7	62.6

[1] Estimates exclude Forms 1120S.

[2] Current-year credit flowing to the corporation due to an ownership interest of a passthrough entity was excluded from this analysis, as it is unknown whether such credit was generated in a RC or an EZ.

[3] Assumes annual limit on qualifying wages increases to \$15,000 and credit rate increases to 20 percent.

annual wage ceiling of \$15,000 implies the maximum annual credit of \$3,000 per employee in EZs is double that of RCs.

Furthermore, if it is assumed that all employees eligible for the RC employment credit were paid at least \$15,000 per year, then raising the annual wage limit in RCs to the EZ level of \$15,000 and applying the EZ 20-percent credit rate implies that RCs would have accounted for 63 percent of the total EZ/RC current-year employment credit between Tax Years 2002 and 2009. This share is similar to the approximately 57 percent of the total population of EZs and RCs that reside in RCs.

Note that one of the main differences between RCs and EZs is that rural RCs tend to be larger in size and especially in population than rural EZs. RCs accounted for 49 percent of the population in urban RCs and EZs, while 82 percent of the population of rural RCs and EZs lived in RCs.¹⁵ Differences between utilization of the credit in EZs and RCs by different industrial sectors, which may be in part related to the different geographical emphases of the two programs, are discussed next.

Current-Year Credit Shares by Industry

What type of firms take advantage of the EZ/RC employment credit? Figure F1 lists the share of current-year EZ/RC employment credit by North American Industry Classification System (NAICS) sector for the Tax Years 2002 through 2009. The current-year credit amount is used, rather than the allowable credit amount as the current-year amount can be divided into the portion deriving from employment in EZs versus employment in RCs.¹⁶ Also, for comparison purposes the share of national private employment by industrial sector is provided in Figure F2. The shares of the current-year credit by sector were mostly stable over this time period. The manufacturing sector generated the largest share of credits; accounting for 20 to 25 percent of total credits over the time period, though the share did tend to decrease over time. This decline in manufacturing was also seen at the national level during this time period. Retail trade accounted for the next largest share: approximately 20 percent of total current-year credits or a little less. Accommodation and food services was the only other sector with a credit share greater than 10 percent; its share varied from 13 to 16 percent.

Given that there are restrictions on the employment credit that may affect certain industries more than others and the differences in how that data are collected, it is not expected that the employment credit shares would equal the national employment shares.¹⁷ Nevertheless, it still may be informative to compare the relative importance of employment in different sectors. There are several sectors where the share of employment credits were lower than the national employment share, the largest total decline was in the healthcare sector. This is not surprising given the large portion of employers in this sector that are nonprofit entities and not eligible for the employment credit. This factor probably explains much of the difference in the educational services sector as well. Given that EZs and RCs are generally lower income areas, it is not surprising that industries with relatively high compensation, such as the finance and insurance sector and the professional, scientific and technical services sector would see lower employment credit shares than the national employment shares. It is more surprising to see that the share of credit in the construction sector was so much below the national employment share.

In contrast, the share of credits in the manufacturing sector nearly doubled the national employment share.

¹⁵ Population shares are based on the 1990 census as reported in U.S. Government Accountability Office, *Community Development: Federal Revitalization Programs Are Being Implemented, but Data on the Use of Tax Benefits Are Limited* (GAO-04-306, 2004).

¹⁶ For this analysis, the portion of the current-year credit coming from passthrough entities to corporate taxpayers is not included. These flowthrough credits accounted for about 5 percent of the current-year credit for Tax Years 2002 through 2009.

¹⁷ The EZ/RC employment credit data are based on corporate tax returns, many of which are consolidated and could lump different industries into just one sector. The Current Employment Statistics survey is establishment based and covers more entities than just C corporations.

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Figure F1

Share of Current-Year Empowerment Zone and Renewal Community Employment Credit by North American Industry Classification System (NAICS) Sector, Corporate Returns, Tax Years 2002–2009 (Percent) [1, 2]

NAICS Sector	Tax year							
	2002	2003	2004	2005	2006	2007	2008	2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Agriculture, forestry, fishing, and hunting	1.4	2.1	2.4	4.0	3.2	1.4	2.8	2.4
Mining	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.6
Utilities	0.2	0.9	0.5	0.7	0.6	0.8	1.0	0.7
Construction	1.9	1.9	1.9	1.5	1.8	1.9	1.7	1.4
Manufacturing	24.1	24.5	22.7	22.0	21.9	21.8	21.4	20.5
Wholesale trade	5.6	6.3	5.3	4.7	5.3	5.3	4.6	3.9
Retail trade	17.1	18.4	20.4	19.3	17.7	20.1	19.6	20.5
Transportation and warehousing	4.4	3.6	5.3	5.8	6.5	5.9	6.6	5.8
Information	4.7	4.2	4.7	4.1	3.5	3.5	3.9	3.4
Finance and insurance	2.5	2.2	1.9	1.9	1.8	1.9	1.9	2.0
Real estate, rental, and leasing	1.0	0.8	1.1	1.0	1.3	1.3	1.3	1.1
Professional, scientific, and technical services	3.5	2.9	2.9	3.1	3.2	2.9	2.4	2.7
Management of companies (holding companies)	5.0	4.3	4.3	5.1	5.0	4.6	5.1	4.2
Administrative and support, waste management, and remediation services	7.4	6.6	6.4	6.1	7.8	8.3	8.0	7.7
Educational services	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Health care and social assistance	6.3	5.0	5.2	4.7	4.1	4.7	4.8	5.2
Arts, entertainment, and recreation	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3
Accommodation and food services	12.7	13.7	12.6	13.7	13.8	13.2	12.5	15.6
Other services	2.0	2.1	1.9	1.8	2.0	1.8	1.7	1.7

[1] Estimates exclude Forms 1120S.

[2] Current-year credit flowing to the corporation due to an ownership interest of a passthrough entity was excluded from this analysis.

Other sectors with relatively large shares of the EZ/RC employment credit compared to national employment shares were the retail trade sector, the accommodation and food services sector, and somewhat surprisingly, the management of companies sector. This latter difference may be due to classification differences based upon the different data sources for Figures F1 and F2

For Tax Years 2002 to 2009, RCs accounted for a little less than half of the current-year credit. Yet, there was considerable variation in the RC share of the current-year credit by sector (Figure F3). Nearly all of the employment credit (approximately 90 percent) in the agriculture, forestry, fishing and hunting sector are attributable to RCs. Mining, and transportation and warehousing are two other sectors with a large RC share, usually over 70 percent. In contrast, the RC share of the accommodation and food services sector, and the professional, scientific, and technical services sector is usually less than 30 percent. For manufacturing and retail trade, the RC share is close to 50 percent, similar to the overall RC share.

