

Section 1

Introduction

This report presents statistical estimates based on a stratified sample of more than 111,000 unaudited returns selected from the slightly more than 6.1 million active corporate returns filed for Tax Year 2015. This tax year includes accounting periods ending July 2015 through June 2016.

Section 1 of this report summarizes overall corporate activity for Tax Year 2015. Section 2 discusses changes in laws and regulations (if any) affecting comparability of the statistics in this report with prior years. Section 3 describes the sample of income tax returns selected, the method of estimation used, how sampling variability of the data was measured, and identifies other limitations. Section 4 presents tables containing detailed statistics on assets, liabilities, receipts, deductions, net income, income tax liability, tax credits, and other financial data for 2015. It also includes data submitted on Form 1120S, *U.S. Income Tax Return for an S Corporation*, unless specifically excluded by the table. Statistics are presented by industry, asset size, business receipts size, tax form type, and other selected classifiers. Section 5 explains the terms used throughout this report and includes the adjustments made in preparing the statistics and any limitations inherent in the data. Section 6 consists of the key corporation tax return forms.

The IRS Statistics of Income (SOI) Division classified the industries in this report according to the North American Industry Classification System (NAICS). This system replaced the Standard Industrial Classification (SIC) system used prior to 1998. The list of industry codes used for classification appears as an appendix to Section 5, Explanation of Terms.

Overall Corporate Summary

Corporation summary statistics for Tax Years 2014 and 2015 are presented in Figure A. These data include the number of returns, total assets, total receipts, and net income (less

Heather Parisi was responsible for the overall production of this report and Sandy Jaipaul prepared this introduction, under the direction of Bobby Hodges Jr, Acting Chief, Corporation Returns Analysis Section. Kim Doan, Melissa Schottler, and Kathleen Walker produced the table data under the direction of Kelly Luttrell, Chief, Corporation Programs Development.

deficit), income subject to tax, total income tax before credits, and total income tax after credits for active corporations.

The number of active corporate tax returns filed increased approximately 2 percent between 2014 and 2015. However, the number of corporations filing tax returns electronically rose 5.7 percent between those same years, increasing from 4,779,723 returns to an all-time high of 5,052,730 returns filed electronically.

Total assets reported for active corporations increased approximately 1.2 percent, from \$95.9 trillion in 2014 to \$97.0 trillion in 2015. By sector, Mining services experienced the largest percentage decrease, down 17 percent from \$1.3 trillion in 2014 to \$1.1 trillion 2015. In contrast, Real Estate showed the largest percentage increase (12 percent) from \$2.2 trillion in 2014 to \$2.5 trillion in 2015.

Total receipts from operations and investments decreased slightly (1.7 percent), from \$31.6 trillion in 2014 to \$31.0 trillion in 2015. This was driven by a 2.1 percent decrease in business receipts, from \$28 trillion in 2014 to \$27.5 trillion in 2015. Interest received, however, increased by 0.7 percent, from \$1.10 trillion to \$1.11 trillion. Additionally, net capital gains dropped 11 percent, from \$264 billion in 2014 to \$236 billion in 2015. By sector, Real Estate experienced the largest percentage increase in total receipts up 14 percent from \$464 billion in 2014 to \$531 billion in 2015. In contrast, Mining recorded a decrease of 28 percent from \$577 billion in 2014 to \$417.6 billion in 2015.

Total deductions increased 1.4 percent to \$29.1 trillion in 2015. The cost of goods sold, a component of total deductions, decreased by 4.5 percent over the previous year, from \$17.9 trillion to \$17 trillion.

Corporate **pretax profits**, also known as net income (less deficit), decreased 5.2 percent, from \$2.1 trillion to \$2 trillion (Figure B). When excluding passthrough entities from the total, pretax profits decreased from \$1.3 trillion in 2014 to \$1.2 trillion in 2015. For 2015, S corporations pass through entities reported \$457 billion in pretax profits, regulated investment companies (RICs) reported \$329 billion and real estate investment trusts (REITs) reported \$92 billion (Figure C).

Income subject to tax (the tax base) decreased 1.9 percent, from \$1.4 trillion in 2014 to \$1.38 trillion in 2015. Total income tax before credits declined by 2 percent, from \$491 billion to \$481 billion. Income tax also decreased by 2 percent during the year, from \$488 billion to \$478 billion. Total income tax after credits, the amount paid to the U.S. Government, declined by 2 percent (or \$6.5 billion), from \$336 billion in 2014 to \$329.6 billion in 2015.

