

Total Business Activity for Income Year 1978

By George W. Justice, Jr. and Raymond Wolfe*

Preliminary statistics for 1978 from corporate and noncorporate business income tax returns show that the number of businesses grew by 6 percent over 1977. For 1978, there were 15.6 million businesses, an increase of nearly a million from the 14.7 million reported for the previous year. Business receipts increased at a much more rapid rate, about 15 percent, from \$4.6 trillion to \$5.2 trillion.

NUMBER OF BUSINESSES

There was a steady increase in the number of businesses during the 10-year period, 1969 to 1978. During this period the total number of businesses increased about 30 percent, with corporate businesses increasing 43 percent and noncorporate businesses increasing 28 percent.

The count of corporate businesses actually represents the number of returns filed. It, therefore, does not include the number of businesses that were subsidiary corporations included in the consolidated returns filed by their parents. The number of consolidated returns grew from 17,000 for 1969 to more than 46,000 for 1978. In part, this growth was in response to new provisions in the tax law favoring consolidated filing in contrast to the filing of separate returns for each subsidiary.

The counts for partnerships and sole proprietorships differ in meaning from those for corporations. In the case of the former, the number of returns is the same as the number of partnership businesses. In the case of the latter, the number of sole proprietorship businesses is slightly greater than the number of returns because a return can include separate data for more than one business.

BUSINESS RECEIPTS

Over the 10-year period of 1969-78, the percentage increase in business receipts relative to the increase in businesses was far more pronounced, with receipts (expressed in "current dollars") having increased two and one-half times. Figure A shows business receipts for 1978 for the three forms of business compared to 1977 and to 1969 in both "current" and "constant" dollars. The increase in constant dollars was based on the "implicit price deflator" for the gross national product developed by the Department of Commerce using 1972 as the base year [1]. Based on this hypothetical constant value of the dollar, Figure A shows that inflation was a major cause of nearly half of the increase in total business receipts for 1978 over 1977.

For 1978, receipts for corporations accounted for 87 percent of the total for all businesses; for 1969, they accounted for 84 percent. This increase may be understated, again because of the increase in consolidated reporting by affiliated groups of corporations as well as the growing number of affiliated corporations includable in consolidated returns based on acquisitions.

Figure A.--Receipts in Current and Constant Dollars by Legal Form of Business

Form of business	Business receipts, 1978 (Billions)	Increase from-- (Percent)	
		1977	1969
Current dollars			
Total.....	5,248	14.5	167.8
Corporate.....	4,590	14.4	179.9
Noncorporate.....	658	15.2	105.6
Sole proprietorships..	443	12.4	89.3
Partnerships.....	215	21.5	150.0
Constant (1972) dollars			
Total.....	3,498	6.7	54.9
Corporate.....	3,059	6.6	61.9
Noncorporate.....	439	7.6	19.0
Sole proprietorships..	295	4.6	9.3
Partnerships.....	143	12.6	44.4

Intercompany sales within an affiliated group "wash out" on the consolidated income tax return, so only the receipts received from outside the group are reflected in the statistics.

Intercompany sales in general, within and among the three forms of business organization, result in the double counting of business receipts to an unknown extent. For this reason, the combined total of business receipts for all forms should be used with this limitation in mind (especially if comparisons are made with the gross national product which is less than the combined total, in part because of these intercompany transactions).

INDUSTRIAL ACTIVITY

There were several industries with significant changes in the mix of corporate and noncorporate business receipts during the 10-year period. The changes include receipt shifts from unincorporated to incorporated businesses in two industries. Receipts for incorporated Medical and Health Service businesses increased from 21 percent of all business receipts for the industry for 1969 to 61 percent of all business receipts for 1978. Unincorporated businesses in this industry experienced a corresponding decrease in the percentage distribution. Likewise, Gasoline Service Stations realized a similar shift of 23 percent. The reverse situation prevailed in the Real Estate industry. There, the shift in receipts from the incorporated to the unincorporated sector was 15 percent.

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This 15 percent increase was the result of a 16 percent increase for partnerships and a 1 percent decrease for sole proprietorships.

As Figure B indicates, unincorporated businesses constitute the majority of businesses for all industrial divisions except Manufacturing. In contrast, corporations overwhelmingly accounted for most of the business receipts shown for all divisions except Agriculture, Forestry, and Fishing.