Analysis of Use of the Employment Credit on Individual Returns

The coverage of the EZ/RC employment credit for individual returns is generally less extensive than the coverage for corporate returns. This is highlighted in several different ways. First, individual returns filing Form 8844 are included in the individual sample based on the standard sampling procedure for individual returns. There is no special inclusion of returns filing Form 8844, as is the case for corporate returns. This implies that all the results reported in this article for individual returns are weighted according to the final sample weights. Second, the individual sample normally includes fewer lines from Form 8844 than does the corporate sample. In particular, the current-year credit is not included and the carryforward credit is only included beginning in Tax Year 2006. Third, individual returns include credits from many types of businesses: sole proprietorships, S-corporations and various forms of partnerships, where there is no tax at the entity level and income, deductions

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Figure F2

Share of National Private Employment by North American Industry Classification System (NAICS) Sector, 2002–2009 (Percent) [1]

NAICS sector	Tax year							
	2002	2003	2004	2005	2006	2007	2008	2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Agriculture, forestry, fishing, and hunting	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Mining	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.6
Utilities	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Construction	6.1	6.1	6.3	6.5	6.7	6.5	6.2	5.5
Manufacturing	13.9	13.2	12.9	12.6	12.3	11.9	11.6	10.8
Wholesale trade	5.1	5.1	5.1	5.1	5.1	5.2	5.1	5.1
Retail trade	13.6	13.6	13.5	13.5	13.3	13.3	13.2	13.3
Transportation and warehousing	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9
Information	3.1	2.9	2.8	2.7	2.6	2.6	2.6	2.6
Finance and insurance	5.3	5.4	5.3	5.3	5.3	5.3	5.2	5.3
Real estate, rental, and leasing	1.8	1.9	1.9	1.9	1.9	1.9	1.8	1.8
Professional, scientific, and technical services	6.0	6.0	6.1	6.2	6.4	6.6	6.7	6.9
Management of companies (holding companies)	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.7
Administrative and support, waste management, and remediation services	6.9	7.0	7.1	7.2	7.3	7.2	6.9	6.6
Educational services	2.4	2.5	2.5	2.5	2.5	2.5	2.6	2.8
Health care and social assistance	12.3	12.7	12.8	12.8	12.9	13.2	13.7	14.7
Arts, entertainment, and recreation	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Accommodation and food services	9.3	9.4	9.6	9.6	9.7	9.8	9.9	10.2
Other services	4.9	4.9	4.9	4.8	4.7	4.7	4.8	4.9

[1] Share calculations primarily based on Bureau of Labor Statistics Current Employment Statistics survey, which covers nonfarm payrolls, retrieved at <http://www.bls.gov/webapps/legacy/cesbtab1.htm>. The agricultural, forestry, fishing and hunting sector share is held constant for 2002 through 2009 and is imputed based on year 2000 employment listed in the U.S Bureau of Labor Statistics *Monthly Labor Review* January 2012, p. 66, retrieved at <http://www.bls.gov/opus/mlr/2012/01/mlr201201.pdf>.

and credits are “passed through” to the owners and taxed at the individual level. There is often little information on the individual return about the characteristics of the business entity, which precludes an analysis based on industry or business size for individual returns.

The annual amount and annual percentage change of carryforward credit, tentative credit, and allowable credit claimed on individual returns for Tax Years 1998 through 2010 are shown in Figure G. While the results are broadly consistent with corporate returns in terms of growth over time, there is a greater tendency for there to be a decline from the previous year in the tentative and allowable credit in the individual sample. For example, the tentative credit reported on individual returns declined compared to the previous year in Tax Years 2001, 2007, 2008, 2009, and 2010. The amount of tentative credit peaked in Tax Year 2006 at \$287.6 million and declined to \$221.8 million in Tax Year 2009 and fell further to \$174.1 million in Tax Year 2010. The amount of allowable credit peaked in Tax Year 2005 at \$127.8 million and remained fairly stable through Tax Year 2009, but declined considerably in Tax Year 2010 to \$73.5 million.

Figure H reports the share of tax returns, tentative credit, and allowable credit by size of adjusted gross income (AGI) for Tax Years 2002 through 2010. The use of the credit is concentrated among high-income individuals. For Tax Years 2002 through 2010, on average, only 24 percent of returns that filed Form 8844 reported AGI of \$100,000 or less in 2010 dollars. These same taxpayers on average reported 28 percent of the tentative credit and 7 percent of the allowable credit for these years. Looked at in another way, on average 65 percent of the allowable credit for Tax Years 2002 through 2010 was claimed by taxpayers with AGI above \$500,000 in 2010 dollars.

Moreover, income can be quite variable from year to year and low income in one year does not imply the individual does not have high incomes in other years or that this represents an owner of a particularly small business. This is highlighted by the fact that returns with negative AGI accounted for on average 12 percent of the tentative credit for Tax Years 2002 through 2010, while accounting for only 5 percent of the returns over this time period. This indicates that the underlying business activity for these individuals is substantial, but either the business itself, or the owner, faced losses for that particular year.

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Figure F3

Renewal Community Share of Current-Year Empowerment Zone and Renewal Community Employment Credit by North American Industry Classification System (NAICS) Sector, Corporate Returns, Tax Years 2002–2009 (Percent) [1, 2]

NAICS sector	Tax year							
	2002	2003	2004	2005	2006	2007	2008	2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Agriculture, forestry, fishing, and hunting	88.1	89.1	86.7	87.8	93.4	86.2	95.7	94.2
Mining	72.2	95.9	94.4	96.0	98.9	77.9	77.5	40.6
Utilities	2.4	3.3	1.3	3.5	5.9	5.0	27.8	19.3
Construction	27.6	35.9	41.4	45.9	49.9	42.0	41.0	43.9
Manufacturing	47.5	42.2	44.0	46.3	50.3	54.8	49.1	51.4
Wholesale trade	35.2	34.5	32.7	43.1	47.3	53.6	47.6	43.1
Retail trade	46.8	46.8	54.2	51.2	50.1	48.5	50.9	52.4
Transportation and warehousing	73.6	67.4	74.1	76.9	73.1	53.3	71.1	74.3
Information	28.5	30.7	27.5	31.9	34.3	36.7	38.9	35.3
Finance and insurance	43.2	38.7	45.5	41.6	33.5	46.5	41.5	36.2
Real estate, rental, and leasing	15.6	29.1	23.5	34.4	40.1	43.3	38.1	44.2
Professional, scientific, and technical services	6.2	28.3	23.7	26.8	30.6	27.4	26.2	22.9
Management of companies (holding companies)	54.9	48.9	45.2	48.6	53.2	49.6	53.6	50.9
Administrative and support, waste management, and remediation services	32.3	32.3	34.5	40.1	43.4	39.3	31.9	38.4
Educational services	17.5	40.0	47.0	66.8	58.1	66.9	54.4	51.6
Health care and social assistance	46.3	51.3	52.6	55.4	61.5	59.6	60.7	63.5
Arts, entertainment, and recreation	1.2	46.1	70.0	30.2	22.4	2.1	14.6	13.4
Accommodation and food services	23.2	21.1	22.8	28.5	28.6	29.0	30.7	31.0
Other services	29.8	28.8	37.2	44.6	43.2	33.6	37.7	35.5

[1] Estimates exclude Forms 1120S.

[2] Current-year credit flowing to the corporation due to an ownership interest of a passthrough entity was excluded from this analysis, as it is unknown whether such credit was generated in a RC or an EZ.

Analysis of Alternative Tax Liability Limitations on the Allowable Credit for Corporate and Individual Returns

As discussed above, an employer may only offset a certain portion of its tax liability with the employment credit. Calculations in Figure I show how sensitive the aggregate annual amount of allowable credit is to different tax liability limitation rules for corporate returns. Under current law, the taxpayer subtracts a limitation amount from the taxpayer's net income tax (regular tax plus AMT) to determine how much tax liability may be offset by the employment credit. The limitation amount is the greater of: (1) 75 percent of the taxpayer's tentative minimum tax, thus allowing the credit to offset up to 25 percent of the AMT; or (2) 25 percent of the excess of net regular tax liability that exceeds \$25,000. Under generally applicable GBC rules the credit would not be allowed to offset AMT. In this case, the limitation amount would be the greater of (1) the tentative minimum tax; or (2) 25 percent of the excess of net regular tax liability that

exceeds \$25,000. If this restriction were used, then the amount of allowable credit would have been on average 15 percent lower for corporate taxpayers than under actual law for the Tax Years 1998 through 2010 (see column 1 of Figure I).