Of the 6.1 million active corporations for Tax Year 2015, approximately 4.5 million were passthrough entities. These entities include RICs, REITs and S corporations [1]. Passthrough entities pay little or no Federal income tax at the corporate level. By law, they are required to pass any profits or losses to their shareholders, where they are taxed at the individual rate.

Pretax profits for passthrough entities increased 0.3 percent (or \$2.4 billion) during 2015.

The remaining 1.6 million non-passthrough corporate returns reported total receipts of \$23 trillion, a decrease of 2.8 percent from 2014 to 2015. Slightly more than half of the non-passthrough corporation returns (806,389) reported net income for 2015 [2]. Of these, 64 percent had a tax liability.

The number of returns with total assets of \$2.5 billion or more represented only 0.06 percent of total returns, but 83 percent of total assets (Figure A). These 3,605 returns for 2015 accounted for 52 percent of the total receipts; 70 percent of net income (less deficit); 81 percent of income subject to tax; 81 percent of total income tax before credits; and 76 percent of total income tax after credits. Approximately 47 percent of all

Figure A. Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax Before Credits, Total Income Tax After Credits, by Size of Total Assets, Tax Years 2014 and 2015

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets is in whole dollars]

Year and size of total assets	Number of returns	Total assets	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax before credits	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2014							
Total	6,001,491	95,864,232,810	31,562,783,912	2,144,875,397	1,401,174,826	491,086,359	336,078,471
Zero assets.....	1,120,662	-	494,553,814	1,738,425	16,236,131	5,626,250	5,347,436
\$1 under \$500,000	3,874,567	395,985,713	1,970,646,972	119,797,724	8,727,985	1,848,004	1,785,716
\$500,000 under \$1,000,000	384,055	269,953,870	677,686,829	32,031,149	3,786,677	978,942	918,288
\$1,000,000 under \$5,000,000	437,676	927,466,561	1,928,088,824	67,356,431	13,567,352	4,218,617	4,080,393
\$5,000,000 under \$10,000,000	74,063	521,929,581	1,037,456,995	32,117,991	8,587,381	2,915,714	2,802,243
\$10,000,000 under \$25,000,000	50,722	783,760,965	1,414,661,297	41,142,144	13,741,477	4,719,972	4,525,845
\$25,000,000 under \$50,000,000	19,957	698,436,131	985,490,762	26,721,755	12,826,833	4,435,981	4,170,060
\$50,000,000 under \$100,000,000	12,255	864,693,636	914,619,661	23,594,650	15,225,091	5,297,144	4,919,285
\$100,000,000 under \$250,000,000	10,641	1,688,983,375	1,190,631,889	46,039,079	32,118,891	11,227,607	8,303,375
\$250,000,000 under \$500,000,000	5,746	2,040,838,982	1,027,073,572	46,756,419	29,921,082	10,515,507	9,452,886
\$500,000,000 under \$2,500,000,000	7,609	8,465,175,148	3,226,234,959	202,699,577	120,327,994	42,451,613	35,316,280
\$2,500,000,000 or more	3,538	79,207,008,848	16,695,638,337	1,504,880,051	1,126,107,932	396,851,009	254,456,665
2015							
Total	6,119,565	97,048,445,409	31,029,885,986	2,033,654,723	1,375,081,017	481,214,136	329,622,408
Zero assets.....	1,192,359	-	595,001,563	25,595,426	21,290,963	7,454,698	6,626,631
\$1 under \$500,000	3,887,116	401,317,463	1,995,343,410	129,309,581	8,606,287	1,683,030	1,619,228
\$500,000 under \$1,000,000	402,589	281,788,948	709,279,349	35,253,498	3,942,348	1,021,345	973,564
\$1,000,000 under \$5,000,000	445,307	944,430,600	1,920,004,296	75,019,451	13,667,116	4,432,885	4,273,505
\$5,000,000 under \$10,000,000	78,238	546,954,753	1,039,492,149	37,099,995	8,580,440	2,902,367	2,793,144
\$10,000,000 under \$25,000,000	52,614	814,014,790	1,413,275,395	41,370,992	13,120,295	4,502,741	4,306,514
\$25,000,000 under \$50,000,000	20,795	730,517,161	992,533,947	24,342,073	12,889,943	4,461,740	4,210,053
\$50,000,000 under \$100,000,000	12,532	884,872,644	914,398,714	19,751,370	15,295,504	5,316,436	4,947,687
\$100,000,000 under \$250,000,000	10,896	1,731,739,326	1,195,546,504	29,714,989	25,376,765	8,878,162	8,017,471
\$250,000,000 under \$500,000,000	5,848	2,072,073,986	991,144,513	40,739,020	27,404,490	9,635,017	8,476,651
\$500,000,000 under \$2,500,000,000	7,666	8,418,018,631	3,079,857,423	151,840,399	110,454,165	38,975,468	32,281,008
\$2,500,000,000 or more	3,605	80,222,717,106	16,184,008,722	1,423,617,927	1,114,452,701	391,950,247	251,096,952