Several other observations can be made from the data presented in Figure B. In the Manufacturing division, corporations contributed virtually all the income generated, with almost 99 percent of the total business receipts. For most divisions, partnerships constituted only a small percentage, both in the number of businesses and in the dollar amount of business receipts; however, the Finance, Insurance, and Real Estate division does reflect the impact of partnership activity where over a quarter of the organizations were partnerships.

Figure B
Percentage Distribution of Number of Businesses and Business Receipts
by Business Organization and Industrial Division — 1978

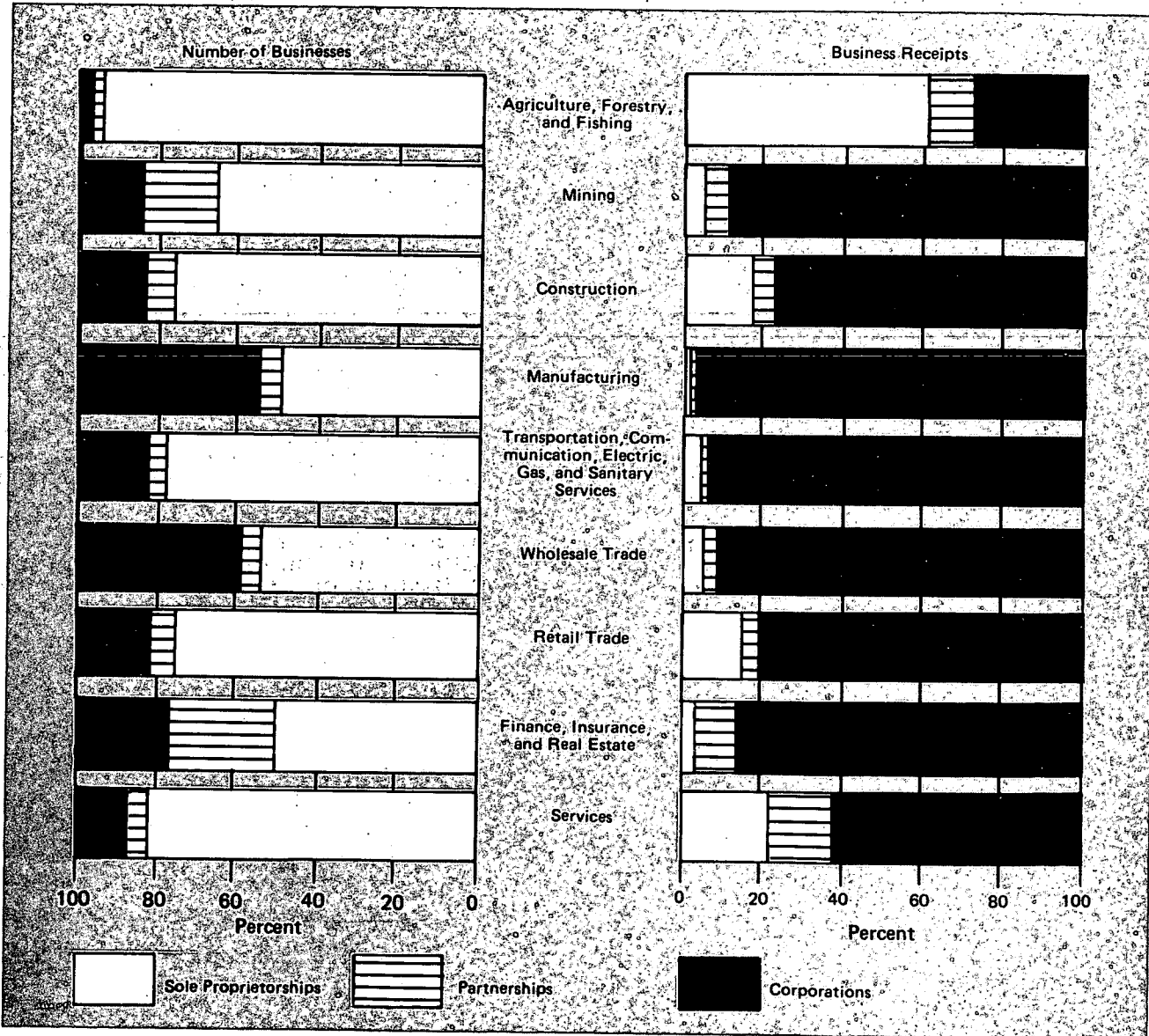


Figure C.--Percentage Distribution of Number of Businesses and Business Receipts for Selected Industrial Groups, 1978