Components of the GBC receive different treatment in regards to AMT liability. Most components, as just described are not allowed to offset AMT liability. Other components are allowed to fully offset AMT liability. If the EZ/RC employment credit were allowed to fully offset the AMT, then the only limitation amount would be the 25 percent of excess net regular tax liability that exceeds \$25,000. In this case the allowable amount of credit for corporate taxpayers would have increased over actual law by an average of 7 percent for Tax Years 1998 through 2010. If this latter limitation amount is also removed, which implies the credit is allowed to fully offset both regular and AMT liability, then compared to actual law the allowable amount of credits would have increased by an average of 12 percent for Tax Years 1998 through 2010.

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Figure G

Empowerment Zone and Renewal Community Employment Credit for Individual Returns: Amount and Annual Percentage Change for Carryforward, Tentative, and Allowable Credits, Tax Years 1998–2010

[Money amounts are in thousands of dollars]

Tax year	Carryforward credit		Tentative credit		Allowable credit	
	Amount	Annual percentage change	Amount	Annual percentage change	Amount	Annual percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
1998	N/A	N/A	27,488	N/A	22,091	N/A
1999	N/A	N/A	31,469	14.5	26,893	21.7
2000	N/A	N/A	42,468	35.0	21,948	-18.4
2001	N/A	N/A	38,763	-8.7	24,274	10.6
2002	N/A	N/A	101,247	161.2	61,262	152.4
2003	N/A	N/A	157,672	55.7	83,449	36.2
2004	N/A	N/A	183,737	16.5	105,179	26.0
2005	N/A	N/A	244,116	32.9	127,790	21.5
2006	114,388	N/A	287,582	17.8	120,603	-5.6
2007	123,275	7.8	287,330	-0.1	116,603	-3.3
2008	114,095	-7.4	269,365	-6.3	126,870	8.8
2009	79,114	-30.7	221,822	-17.6	124,770	-1.7
2010 [1]	91,623	15.8	174,066	-21.5	73,479	-41.1

N/A—Not available.

[1] Allowable credit includes Eligible Small Business Credits calculated by author.

These calculations assume that under current law no taxpayers were allowed to use the EZ/RC credit to fully offset AMT. However, the Small Business Jobs Act of 2010 allows eligible small businesses to claim general business credits, including the EZ/RC employment credit, fully against AMT. An eligible small business is defined to have average annual gross receipts for the 3 tax years prior to the current tax year of not more than \$50 million. Approximately 10 percent of the corporations filing Form 8844 for Tax Year 2010 claimed eligible small business status.¹⁸ These firms accounted for about 3 percent of the allowable EZ/RC employment credit for 2010. For these firms, the special AMT treatment led to a 16-percent increase in the allowable credit, compared to following the standard EZ/RC credit limitation rules. However, this leads to an aggregate increase in the allowable credit of only about 0.5 percent. If all corporate taxpayers were allowed to fully offset AMT with the credit in Tax Year 2010, the amount of allowable credit would have increased by 7 percent.

Finally, if the credit would have been refundable, implying that the allowable amount of credit in each year would equal the current-year credit, then the allowable credit for corporations would have

increased by an average of 28 percent for Tax Years 1998 through 2010.

The calculations for Figure I (and for individual returns in Figure J) hold fixed the amount of carryforward credit applied to the returns in each year. These results should be viewed as what would happen in any given year if the credit limitation rules were revised. If different credit limitation rules were in place during the whole time period, that would affect the pattern of carryforwards, and possibly the percentage change in allowable credit deriving from the rule change for any given year.

Compared to corporate taxpayers, the AMT plays a more significant role for individual taxpayers with tentative EZ/RC employment credit. If individual taxpayers were not allowed to claim the EZ/RC employment credit against 25 percent of AMT, that is if the generally applicable GBC rules applied, then allowable credits would have declined on average by 40 percent for Tax Years 1998 through 2010 (Figure J). For corporate taxpayers, the corresponding drop was only 15 percent. Alternatively, if the EZ/RC employment credit were allowed to fully offset the AMT, then allowable credits would have increased on average by 24 percent for Tax Years 1998 through 2010 compared to actual law.

¹⁸ This is indicated by where the tentative amount of EZ/RC employment credit was reported on Form 3800.

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Figure H

Individual Returns Filing Form 8844, Empowerment Zone and Renewal Community Employment Credit: Share of Returns, Tentative Credit, and Allowable Credit by Size of Adjusted Gross Income, Tax Years 2002–2010

Size of adjusted gross income [1]	Tax year									Average for tax years 2002–2010
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Share of Form 8844 returns (percent)										
\$0 or less	6.3	4.7	1.4	2.1	3.8	5.8	4.2	4.9	7.2	4.5
\$1 to \$100,000	19.9	26.1	20.7	19.7	21.3	20.8	22.5	8.9	13.9	19.3
\$100,001 to \$200,000	8.6	22.7	18.6	17.3	14.5	11.0	5.6	13.6	4.3	12.9
\$200,001 to \$500,000	31.2	19.3	21.3	16.0	18.1	17.6	20.6	24.1	19.8	20.9
\$500,001 to \$1,000,000	18.1	14.4	19.5	20.7	19.2	18.5	22.4	22.1	21.9	19.7
\$1,000,001 to \$5,000,000	14.6	11.5	16.1	20.5	19.2	22.1	21.3	22.9	28.5	19.6
\$5,000,001 to \$10,000,000	0.8	0.8	1.2	1.7	1.9	1.9	1.8	1.7	2.0	1.5
\$10,000,001 or more	0.6	0.6	1.3	1.9	2.0	2.3	1.7	1.8	2.2	1.6
Share of tentative credit (percent)										
\$0 or less	14.9	9.5	8.1	5.9	8.2	9.1	10.6	14.3	25.7	11.8
\$1 to \$100,000	20.6	11.3	8.2	7.2	15.1	10.7	36.3	15.5	16.6	15.7
\$100,001 to \$200,000	3.2	29.6	26.7	14.1	31.3	25.0	5.9	6.9	7.6	16.7
\$200,001 to \$500,000	23.1	11.2	14.8	18.6	12.0	25.7	13.4	9.6	6.1	14.9
\$500,001 to \$1,000,000	9.7	15.7	14.8	26.8	9.7	5.6	12.3	23.7	17.0	15.0
\$1,000,001 to \$5,000,000	20.9	15.9	20.6	17.6	15.0	14.7	14.6	20.6	19.4	17.7
\$5,000,001 to \$10,000,000	4.6	4.4	2.7	4.7	3.7	3.8	3.0	3.5	3.4	3.7
\$10,000,001 or more	2.9	2.4	4.1	5.2	5.0	5.6	4.0	5.9	4.3	4.4
Share of allowable credit (percent)										
\$0 or less	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.2	0.1	0.1
\$1 to \$100,000	10.8	10.4	7.1	3.5	9.1	3.1	12.6	3.7	4.9	7.2
\$100,001 to \$200,000	5.1	21.0	16.7	10.1	7.9	8.4	5.0	10.0	2.5	9.6
\$200,001 to \$500,000	30.1	9.0	20.8	20.2	15.9	23.1	16.5	14.8	10.2	17.8
\$500,001 to \$1,000,000	12.3	21.6	13.9	20.1	16.6	9.9	22.0	24.3	26.4	18.6
\$1,000,001 to \$5,000,000	29.0	25.6	29.6	27.8	30.0	32.3	29.5	30.5	38.5	30.3
\$5,000,001 to \$10,000,000	7.7	7.7	4.6	8.5	8.5	9.4	6.0	6.2	7.3	7.3
\$10,000,001 or more	4.8	4.6	7.2	9.8	11.9	13.8	8.4	10.4	10.1	9.0

[1] Adjusted gross income for years 2002 through 2009 were scaled to 2010 dollars using the Consumer Price Index for all Urban Consumers (CPI-U).