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

Figure B. Corporate Pretax Profits by North American Industry Classification System (NAICS) Sector, Tax Years 2014 and 2015

[Money amounts are in thousands of dollars]

Industrial sector	Pretax profits [1],[2]			
	2014	2015	Difference	Percentage change
	(1)	(2)	(3)	(4)
All industries.....	2,144,875,397	2,033,654,723	-111,220,674	-5.19%
Agriculture, forestry, fishing, and hunting.....	d	9,405,549	N/A	N/A
Mining.....	34,831,549	-21,277,188	-56,108,737	-161.09%
Utilities.....	3,351,026	-2,683,117	-6,034,143	-180.07%
Construction.....	54,491,717	71,679,645	17,187,928	31.54%
Manufacturing.....	544,928,196	541,435,996	-3,492,200	-0.64%
Wholesale and retail trade.....	270,512,700	274,784,747	4,272,047	1.58%
Wholesale trade.....	138,515,948	135,310,720	-3,205,228	-2.31%
Retail trade.....	131,996,752	139,474,027	7,477,275	5.66%
Transportation and warehousing.....	39,703,381	42,084,463	2,381,081	6.00%
Information.....	102,401,878	82,910,709	-19,491,169	-19.03%
Finance and insurance.....	664,335,342	573,377,048	-90,958,293	-13.69%
Real estate and rental and leasing.....	d	103,273,693	N/A	N/A
Professional, scientific, and technical services.....	49,053,476	50,462,458	1,408,982	2.87%
Management of companies (holding companies).....	172,599,782	172,303,824	-295,958	-0.17%
Administrative and support, and waste management and remediation services.....	25,272,802	25,901,600	628,799	2.49%
Educational services.....	1,743,071	1,172,245	-570,826	-32.75%
Health care and social assistance.....	40,217,787	44,805,595	4,587,808	11.41%
Arts, entertainment, and recreation.....	6,687,039	7,898,791	1,211,752	18.12%
Accommodation and food services.....	39,959,235	42,858,416	2,899,181	7.26%
Other services.....	11,592,167	13,260,250	1,668,083	14.39%

d—To avoid disclosure of information for specific corporations, these data have been deleted. Data are included in appropriate totals.

N/A—Data is not available.

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

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

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

returns with net income and total assets greater than \$2.5 billion had a tax liability for 2015. Excluding passthrough entities, 94.5 percent of returns with net income and total assets greater than \$2.5 billion had a tax liability for the year.

Activities Covered

The estimates include corporate business activities in the United States, certain foreign activities as reported on returns of domestic corporations, and foreign corporations with U.S. business activities. “Domestic corporations” refer to companies incorporated in the U.S., but this does not mean that all their activities are domestic. For instance, data for a U.S. corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries and, to a certain extent, their undistributed earnings. The effect of foreign activity on the statistics varies by industry type and asset size. [3] For foreign corporations (defined as those incorporated abroad) engaged in trade or business in the U.S., only the income considered effectively connected with conducting a trade or business in the U.S. was included in the statistics. The estimates exclude other foreign corporations, incorporated abroad and not engaged in trade or business in the U.S., that

were liable for tax only on investment income from U.S. sources. Most foreign corporations are concentrated in the “Finance and Insurance” and “Real Estate and Rental and Leasing” sectors.

Internal Revenue Code (IRC) section 6012 requires all corporations in existence at any time during the tax year to file a tax return, regardless of whether they had income. This applies to active and inactive domestic corporations, unless expressly exempt from filing, and active foreign corporations with insufficient taxes withheld at the source to satisfy their U.S. tax liability on income earned in the U.S. The statistics presented here include active domestic and foreign corporations and exclude inactive corporations. See Section 3 for more information on the sample.

The IRC also recognizes, as corporations, other businesses with characteristics typical of those legally defined as corporations. The guiding principles, practices, or structures of these businesses include continuity of life, centralization of management apart from ownership, limited liability of owners, and transferability of shares of capital ownership.