Industry	Number of businesses			Business receipts		
	Corporations	Sole Proprietorships	Partnerships	Corporations	Sole Proprietorships	Partnerships
	(1)	(2)	(3)	(4)	(5)	(6)
Farms.....	1.5	95.1	3.4	24.0	63.6	12.4
Oil and gas extraction.....	11.7	68.3	20.0	89.6	5.1	5.3
Special trade contractors.....	12.5	82.6	4.9	69.6	25.2	5.2
Gasoline service stations.....	9.6	82.8	7.6	40.2	52.7	7.1
Operators and lessors of buildings.....	30.5	5.6	63.9	35.1	2.0	62.9
Medical and health services.....	21.3	75.2	3.5	60.6	29.5	9.9
Legal services.....	7.5	78.9	13.6	22.5	27.3	50.2

From Figure C, it can be seen that corporate farms, comprising less than 2 percent of the businesses, generated almost one-quarter of business receipts. Further, partnerships dominated in the industrial classification, Operators and Lessors of Buildings, with 63 percent of the business receipts. Partnerships also contributed the largest portion (50.2 percent) of receipts for Legal Services. The trend toward incorporation in Medical and Health Services is clearly evidenced by the corporate data.

In making any of these comparisons by industry, it should be remembered that businesses are classified into the industry that accounts for the largest percentage of their total receipts. Therefore, the total receipts reported by businesses with diversified operations are reported for a single industry in the statistics. Thus, the statistics cited above for corporate Farms, Gasoline Service Stations and Medical and Health Services excluded the business receipts reported by businesses, particularly large corporations engaged in these activities, whose principal activity was in some other industry. The reverse situation also ap-

plied, with the receipts shown for specific industries including amounts attributable to other industrial activities.

BASIC TABLE INFORMATION

Table 1 shows receipts and selected deductions for the three forms of business organization: corporations, sole proprietorships, and partnerships. These data are classified by the nine industrial divisions, as well as by selected industries within those divisions.

Information on the sample used for the statistics, on sampling and nonsampling error, and on definitions may be found immediately following the table. Additional detailed statistics on corporations, sole proprietorships, partnerships, as well as complete definitions of terms and a comprehensive description of data limitations, will be available in Statistics of Income--1978 for (a) Corporation Income Tax Returns, (b) Sole Proprietorship Returns, and (c) Partnership Returns, respectively.