However, removing the other GBC limitation placed on regular tax liability would have had little additional effect for individual returns. In this case, the average increase in allowable credit compared to actual law for Tax Years 1998 through 2010 was 26 percent, which was only 2 percentage points more than allowing the EZ/RC employment credit to fully offset AMT.

Furthermore, the results reported in Figure J ignore the allowance for Eligible Small Business Credits to fully offset AMT in Tax Year 2010. A little more than 6 percent of individual returns with tentative EZ/RC employment credit claimed Eligible Small Business Credits for

2010. This increased the aggregate amount of allowable EZ/RC employment credit by around \$6 million over what would have been allowable under normal rules for the EZ/RC employment credit. This was an increase of 9 percent on aggregate, which was over one-third of the 25-percent increase that would have occurred if all individual taxpayers were allowed to let tentative EZ/RC employment credit fully offset AMT in Tax Year 2010. This again illustrates that for businesses using the EZ/RC employment credit, the AMT has a more significant impact on those taxed as passthrough entities than those taxed at the corporate level.

Use of the Empowerment Zone and Renewal Community Employment Credit, Tax Years 1998–2010

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Figure I

The Effects of Alternate Tax Liability Limitation Rules on the Allowable Amount of the Empowerment Zone and Renewal Community Employment Credit, Corporate Returns, Tax Years 1998–2010 [1]

Tax year	Percentage change in allowable credit compared to actual law			
	Credit is not allowed to offset the Alternative Minimum Tax (AMT) [2]	Credit is allowed to fully offset the AMT	Credit is allowed to fully offset regular tax and AMT [3]	Credit is fully refundable
	(1)	(2)	(3)	(4)
1998	-18.1	12.7	15.0	30.3
1999	-15.2	7.4	10.2	41.8
2000	-18.4	6.1	11.6	41.2
2001	-17.3	8.7	23.1	52.7
2002	-12.1	6.3	10.7	51.3
2003	-16.5	10.0	14.3	36.3
2004	-16.7	9.2	11.9	16.1
2005	-14.5	5.7	8.5	5.5
2006	-14.9	5.5	9.5	6.8
2007	-15.0	6.3	8.9	15.6
2008	-11.2	4.9	7.0	40.9
2009	-10.5	6.8	10.4	25.3
2010 [4]	-13.0	7.4	12.4	1.0
Average for tax years 1998–2010	-14.9	7.5	11.8	28.0

[1] Estimates exclude Forms 1120S.

[2] The standard General Business Credit (GBC) limitations apply.

[3] The GBC limitations that reduce the portion of regular tax or alternative minimum tax liability the credit may offset do not apply.

[4] These calculations assume that rules for allowing Eligible Small Business Credits to offset AMT do not apply.

Summary

This article describes the use of the EZ/RC employment credit for Tax Years 1998 through 2010 for corporate and individual taxpayers. While the amount of the credit claimed each year is strongly correlated with the number of designated zones and communities, other factors, including economic conditions appear to make an impact as well. The combined allowable credit claimed on individual and corporate tax returns peaked in Tax Year 2005 at \$277.1 million, declined somewhat to \$263.3 million in Tax Year 2009 at a time when the national economy experienced a recession, and declined considerably in Tax Year 2010 to \$172.9 million as the 40 RCs expired.

Passthrough businesses reporting taxes at the individual level accounted for 47 percent of the total credit claimed for Tax Years 1998 through 2010. Information

about the size of such businesses is not available on individual returns, but larger corporations accounted for most of the allowable credit claimed on corporate returns. Also, for corporations that used the credit, employment was more heavily concentrated in manufacturing and less in service industries (especially healthcare and education) compared to national employment shares.

Finally, for any given tax year, a substantial portion of the tentative credit was not claimed in that tax year due to insufficient tax liability of the taxpayer. Calculations in this article indicate to what extent the allowable credit would have changed in a given year if the tax liability restrictions were made more or less restrictive. In particular, rules regarding the extent AMT liability could be offset by the credit were found to have significant impact on the amount of allowable credit in a given year for individual taxpayers.

Figure J

The Effects of Alternate Tax Liability Limitation Rules on the Allowable Amount of the Empowerment Zone and Renewal Community Employment Credit, Individual Returns, Tax Years 1998–2010

Tax year	Percentage change in allowable credit compared to actual law		
	Credit is not allowed to offset the Alternative Minimum Tax (AMT) [1]	Credit is allowed to fully offset the AMT	Credit is allowed to fully offset regular tax and AMT [2]
	(1)	(2)	(3)
1998	-13.6	4.5	4.5
1999	-19.1	11.1	11.9
2000	-35.7	32.6	43.0
2001	-29.9	28.6	29.0
2002	-30.6	13.6	14.8
2003	-39.6	25.0	25.7
2004	-46.7	28.7	30.8
2005	-49.0	41.3	46.0
2006	-45.2	21.9	23.9
2007	-49.4	32.4	35.0
2008	-50.3	16.2	16.9
2009	-53.4	24.9	26.5
2010[3]	-53.2	25.0	29.7
Average for tax years 1998–2010	-39.7	23.5	26.0

[1] The standard General Business Credit (GBC) limitations apply.

[2] The GBC limitations that reduce the portion of regular tax or alternative minimum tax liability the credit may offset do not apply.

[3] These calculations assume that rules for allowing Eligible Small Business Credits to offset AMT do not apply.

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Table 1. Corporate Returns Filing Form 8844, Empowerment Zone and Renewal Community Employment Credit: Share of Returns and Share of Current-Year, Carryforward, Tentative, and Allowable Credits by Size of Total Assets, Tax Years 1998–2010 [1]