Examples of organizations recognized as corporations include joint stock companies and unincorporated associations,

such as business trusts, savings and loan associations, certain partnerships, mutual savings banks, and cooperative banks.

Time Period Employed

SOI based the statistical estimates on data from returns with accounting periods for: 1) the calendar year ending December 2015, and 2) noncalendar years ending July 2015 through June 2016. This span, in effect, defines the tax year so the accounting periods for noncalendar years are centered at the calendar year ending in December.

There are 12 accounting periods covered in this report. In general, IRC section 441 specifies that a taxpayer’s accounting period ends on the last day of the month. There is a span of 23 months between the first-included accounting period, which began on August 1, 2014, and closed on July 31, 2015, and the end of the last-included accounting period, which began on July 1, 2015, and closed on June 30, 2016. This report shows income received or expenses incurred during any or all the months in this 23-month span. For balance sheet items, the report shows a corporation’s position only at the end of its accounting period. IRC section 441 requires corporations to file returns for the accounting period customarily used in keeping their books.

Corporations were usually required to file within two-and-one-half months after the corporate accounting period closed.

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

Calendar year returns made up 91.6 percent of all active corporate returns and 72.3 percent of net income (less deficit) for 2015 (Figure D). These returns accounted for 76.3 percent of total assets, 75.3 percent of total receipts, 75.1 percent of income subject to tax, 75.2 percent of total income tax before credits, and 71.8 percent of total income tax after credits.

Notes and References

- [1] For more detailed information on S corporations, see Parisi, Heather, “S Corporation Returns, 2006,” *Statistics of Income Bulletin*, Volume 29, Number 1, Summer 2009, pp. 92–100.
- [2] Includes returns filed on Forms 1120, 1120-F, 1120-L and 1120-PC.
- [3] For more detailed information, see Wenrich, Jason, “Controlled Foreign Corporations, 2010,” *Statistics of Income Bulletin*, Volume 34, Number 2, Fall 2015, pp. 111–118.

Figure C. Pretax Profits and Pretax Profits with Certain Inclusions for All Corporations, Regulated Investment Companies, and S Corporations, Tax Years 2014 and 2015

[Money amounts are in thousands of dollars]

Item	Tax year	All corporations	Regulated investment companies	S corporations
	(1)	(2)	(3)	(4)
Pretax profits [1]	2014	2,144,875,397	391,031,829	420,779,946
	2015	2,033,654,723	329,190,990	457,048,244
Pretax profits with certain inclusions [2]	2014	2,708,306,295	868,485,681	506,756,993
	2015	2,544,217,756	737,195,256	559,607,011

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

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

Figure D. Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax Before Credits, and Total Income Tax After Credits, by Ending Accounting Period for Tax Year 2015

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

Ending accounting period [1]	Number of returns	Total assets	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax before credits	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	6,119,565	97,048,445,409	31,029,885,986	2,033,654,723	1,375,081,017	481,214,136	329,622,408
December	5,605,416	74,059,955,386	23,360,881,108	1,470,795,296	1,032,909,125	362,015,686	236,599,109
Noncalendar year total.....	514,148	22,988,490,023	7,669,004,878	562,859,427	342,171,891	119,198,450	93,023,299
July	33,999	1,207,206,756	375,082,265	38,315,931	17,748,177	6,204,044	5,196,458
August	34,372	2,129,245,723	434,074,118	43,424,069	16,692,804	5,814,649	4,558,487
September	98,450	3,237,651,333	1,263,212,768	114,896,736	72,778,113	25,376,591	20,818,605
October	54,517	4,476,576,847	658,672,961	100,211,580	33,053,893	11,523,891	7,358,210
November	25,722	1,020,483,894	196,869,464	15,790,546	5,777,190	1,999,416	1,755,427
January	29,697	2,240,781,993	1,772,168,636	90,825,628	84,893,323	29,660,526	24,086,893
February	24,717	1,276,769,827	232,233,424	18,957,278	5,166,275	1,762,315	1,613,240
March.....	62,361	3,605,156,032	1,306,517,815	52,272,275	36,801,015	12,840,500	10,809,727
April	27,907	806,187,020	266,362,724	18,376,614	10,525,862	3,648,455	2,822,686
May.....	28,467	1,315,649,329	345,398,138	30,549,118	20,973,968	7,307,662	4,908,119
June.....	93,941	1,672,781,267	818,412,567	39,239,653	37,761,272	13,060,401	9,095,450

[1] Includes full and part-year returns.

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