Corporate and Noncorporate Businesses, 1978

Table 1.--Receipts and Selected Deductions for Selected Industries

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

Selected industry	Number of businesses	Business receipts ¹	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Rent paid
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ALL INDUSTRIES							
All businesses, total..	15,629,041	5,248,487,003	3,414,255,279	156,423,237	132,356,786	217,053,223	72,579,274
Corporations.....	2,376,931	4,590,275,847	3,108,447,751	120,696,803	115,627,671	190,160,443	55,876,373
Sole Proprietorships.....	12,017,953	443,354,851	218,590,325	21,206,674	9,364,245	10,869,976	11,548,548
Partnerships.....	1,234,157	214,856,305	87,217,203	14,519,760	7,364,870	16,022,804	5,154,353
AGRICULTURE, FORESTRY, AND FISHING							
All businesses, total..	3,583,874	144,782,160	72,942,185	13,710,062	3,741,200	8,296,993	5,286,402
Corporations.....	69,971	39,222,456	29,140,482	1,650,333	870,132	1,251,690	843,362
Sole Proprietorships.....	3,386,965	87,514,766	32,304,609	10,704,957	2,522,440	6,007,865	3,628,066
Partnerships.....	126,938	18,044,938	11,497,094	1,354,772	348,628	1,037,438	814,974
Farms							
All businesses, total..	3,269,444	128,593,402	64,522,139	12,776,300	3,383,285	7,941,821	5,068,378
Corporations.....	50,242	30,907,475	23,177,852	1,330,757	678,951	1,094,019	747,707
Sole Proprietorships.....	3,109,664	81,724,599	30,954,485	10,207,695	2,394,490	5,872,148	3,539,837
Partnerships.....	109,538	15,961,328	10,389,802	1,237,848	309,844	975,654	780,834
MINING							
All businesses, total..	125,113	105,325,245	50,777,203	4,596,964	2,197,255	2,772,457	848,250
Corporations.....	19,124	94,017,878	47,438,276	3,603,234	1,776,220	2,341,157	562,878
Sole Proprietorships.....	82,360	4,744,164	848,065	340,580	170,221	156,325	111,532
Partnerships.....	23,629	6,563,203	2,490,862	653,150	250,814	274,975	173,840
Oil and Gas Extraction							
All businesses, total..	100,322	76,626,760	31,621,873	2,499,008	978,028	1,522,054	554,030
Corporations.....	11,701	68,660,658	29,931,815	1,831,801	702,610	1,252,869	328,450
Sole Proprietorships.....	68,545	3,907,458	574,842	265,772	143,450	134,548	87,196
Partnerships.....	20,076	4,058,644	1,115,216	401,435	131,968	134,637	138,384
CONSTRUCTION							
All businesses, total..	1,375,249	280,789,910	211,851,770	5,639,597	5,736,888	3,503,236	1,852,010
Corporations.....	228,657	213,464,403	173,149,594	3,851,926	4,610,374	2,595,240	1,283,685
Sole Proprietorships.....	1,068,560	51,272,856	27,681,277	1,507,139	893,514	668,325	458,238
Partnerships.....	78,032	16,052,651	11,020,899	280,532	233,000	239,671	110,087
General Building Contractors and Operative Builders							
All businesses, total..	328,369	119,962,506	100,085,267	1,416,368	1,728,380	1,818,238	455,128
Corporations.....	94,081	91,656,310	79,069,601	1,020,756	1,383,575	1,344,006	325,718
Sole Proprietorships.....	205,875	20,280,723	14,798,631	322,968	265,714	301,852	104,971
Partnerships.....	28,413	8,025,473	6,217,035	72,644	79,091	172,380	24,439
Heavy Construction Contractors							
All businesses, total..	46,600	51,499,246	40,560,988	1,809,719	1,061,630	750,371	455,028
Corporations.....	16,094	46,965,939	37,964,542	1,548,511	974,071	671,949	375,729
Sole Proprietorships.....	27,272	2,101,649	796,980	197,677	54,863	53,851	53,322
Partnerships.....	3,234	2,431,658	1,799,466	63,531	32,696	24,571	25,977
Special Trade Contractors							
All businesses, total..	943,856	107,515,243	71,176,662	2,358,418	2,916,016	910,633	923,822
Corporations.....	118,482	74,842,154	56,115,452	1,282,659	2,252,728	579,285	582,237
Sole Proprietorships.....	779,253	27,089,543	12,059,527	931,983	542,929	288,786	282,181
Partnerships.....	46,121	5,583,546	3,001,683	143,776	120,359	42,562	59,404

Footnotes at end of table.