Size of total assets [2]	Tax year												
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Share of Form 8844 returns (percent)													
\$500,000 or less	17.6	18.8	18.6	20.4	24.3	24.7	28.5	28.2	29.5	29.5	29.4	27.4	27.4
\$500,001 to \$1,000,000	10.7	10.5	11.2	12.1	12.0	11.8	11.1	11.5	11.7	11.3	10.9	10.4	10.5
\$1,000,001 to \$5,000,000	25.1	25.3	22.3	23.3	22.1	21.6	21.3	21.6	21.1	21.3	21.0	20.8	20.1
\$5,000,001 to \$10,000,000	8.5	7.1	8.6	7.5	6.7	6.4	6.3	6.0	5.9	5.5	5.8	5.4	5.1
\$10,000,001 to \$25,000,000	7.0	7.6	7.1	7.0	5.6	5.5	5.3	5.4	5.3	5.1	4.7	5.2	4.6
\$25,000,001 to \$50,000,000	5.2	4.7	4.6	4.6	4.0	3.5	3.4	2.6	2.5	2.6	2.5	2.7	2.8
\$50,000,001 to \$100,000,000	3.7	2.9	3.3	2.7	2.4	2.9	2.6	2.8	2.5	2.4	2.6	2.9	2.8
\$100,000,001 to \$250,000,000	3.3	3.2	4.3	3.3	3.9	4.2	3.6	3.9	3.8	3.9	3.9	3.7	3.7
\$250,000,001 to \$500,000,000	4.1	3.9	3.3	2.4	3.0	2.8	2.9	2.3	2.3	2.3	2.9	3.3	3.2
\$500,000,001 to \$2,500,000,000	5.9	6.3	7.0	6.4	7.5	7.5	7.0	7.2	7.0	7.6	7.6	8.5	9.1
\$2,500,000,001 or more	8.9	9.7	9.8	10.5	8.6	9.1	8.1	8.6	8.5	8.5	8.7	9.5	10.7
Share of current-year credit (percent)													
\$500,000 or less	2.9	2.5	2.6	3.6	3.3	3.2	3.8	3.5	3.7	3.6	3.3	2.9	3.3
\$500,001 to \$1,000,000	2.4	2.1	2.6	3.6	2.6	2.7	2.7	2.5	2.4	2.1	2.1	1.7	1.7
\$1,000,001 to \$5,000,000	8.8	8.3	8.8	9.8	9.4	8.6	8.5	7.6	7.4	7.2	6.8	6.9	6.8
\$5,000,001 to \$10,000,000	5.1	5.1	5.3	4.1	4.1	4.2	4.4	3.8	3.9	3.4	2.8	2.8	2.0
\$10,000,001 to \$25,000,000	6.6	10.3	8.7	10.1	5.4	4.8	4.3	4.2	3.8	3.2	3.3	3.4	2.6
\$25,000,001 to \$50,000,000	9.2	5.9	6.5	7.5	4.9	3.0	3.1	2.0	2.4	2.2	2.0	2.2	2.9
\$50,000,001 to \$100,000,000	7.2	6.7	6.1	2.3	1.6	3.2	2.6	2.9	3.5	2.7	2.8	2.9	2.8
\$100,000,001 to \$250,000,000	3.7	6.8	8.2	6.0	6.4	6.5	5.6	6.0	5.3	5.7	5.2	4.2	3.8
\$250,000,001 to \$500,000,000	4.6	4.2	6.0	6.2	5.7	4.0	5.2	4.0	3.7	4.1	4.4	4.7	3.1
\$500,000,001 to \$2,500,000,000	14.5	11.6	11.9	9.3	14.4	15.5	15.6	14.9	18.1	16.8	17.5	16.1	16.9
\$2,500,000,001 or more	34.9	36.5	33.5	37.5	42.3	44.2	44.2	48.4	45.9	49.1	49.8	52.2	54.0
Share of carryforward credit (percent)													
\$500,000 or less	12.0	9.7	8.2	7.6	8.0	5.9	7.8	9.1	11.0	11.6	13.0	9.4	8.5
\$500,001 to \$1,000,000	6.9	8.7	8.7	10.9	6.9	11.2	6.4	6.1	8.1	7.0	6.3	5.1	5.2
\$1,000,001 to \$5,000,000	20.8	24.5	20.7	20.5	16.8	16.6	15.4	18.0	17.3	18.3	19.1	15.5	12.9
\$5,000,001 to \$10,000,000	9.2	11.5	6.4	6.1	11.1	4.7	8.9	5.5	7.4	8.6	6.6	4.5	4.7
\$10,000,001 to \$25,000,000	3.8	17.7	15.1	15.1	9.7	5.9	9.3	10.9	10.9	7.7	6.2	9.8	10.3
\$25,000,001 to \$50,000,000	10.9	11.1	7.0	16.8	16.7	8.4	6.8	4.1	4.1	5.7	3.1	3.0	2.9
\$50,000,001 to \$100,000,000	10.3	9.5	13.8	1.5	0.9	1.0	2.1	5.6	7.9	9.7	10.5	11.0	10.7
\$100,000,001 to \$250,000,000	5.1	0.1	4.3	1.3	3.1	4.8	5.6	6.8	7.8	6.9	6.8	4.3	4.9
\$250,000,001 to \$500,000,000	14.0	2.8	2.3	12.9	14.1	6.7	8.4	8.2	6.4	7.1	8.1	5.1	5.9
\$500,000,001 to \$2,500,000,000	6.4	2.1	9.0	4.6	4.9	21.2	15.4	14.4	8.6	5.7	8.7	15.5	10.3
\$2,500,000,001 or more	0.6	2.1	4.4	2.6	7.9	13.6	14.0	11.3	10.6	11.7	11.6	16.9	23.7

Footnotes at end of table.

Use of the Empowerment Zone and Renewal Community Employment Credit, Tax Years 1998–2010

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Table 1. Corporate Returns Filing Form 8844, Empowerment Zone and Renewal Community Employment Credit: Share of Returns and Share of Current-Year, Carryforward, Tentative, and Allowable Credits by Size of Total Assets, Tax Years 1998–2010 [1]—Continued

Size of total assets [2]	Tax year												
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Share of tentative credit (percent)												
\$500,000 or less	5.6	4.5	4.8	5.4	4.6	4.2	5.5	5.9	7.0	7.3	7.8	6.3	6.7
\$500,001 to \$1,000,000	3.7	4.0	5.0	6.9	3.9	5.7	4.2	4.0	4.9	4.3	4.0	3.5	4.0
\$1,000,001 to \$5,000,000	12.4	12.9	13.6	14.5	11.6	11.3	11.4	12.0	11.8	12.3	12.4	11.4	10.8
\$5,000,001 to \$10,000,000	6.4	7.0	5.8	5.0	6.2	4.4	6.3	4.5	5.5	5.8	4.6	3.7	3.8
\$10,000,001 to \$25,000,000	5.8	12.4	11.2	12.3	6.7	5.2	6.4	7.0	7.0	5.3	4.9	6.8	7.6
\$25,000,001 to \$50,000,000	9.7	7.4	6.7	11.7	8.3	4.9	4.6	2.9	3.1	3.8	2.5	2.6	2.9
\$50,000,001 to \$100,000,000	8.1	7.5	9.2	2.0	1.4	2.4	2.4	4.0	5.4	5.9	6.4	7.1	7.9
\$100,000,001 to \$250,000,000	4.1	4.9	6.6	3.9	5.4	5.9	5.6	6.3	6.3	6.2	5.9	4.3	4.5
\$250,000,001 to \$500,000,000	7.4	3.8	4.5	9.1	8.2	4.9	6.8	5.8	4.9	5.5	6.2	4.9	5.0
\$500,000,001 to \$2,500,000,000	12.1	8.9	10.7	7.2	11.6	17.4	15.5	14.7	13.8	11.7	13.4	15.8	12.6
\$2,500,000,001 or more	24.7	26.7	21.8	22.0	32.2	33.6	31.4	32.9	30.2	31.9	31.8	33.6	34.2
	Share of allowable credit (percent)												
\$500,000 or less	1.4	1.3	2.1	2.4	2.1	1.7	2.0	1.6	1.8	1.9	2.3	1.6	1.8
\$500,001 to \$1,000,000	2.1	1.4	1.2	2.3	1.6	1.7	1.5	1.4	1.7	1.5	1.9	1.3	1.6
\$1,000,001 to \$5,000,000	7.4	7.2	7.7	9.9	8.1	6.7	6.3	6.0	6.2	6.6	6.3	6.9	6.9
\$5,000,001 to \$10,000,000	4.4	4.8	5.6	4.9	4.0	3.8	3.1	3.4	3.6	2.8	2.7	3.0	2.6
\$10,000,001 to \$25,000,000	5.8	8.1	6.3	9.0	4.6	3.3	3.7	3.6	4.3	2.8	3.9	4.2	3.7
\$25,000,001 to \$50,000,000	5.9	4.3	6.4	5.4	4.1	3.1	3.7	2.2	2.2	1.9	1.7	2.2	2.8
\$50,000,001 to \$100,000,000	9.6	2.9	4.5	2.9	2.0	2.9	1.4	2.1	2.4	1.5	2.1	2.4	5.0
\$100,000,001 to \$250,000,000	5.3	6.7	7.8	8.1	5.6	6.9	4.7	5.2	5.5	5.1	4.8	5.2	3.9
\$250,000,001 to \$500,000,000	5.2	4.5	3.8	2.5	4.3	4.4	5.2	3.4	3.3	3.9	3.7	2.9	3.0
\$500,000,001 to \$2,500,000,000	11.1	11.7	14.4	10.6	13.5	16.0	15.4	19.6	19.9	18.3	17.3	14.5	17.8
\$2,500,000,001 or more	41.6	47.3	40.2	41.9	50.1	49.6	53.2	51.6	49.1	53.5	53.3	55.8	50.9