Corporate and Noncorporate Businesses, 1978

Table 1.--Receipts and Selected Deductions for Selected Industries--Continued

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

Selected industry	Number of businesses	Business receipts ¹	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Rent paid
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
MANUFACTURING							
All businesses, total..	492,259	1,782,243,393	1,291,315,939	49,743,300	49,088,485	30,988,090	14,688,879
Corporations.....	223,465	1,759,892,940	1,278,596,736	48,780,096	48,598,822	30,651,922	14,313,477
Sole Proprietorships.....	240,863	11,836,156	5,677,587	589,102	287,954	169,917	247,573
Partnerships.....	27,931	10,514,297	7,041,616	374,102	201,709	166,251	127,829
Food and Kindred Products							
All businesses, total..	19,568	213,227,028	163,199,695	4,062,533	5,372,115	2,495,138	1,527,499
Corporations.....	15,485	211,233,743	161,683,181	4,015,876	5,324,690	2,470,478	1,510,098
Sole Proprietorships.....	2,807	563,628	436,603	11,242	6,927	4,572	6,920
Partnerships.....	1,276	1,429,657	1,079,911	35,415	40,498	20,088	10,481
Textile Mill Products							
All businesses, total..	9,057	38,069,970	29,543,241	1,012,120	950,527	539,463	255,766
Corporations.....	5,592	37,748,755	29,337,579	1,005,217	942,203	537,030	247,865
Sole Proprietorships.....	3,176	188,593	110,674	4,001	5,096	*1,348	6,938
Partnerships.....	289	132,622	94,988	2,902	3,228	1,085	963
Apparel and Other Textile Products							
All businesses, total..	27,332	40,271,411	29,619,521	399,390	1,088,682	532,700	446,921
Corporations.....	16,043	39,108,713	28,986,297	379,163	1,039,627	524,994	420,797
Sole Proprietorships.....	9,734	661,781	327,429	14,557	33,377	3,705	16,625
Partnerships.....	1,555	500,917	305,795	5,670	15,678	4,001	9,499
Lumber and Wood Products, Except Furniture							
All businesses, total..	76,725	50,485,792	36,429,315	1,840,499	1,253,921	814,638	401,251
Corporations.....	12,822	45,456,702	34,059,366	1,537,337	1,143,051	730,613	339,821
Sole Proprietorships.....	58,431	3,279,367	1,219,887	239,890	76,877	60,817	39,058
Partnerships.....	5,472	1,749,723	1,150,062	63,272	33,993	23,208	22,372
Furniture and Fixtures							
All businesses, total..	16,264	18,089,741	12,880,075	289,958	500,428	223,047	203,760
Corporations.....	6,369	17,344,273	12,453,678	274,604	481,897	215,997	188,103
Sole Proprietorships.....	8,917	568,723	311,925	13,446	14,924	5,663	12,134
Partnerships.....	978	176,745	114,472	1,908	3,607	1,387	3,523
Printing, Publishing, and Allied Industries							
All businesses, total..	86,923	57,690,190	35,026,580	1,602,809	1,813,782	747,961	829,463
Corporations.....	34,373	55,182,916	33,942,125	1,487,905	1,752,766	714,140	739,711
Sole Proprietorships.....	47,278	1,701,908	767,510	97,901	41,544	26,169	74,639
Partnerships.....	5,272	805,366	316,945	17,003	19,472	7,652	15,113
Chemicals and Allied Products							
All businesses, total..	11,375	136,768,767	87,632,499	5,541,526	2,798,670	2,662,225	1,330,441
Corporations.....	9,497	134,908,974	86,200,293	5,402,372	2,781,328	2,603,806	1,304,201
Sole Proprietorships.....	1,430	101,883	53,096	4,269	1,977	*1,255	1,344
Partnerships.....	448	1,757,910	1,379,110	134,885	15,365	57,164	24,896
Electrical and Electronic Equipment							
All businesses, total..	18,529	127,283,592	85,197,965	4,065,297	3,547,175	2,825,707	1,166,332
Corporations.....	13,525	126,936,320	84,995,054	4,052,931	3,542,380	2,820,694	1,162,158
Sole Proprietorships.....	4,162	181,159	94,724	9,724	2,864	3,494	2,248
Partnerships.....	842	166,113	108,187	2,642	1,931	1,519	1,926

Footnotes at end of table.

Corporate and Noncorporate Businesses, 1978

Table 1.--Receipts and Selected Deductions for Selected Industries--Continued

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

Selected industry	Number of businesses	Business receipts ¹	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Rent paid
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES							
All businesses, total..	525,769	373,947,784	227,502,467	31,991,886	20,925,972	18,364,659	7,582,981
Corporations.....	92,686	354,676,999	223,310,801	29,873,635	20,322,243	17,753,793	7,174,910
Sole Proprietorships.....	413,197	14,784,631	2,591,749	1,418,098	496,217	367,382	337,852
Partnerships.....	19,886	4,486,154	1,599,917	700,153	107,512	243,484	70,219
Transportation							
All businesses, total..	473,747	156,675,335	99,959,597	9,210,201	6,739,342	4,515,144	5,828,000
Corporations.....	71,566	139,124,982	96,434,161	7,369,945	6,173,944	3,987,192	5,447,199
Sole Proprietorships.....	385,570	14,239,743	2,502,866	1,345,212	481,781	351,421	323,692
Partnerships.....	16,611	3,310,610	1,022,570	495,044	*83,617	176,531	57,109
Communication							
All businesses, total..	17,134	80,350,567	37,502,686	11,363,269	5,332,764	4,220,187	1,122,226
Corporations.....	8,631	79,925,401	37,443,339	11,266,542	5,318,597	4,191,433	1,107,293
Sole Proprietorships.....	7,523	153,250	35,139	29,795	3,339	3,591	6,267
Partnerships.....	980	271,916	24,208	66,932	10,828	25,163	8,666
Electric, Gas, and Sanitary Services							
All businesses, total..	34,888	136,921,879	90,040,185	11,418,416	8,853,867	9,629,329	641,149
Corporations.....	12,489	135,626,615	89,433,301	11,237,148	8,829,703	9,575,168	620,417
Sole Proprietorships.....	20,104	391,637	53,743	43,091	11,097	12,372	16,288
Partnerships.....	2,295	903,627	553,141	138,177	13,067	41,789	4,444
WHOLESALE TRADE							
All businesses, total..	609,079	821,564,799	692,576,169	5,983,752	8,377,172	7,082,937	4,561,924
Corporations.....	254,623	764,613,971	647,619,412	5,376,233	7,837,838	6,706,753	4,181,712
Sole Proprietorships.....	325,299	39,132,276	29,967,260	460,931	384,614	256,821	275,621
Partnerships.....	29,157	17,818,552	14,989,497	146,588	154,720	119,363	104,591
Motor Vehicles and Automotive Equipment							
All businesses, total..	37,530	43,409,921	34,398,975	314,139	471,847	453,824	367,153
Corporations.....	19,663	40,054,583	31,712,112	290,750	440,251	434,034	341,830
Sole Proprietorships.....	15,958	2,690,534	2,186,256	18,929	25,074	16,142	20,624
Partnerships.....	1,909	664,804	500,607	4,460	6,522	3,648	4,699
Machinery, Equipment, and Supplies							
All businesses, total..	88,435	90,117,405	67,878,974	1,154,427	1,052,827	1,159,699	628,548
Corporations.....	47,589	84,245,881	63,608,712	1,069,746	988,101	1,108,159	594,799
Sole Proprietorships.....	36,625	4,329,536	3,076,174	67,570	46,748	37,818	23,559
Partnerships.....	4,221	1,541,988	1,194,088	17,111	17,978	13,722	10,190
Groceries and Related Products							
All businesses, total..	63,359	136,255,865	119,926,303	793,805	927,860	615,150	686,956
Corporations.....	27,034	126,708,591	111,878,205	716,953	871,627	575,855	630,937
Sole Proprietorships.....	32,284	6,381,972	5,363,440	58,562	36,663	29,787	40,210
Partnerships.....	4,041	3,165,302	2,684,658	18,290	19,570	9,508	15,809
Farm-Product Raw Materials							
All businesses, total..	26,079	100,370,168	94,178,427	619,045	323,451	822,958	212,502
Corporations.....	9,182	89,304,600	83,977,425	561,201	298,647	761,082	186,446
Sole Proprietorships.....	14,945	7,169,413	6,630,279	31,804	11,377	34,348	12,249
Partnerships.....	1,952	3,896,155	3,570,723	26,040	13,427	27,528	13,807

Footnotes at end of table.