[1] Estimates exclude Forms 1120S.

[2] Total asset values for years 1998 through 2009 were scaled to 2010 values using nominal GDP ratios.

Sampling Methodology and Data Limitations

This article discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports. More technical information is available, on request, by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, 1111 Constitution Avenue, NW, K-Room 4112, Washington, DC 20224-0002

Sample Criteria and Selection of Returns

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on such criteria as: industry, presence or absence of a tax form or schedule, and various income factors or other measures of economic size (such as total assets, total receipts, size of gift, and size of estate). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years—3 for corporations because of the incidence of fiscal (noncalendar) year reporting and extensions of filing time. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means, in practice, that both the population and the sample size can differ from those planned. However, these factors do not compromise the validity of the estimates.

The probability of a return's selection depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated processing costs or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master Files based on the taxpayer identification number (TIN), which is either the Social Security number (SSN) or the Employer Identification Number (EIN). A fixed and essentially

random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise, it is counted (for estimation purposes), but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TINs designated from one year's sample are, for the most part, selected for the next year's, so that a very high proportion of the returns selected in the current year's sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from one year to the next.

Method of Estimation

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. "Weights" are computed by dividing the count of returns filed for a given stratum by the number of population sample returns for that same stratum. These weights are usually adjusted for unavailable returns and outliers. Weights are used to adjust for the various sampling rates used, relative to the population—the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "poststrata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these poststrata using additional population counts. The data on each sample return in a stratum are then multiplied by that weight. To produce the tabulated estimates, the weighted data are summed to produce the published statistical totals.

Sampling Variability

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the

Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.

Sampling Methodology and Data Limitations

In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.

average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports, the standard error is not directly presented. Instead, the ratio of

the standard error to the estimate itself is presented in percentage form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its CV to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 2 percent, then the following arithmetic procedure would be followed to construct a 68-percent confidence interval estimate:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ \times 0.02 & \text{(coefficient of variation)} \\ = 3,000 & \text{(standard error of estimate)} \end{array}$$

then:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ + \text{ or } - 3,000 & \text{(standard error)} \\ = \{147,000, 153,000\} & \text{(68-percent confidence interval).} \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. This means that the average estimate of the number of returns lies within an interval computed in this way. Such an estimate would be correct for approximately two-thirds of all possible samples similarly selected. To obtain this interval estimate with 95-percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study may be obtained, on request, by writing to the Director, Statistics of Income Division, at the address given above.

Nonsampling Error Controls and Limitations

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors and

inconsistencies, processing errors, and the effects of any early cutoff of sampling. Additional information on nonsampling error as it applies to individual and corporation income tax returns is presented in the separate SOI reports on these returns.

In transcribing and tabulating the information from returns or forms selected for the sample, steps are taken to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during the statistical abstracting and "editing" process that takes place in IRS submission processing centers. This is done to improve data consistency from return to return and to achieve definitions of the data items more in keeping with the needs of major users. In some cases, not all of the data are available from the tax return as originally filed. Sometimes, the missing data can be obtained by the Statistics of Income Division in Washington, DC, through field followup. More often, though, they are obtained through manual or computerized imputation. For this purpose, other information in the return or in accompanying schedules may be sufficient to serve as the basis for making an estimate. Prior-year data for the same taxpayer can be used for this same purpose, or comparable data from business reference books may be substituted.

Data abstracted or "edited" from returns for statistical use are subjected to a number of validation checks, including systematic verifications of a sampling of the work of each tax examiner involved in the SOI process. Data reported on sampled returns and previously transcribed as part of processing for the IRS Master Files are subject to validation as part of the administrative process before SOI processing begins. However, during the administrative process, it is only practical to transcribe corrections to errors that have a direct bearing on the tax reported or the refund claimed. Therefore, during the SOI process, checks must also be made to correct any errors or inconsistencies left in the administrative data before the data can be accepted for the statistics.

The Statistics of Income program includes many more tax return items than are transcribed and perfected for IRS tax administration needs, especially for items reported in tax return schedules in support of the various summary totals reported on the return. Therefore, checks must also be designed to validate these additional data items and to assure that they are consistent with other data entries.

Most of the data validation checks made during the SOI process take the form of computerized tests of each record. In addition to verifying that internal consistency and proper balance and relationships among the tax return items and statistical classifications are maintained, this process is intended to check on consistency with

Sampling Methodology and Data Limitations

tax law provisions, acceptable reporting practices, and generally accepted accounting principles. Most testing occurs during the data abstracting and editing operation, while the tax return source document is still on hand, although some testing for certain programs occurs later on. Records failing the tests are subjected to further review and correction.

Finally, before publication, the statistics are reviewed for accuracy and reasonableness in light of the tax law provisions, taxpayer reporting variations and other limitations, tolerances and statistical techniques allowed or employed in data processing and estimating, economic conditions, and comparability with other statistical series. However, these controls do not completely eliminate the possibility of error. When discovered, errors in *Bulletin* tables are corrected, through a published errata.

Table Conventions

Published estimates subject to excessive sampling variability are identified for most of the statistics by means of an asterisk (*) presented alongside the estimate or in place of an estimate. Presence of an asterisk means that the sampling rate was less than 100 percent of the population and that there were fewer than 10 sample observations available for estimation purposes. This method produces a rough indication of excessive sampling variability. However, the results will differ somewhat from more precise indicators of excessive sampling variability

based on the standard statistical formula. For some of the statistics based on samples, asterisking was not possible because of resource and other constraints. Users should keep this limitation in mind when using these data.

A zero, in place of a frequency or an amount, in any given table cell presenting data based on an SOI sample, indicates either that (1) there were no returns in the population with the particular characteristic, or (2) because of its rarity, instances of the characteristic were not present among the sampled returns. However, for statistics based on returns selected for the sample at the 100-percent rate, a zero indicates a presumption of no returns with the particular characteristic in the population.

In addition to sampling variability, Statistics of Income is required to prevent disclosure of information about specific taxpayers or businesses in its tables. Therefore, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, any combined or deleted data are included in the appropriate totals. Most data on tax-exempt, nonprofit organizations are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.

SOI Projects, Contacts, and Public Release Information

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Corporations, Foreign Tax Credit: Scott Luttrell; Lissa Costa; Nuria McGrath	This annual study provides data on foreign income, taxes paid, and foreign tax credit reported on corporation foreign income tax returns. Data are classified by industry group and country.	2010	June 2011	September 2011	March 2012	June 2012	June 2013
Estate Tax: Brian Raub; Joseph Newcomb	This annual study provides information on a gross estate and its composition, deductions, and tax and information on the age, sex, and marital status of decedents. Basic estate tax return data, by year in which returns are filed, are produced each year. Other statistics are available on a year-of-death basis (approximately every 3 years).	2012	N/A	N/A	N/A	December 2012	August 2013
Estate Tax, Nonresident Alien: Melissa Belvedere	This annual study provides information on gross estates, including composition, deductions, and tax, of nonresident aliens who owned at least \$60,000 worth of property within the U.S. at time of death.	2012	N/A	N/A	N/A	December 2012	June 2013
Gift Tax: Melissa Belvedere	This annual study provides data for type and amount of gift, information on donee, and tax computation items. Information about the donor and gift splitting is also available.	2012	N/A	N/A	N/A	December 2012	August 2013
Individuals, Complete Report File: Scott Hollenbeck; Maureen Keenan Kahr; Michael Parisi; Karen Turnbull-Saunders	This annual study provides information on income, deductions, taxes, and credits reported on individual income tax returns and associated schedules.	2011	December 2011	April 2012	October 2012	December 2012	June 2013
Individuals, Complete Report Tabulations: Michael Parisi; Justin Bryan	Basic data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules. Data are classified by size of adjusted gross income, marital status, age, or type of tax computation.	2011	December 2011	April 2012	October 2012	December 2012	August 2013
Individuals, County Income: Kevin Pierce	County or State income data are available annually.	2011	December 2011	April 2012	October 2012	December 2012	September 2013
Individuals, Foreign Income Tax: Scott Hollenbeck; Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign-earned income, foreign-earned exclusion, foreign housing exclusion, foreign income, foreign taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by size of adjusted gross income and country.	2011	December 2011	April 2012	October 2012	December 2012	August 2013

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Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Individuals, Income Tax Percentile Tabulations: Michael Parisi; Tony Hall	This annual study provides data on income and tax distribution for all non dependent individual income tax returns by percentiles.	2011	December 2011	April 2012	October 2012	December 2012	August 2013
Individuals, Noncash Charitable Contributions: Janette Wilson; P.J. Liddell; Young Lim	This study of individual income tax returns provides detailed asset donations, descriptions of the donees, donor cost, fair market value, and deduction claimed on Form 8283, Noncash Charitable Contributions.	2011	December 2011	April 2012	October 2012	December 2012	August 2013
Individuals, Nonfarm Sole Proprietorships: Jeff Curry; Adrian Dungan	Basic data, produced annually, cover business receipts, deductions, and net income reported on Schedule C, Profit or Loss From Business, for nonfarm proprietors, classified by industry group.	2011	December 2011	April 2012	October 2012	December 2012	June 2013
Individuals, Withholding on Foreign Recipients of U.S. Income: Scott Luttrell	This annual study provides data by country on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.	2011	December 2011	March 2012	April 2012	March 2013	July 2013
International Boycott Report: Lissa Costa	This study provides data on business operations of U.S. "persons" in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.	2011	December 2011	April 2012	September 2012	July 2013	August 2013
Tax-Exempt Organizations (Except Private Foundations): Paul Arnsberger	This annual study provides balance sheet and income statement data for organizations classified as tax-exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code.	2010	November 2011	April 2012	October 2012	December 2012	June 2013
Tax-Exempt Organizations (Private Foundations): Cynthia Belmonte	This annual study provides balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF, Return of Private Foundation.	2010	November 2011	April 2012	October 2012	December 2012	June 2013
Tax-Exempt Organizations, Unrelated Business Income: Jael Jackson	This annual study provides data on unrelated business income and deductions for organizations classified as tax-exempt under the Internal Revenue Code.	2010	November 2011	April 2012	October 2012	December 2012	August 2013

SOI Projects, Contacts, and Public Release Information

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Project name and contact	Program content and frequency	Program year	End of tax year	Close of Filing Period	Close of filing period (with extensions)	Close of sampling period	Date of public release
Trusts (and Estates), Income Tax : Joseph Newcomb	This annual study provides data on income, deductions, gains, and losses reported by estates and trusts, as well as distributions to beneficiaries and income tax liability.	2012	N/A	N/A	N/A	December 2012	August 2013
Trusts, Split-Interest: Lisa Rosenmerkel	This annual study provides information on charitable remainder trusts, charitable lead trusts, and pooled income funds. Data include balance sheet, income, deductions, and detail from accumulation and distribution schedules.	2012	N/A	N/A	N/A	December 2012	August 2013

SOI Products and Services

Statistics of Income (SOI) data are available in electronic formats and in print. For further information on any of the following products and services, or for answers to questions on the availability of SOI data, other statistical services, or release dates for data, contact SOI's **Statistical Information Services (SIS)**:

Statistical Information Services (sis@irs.gov)

Statistics of Income Division
Internal Revenue Service • RAS:S
1111 Constitution Avenue, NW
Washington, DC 20224
(202) 874-0410 • Fax: (202) 874-0964

As its name implies, SIS is best able to answer questions about data. It does not supply tax forms or information about the status of an individual's tax refund or audit examination. Media requests should be directed to the IRS Media Relations Branch, Communications Division, on (202) 622-4000.

Free Products on the Internet

SOI's Internet site offers a combination of files presenting SOI tables, articles about SOI data, and information about SOI products and services, as well as non-SOI products, including Compliance Research projections and nonprofit Master File microdata records. At present, almost 12,000 files reside there.

Website: www.irs.gov/taxstats

There is also a direct link to our Website from FedStats, the gateway to official statistics from the Federal Government: www.fedstats.gov.

Tax Stats

On the Tax Stats home page, you will find the following list of topics that will lead to a wide range of tables, articles, and data that describe and measure elements of the U.S. tax system. There is also a link to check out What's New.

Business Tax Statistics

Corporations • International • Partnerships
Nonfarm Sole Proprietorships
S Corporations

Charitable and Exempt Organization Statistics

Charities • Private Foundations • Exempt
Organization Population Data • Trusts •
Tax-Exempt Bonds

Individual Tax Statistics

Individual Income Tax • Estate and Gift Tax
International • Personal Wealth

Products, Publications, and Papers

SOI Bulletins • IRS Data Books • Data Snapshots
SOI Paper Series • U.S. Population Migration Data
Historical Data Tables • Archive

IRS Operations and Budget

Issuing Refunds • Collecting Revenue
Enforcing Laws • Assisting Taxpayers

Statistics by Form

706 • 709 • 990 • 990-PF • 990-T • 1040 • 1041 • 1065
1118 • 1120 • 5471 • 5472 • 8038

Statistics of Income (SOI)

About SOI • Dissemination Policy • SOI Products
and Services • SOI Studies • Statistical Methodology

Additional Information

Tax Statistics at a Glance
Join SOI Tax Stats E-Mail List
Payments for SOI Data • Questions on Tax Statistics?
Search U.S. Government

Other IRS Data and Research

Taxpayer Compliance Research
Projections • Filing Season Stats
IRS Research Conference

Products for Sale From SOI

Many of SOI's data files are available for sale on CD-ROM or via e-mail through Statistical Information Services. **Prepayment is required for orders of \$100 or more**, with checks made payable to the **IRS Accounting Section**. Credit and debit card payments are also accepted. Contact SIS for information on specific products, prices, sources, media, and ordering instructions.