Corporate and Noncorporate Businesses, 1978

Table 1.--Receipts and Selected Deductions for Selected Industries--Continued

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

Selected industry	Number of businesses	Business receipts ¹	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Rent paid
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WHOLESALE TRADE--Continued							
<u>Alcoholic Beverages</u>							
All businesses, total..	7,070	23,321,045	18,414,147	173,617	1,009,590	132,599	119,387
Corporations.....	5,247	22,143,943	17,231,058	164,440	980,687	128,370	111,741
Sole Proprietorships.....	1,300	624,539	515,033	5,259	9,924	2,395	4,812
Partnerships.....	523	552,563	668,056	3,918	18,979	1,834	2,834
<u>RETAIL TRADE</u>							
All businesses, total..	2,544,731	855,185,610	622,302,889	10,560,711	15,440,597	8,967,676	17,806,803
Corporations.....	466,016	684,333,673	497,796,848	8,151,018	12,083,272	7,483,916	14,212,206
Sole Proprietorships.....	1,908,305	135,826,877	99,532,753	1,960,139	2,655,974	1,161,899	2,763,445
Partnerships.....	170,410	35,025,060	24,973,288	449,554	701,351	321,861	831,152
<u>Building Materials, Paint, Hardware, Garden Supply, and Mobile Home Dealers</u>							
All businesses, total..	111,489	51,032,056	37,174,178	602,430	937,198	1,056,925	624,404
Corporations.....	34,701	41,735,100	30,517,116	436,409	754,759	485,963	510,839
Sole Proprietorships.....	67,422	6,572,116	4,693,564	129,195	133,231	534,763	81,895
Partnerships.....	9,366	2,724,840	1,963,498	36,826	49,208	36,199	31,670
<u>Food Stores</u>							
All businesses, total..	250,121	174,514,892	136,785,702	1,702,396	2,276,886	670,962	2,419,998
Corporations.....	32,337	140,782,368	109,738,268	1,349,142	1,788,593	489,453	1,966,453
Sole Proprietorships.....	195,173	26,889,800	21,577,831	290,818	394,699	147,777	364,098
Partnerships.....	22,611	6,842,724	5,469,603	62,436	93,594	33,732	89,447
<u>Motor Vehicle Dealers</u>							
All businesses, total..	92,141	165,852,593	143,979,607	1,068,552	1,345,364	1,908,901	1,052,113
Corporations.....	35,065	151,918,262	131,970,039	1,005,725	1,239,785	1,765,921	966,883
Sole Proprietorships.....	50,624	10,208,437	8,789,999	44,228	77,453	105,211	63,119
Partnerships.....	6,452	3,725,894	3,219,569	18,599	28,126	37,769	22,111
<u>Gasoline Service Stations</u>							
All businesses, total..	157,028	57,212,542	48,038,585	440,753	949,249	205,780	767,710
Corporations.....	15,122	23,005,981	19,565,536	193,133	409,427	99,087	254,967
Sole Proprietorships.....	129,977	30,128,692	25,098,479	217,155	467,111	91,669	452,857
Partnerships.....	11,929	4,077,869	3,374,570	30,465	72,711	15,024	59,886
<u>Furniture and Home Furnishings Stores</u>							
All businesses, total..	164,439	35,238,980	22,360,699	432,403	711,513	412,199	1,030,368
Corporations.....	36,690	25,407,530	16,052,786	262,750	523,478	299,980	775,603
Sole Proprietorships.....	115,385	7,813,915	5,030,823	137,685	149,324	90,581	200,576
Partnerships.....	12,364	2,017,535	1,277,090	31,968	38,711	21,638	54,189
<u>Eating and Drinking Places</u>							
All businesses, total..	359,908	71,243,335	33,153,747	2,124,444	2,871,683	1,105,629	3,428,874
Corporations.....	101,053	49,425,067	21,966,135	1,483,955	1,932,209	783,106	2,508,599
Sole Proprietorships.....	222,262	15,946,893	8,296,438	491,537	703,483	238,124	609,329
Partnerships.....	36,593	5,871,375	2,891,174	148,952	235,991	84,399	310,946
<u>Drug Stores and Proprietary Stores</u>							
All businesses, total..	38,238	26,906,105	19,103,800	221,671	451,520	135,209	631,385
Corporations.....	21,559	23,667,379	16,920,364	189,795	390,794	116,169	565,502
Sole Proprietorships.....	13,590	2,427,563	1,627,492	26,525	46,592	14,781	49,342
Partnerships.....	3,089	811,163	555,944	5,351	14,134	4,259	16,541

Footnotes at end of table.