The following files are currently available on a reimbursable basis and include data from returns for corporations and individuals:

SOI Products and Services

Corporation Income Tax Returns

Corporation Source Book

CD-ROMs containing data from the Corporation *Source Book* are available for Tax Years 1996–1999 at a cost of \$250 per year. Data from the 2004 through 2010 Corporation *Source Books* are available at no charge from the Tax Stats Website.

Individual Income Tax Returns

Individual Public-Use Microdata Files

Files for 1992 through 2007 are available on CD-ROM from the SOI Division for \$4,000 per year. These microdata files have been edited to protect the confidentiality of individual taxpayers.

County-to-County Migration Data

Data are based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. Data present migration patterns by county for the entire United States, including inflows and outflows, and include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); and total “adjusted gross income.” Available for Filing Years 1991–2010. Price is \$200 per year for the entire United States or \$10 per State per year for Filing Years 1991–2004. All years for the entire United States are also available for \$500. Filing Years 2005–2010 are available at no cost at www.irs.gov/taxstats. Click on “U.S. Population Migration Data” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

State-to-State Migration Data

Data are based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. Data present migration patterns by State for the entire United States, including inflows and outflows, and include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); and total “adjusted gross income.” Available for Filing Years 1989–2010. Price is \$50 per year for the entire United States or \$10 per State per year for Filing Years 1989–2004. Filing Years 2005–2010 are available at no cost at www.irs.gov/taxstats. Click on “U.S. Population Migration Data” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

County Income Data

One table, based on the population of returns from the IRS Individual Master File system. This table presents data for adjusted gross income (total and for selected sources), number of returns (which approximates the number of households), and number of personal exemptions (which approximates the population). The data are presented by county (including State totals) and are available for Tax Years 1989–2009 for the entire United States. Price is \$50 per year for the entire United States or \$10 per State per year for Tax Years 1989–2004. Tax Years 2004–2009 are available at no cost at www.irs.gov/taxstats. Click on “County Income” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

ZIP Code Area Data

Statistics are available for Tax Years 2002 and 2004–2008 on CD-ROM showing the number of individual income tax returns; the total number of exemptions and number of dependent exemptions (which approximates population); adjusted gross income; salaries and wages; taxable interest; total tax; and contributions; by State and 5-digit ZIP Code. In addition to these items, data for Tax Year 2004–2008 also show the amount of taxable dividends; net capital gain/loss; IRA payment adjustment; self-employed pension adjustment; taxes paid deduction; alternative minimum tax; income tax before credits; earned income credit; and number of returns prepared by paid preparers. Price is \$500 for the entire United States; \$25 for a single State. Data for Tax Years 1998, 2001, and 2008 are available at no cost at www.irs.gov/taxstats. Click on “Zip Code Data (SOI)” under Individual Tax Statistics; Individual Income Tax; Data by Geographic Areas.

Tax-Exempt Organizations

Compendium of Studies of Tax-Exempt Organizations, 1989–1998

This is a compilation of articles on SOI studies of charitable and other nonprofit organizations described in Internal Revenue Code sections 501(c)(3)–(c)(9), private foundations, charitable remainder trusts, and nonprofit organizations’ unrelated business income. All of these articles were published previously in various issues of the *Statistics of Income Bulletin*. In addition, the Compendium includes papers on statistical sampling of tax-exempt organization returns, and other topics relating to tax-exempt organizations and philanthropy that were authored by IRS staff and others who use SOI study data for research.

Microdata Records for Tax Year 2009

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 17,300 Internal Revenue Code section 501(c)(3) organizations and 6,592 section 501(c)(4)–(9) organizations. All returns for organizations with assets of \$50,000,000 or more are included in the sample. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Website.

Microdata Records for Tax Years 1992–2008

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Website.

Private Foundations (and Charitable Trusts)

Microdata Records for Tax Year 2009

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947(a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes 16,545 returns. (All returns filed by foundations with assets of \$10 million or more, as well as the population of returns filed by nonexempt charitable trusts, are included in the sample.) Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Website.

Microdata Records for Tax Years 1992–2008

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947(a)(1) charitable trusts. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Website.

Publications

Statistics of Income—2010, Corporation Source Book

Publication 1053

This document presents detailed income statement, balance sheet, tax, and selected items, by sector, major and minor industrial groups, and size of total assets for all returns and separately for returns with net income. Separate statistics on S corporations are included by sector. Industry detail is based on the North American Industry Classification System (NAICS). The report, which underlies the *Statistics of Income—Corporation Income Tax Returns* publication, is part of an annual series.

Compendium of Federal Estate Tax and Personal Wealth Studies

Publication 1773

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition of their estates. It contains a methodological discussion of the strategy used in weighting sample data for the estate studies and presents statistics on selected components of decedents' estates, 1916–1990. Information on charitable giving is also included.

Part II presents a series of articles describing the estate-multiplier technique and its applications for personal wealth estimates, estimates of personal wealth for selected years 1962–1989, and a discussion of the relationship among realized income, wealth, and well-being.

Statistics of Income—2010, Corporation Income Tax Returns

Publication 16

This report presents comprehensive data on corporation income tax returns with accounting periods that ended July 2010 through June 2011. Data are classified by industry, size of total assets, and size of business receipts.

SOI Products and Services

Products for Sale From GPO

Recent SOI publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, by calling (202) 512-1800, or faxing (202) 512-2250. Credit cards are accepted.

Superintendent of Documents
P.O. Box 371954
Pittsburgh, PA 15250-7954

* If you determine from the Government Printing Office that any of the following items is out of print, call Statistical Information Services on (202) 874-0410 for assistance.

Statistics of Income—2010, Individual Income Tax Returns

Publication 1304, Stock No. 048-004-02552-3
Price: \$24.50 Foreign: \$34.30

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2010 than those published earlier in the *SOI Bulletin*.

Presents information on: Classifies data by:

- sources of income
- exemptions
- itemized deductions
- tax computations
- size of adjusted gross income
- marital status
- type of tax computation
- age

IRS Data Book, 2012

Annually, Publication 55B, Stock No. 048-004-02531-1
Price: \$15.00 International: \$21.00

This volume pertains to Fiscal Year (FY) 2012—October 1, 2011, through September 30, 2012. The report provides information on returns filed and taxes collected, enforcement, taxpayer assistance, the IRS budget and workforce, and other selected activities.

Statistics of Income Bulletin

Quarterly, Publication 1136, Stock No. 748-005-00000-5
Subscription price: \$67 International: \$93.80

Winter 2013, Single copy, Stock No. 748-005-00114-1
Single copy price: \$44 International: \$61.60

This series provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and partnerships, as well as periodic or special studies of particular interest to tax analysts, administrators, and economists. Historical tables, formerly published in every issue of the *Bulletin* are now published only on the IRS Website (www.irs.gov/taxstats).