Corporate and Noncorporate Businesses, 1978

Table 1.--Receipts and Selected Deductions for Selected Industries--Continued

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

Selected industry	Number of businesses	Business receipts ¹	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Rent paid
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
RETAIL TRADE--Continued							
<u>Liquor Stores</u>							
All businesses, total..	41,490	13,818,567	11,182,257	119,234	247,064	112,852	233,363
Corporations.....	11,887	8,242,601	6,634,656	69,875	128,037	76,050	151,404
Sole Proprietorships.....	25,812	4,492,883	3,682,485	36,465	96,480	25,400	62,981
Partnerships.....	3,791	1,083,083	865,116	12,894	22,547	11,402	18,978
FINANCE, INSURANCE, AND REAL ESTATE							
All businesses, total..	1,954,188	554,732,985	116,708,701	17,224,957	16,398,302	129,420,744	6,843,002
Corporations.....	454,420	471,349,301	105,704,570	8,894,227	12,042,334	116,523,537	5,430,455
Sole Proprietorships.....	983,633	20,561,255	3,909,693	768,595	321,278	803,420	445,638
Partnerships.....	516,135	62,822,429	7,094,438	7,562,135	4,034,690	12,093,787	966,909
<u>Finance</u>							
All businesses, total..	221,939	223,637,109	6,080,709	4,754,764	4,444,647	106,607,233	3,092,032
Corporations.....	76,831	202,614,276	3,864,452	4,568,488	4,244,937	105,342,733	2,910,186
Sole Proprietorships.....	26,476	2,571,599	1,875,285	17,558	6,900	65,405	64,186
Partnerships.....	118,632	18,451,234	340,972	168,718	192,810	1,199,095	117,660
<u>Credit agencies other than banks</u>							
All businesses, total..	60,552	62,880,786	2,607,546	755,462	963,704	35,805,132	413,754
Corporations.....	54,679	62,587,125	2,591,604	749,573	959,146	35,754,298	407,706
Sole Proprietorships.....	3,916	116,254	13,086	1,572	919	18,725	3,378
Partnerships.....	1,957	177,407	2,856	4,317	3,639	32,109	2,670
<u>Security, commodity brokers, and services</u>							
All businesses, total..	30,537	26,677,426	2,312,313	171,186	343,503	2,477,990	453,749
Corporations.....	6,701	10,443,028	468,641	146,855	274,178	1,909,404	338,348
Sole Proprietorships.....	20,978	2,370,934	1,831,621	14,691	5,365	39,550	59,367
Partnerships.....	2,858	13,863,464	12,051	9,640	63,960	529,036	56,034
<u>Insurance</u>							
All businesses, total..	8,401	201,966,016	185,120,071	1,325,549	4,274,646	3,506,897	1,151,045
Corporations.....	8,401	201,966,016	185,126,071	1,325,549	4,274,646	3,506,897	1,151,045
Sole Proprietorships.....	-	-	-	-	-	-	-
Partnerships.....	-	-	-	-	-	-	-
<u>Insurance Agents, Brokers, and Services</u>							
All businesses, total..	268,956	19,709,662	3,218,855	310,744	416,621	232,303	503,716
Corporations.....	43,118	12,101,551	2,575,674	189,826	338,850	171,971	306,776
Sole Proprietorships.....	219,195	5,487,241	339,014	106,849	51,309	52,603	160,651
Partnerships.....	6,643	2,120,870	304,167	14,069	26,462	7,729	36,289
<u>Real Estate</u>							
All businesses, total..	1,404,719	96,857,204	16,429,968	10,722,753	7,024,108	16,531,954	2,031,849
Corporations.....	275,897	42,104,466	8,285,276	2,699,217	2,945,621	4,959,578	998,088
Sole Proprietorships.....	737,962	12,502,414	1,695,393	644,189	263,069	685,412	220,801
Partnerships.....	390,860	42,250,324	6,449,299	7,379,347	3,815,418	10,886,964	812,960
<u>Operators and lessors of buildings</u>							
All businesses, total..	503,373	50,389,600	2,953,263	9,354,220	5,690,180	13,204,580	1,184,570
Corporations.....	153,705	17,688,051	2,321,844	2,006,644	2,026,759	2,938,305	447,357
Sole Proprietorships.....	28,219	993,468	73,062	225,226	97,069	287,789	11,880
Partnerships.....	321,449	31,708,081	558,357	7,122,350	3,566,352	9,978,486	725,333

Footnotes at end of table.

Corporate and Noncorporate Businesses, 1978

Table 1.--Receipts and Selected Deductions for Selected Industries--Continued

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

Selected industry	Number of businesses	Business receipts ¹	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Rent paid
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
SERVICES							
All businesses, total..	4,273,835	318,425,158	120,476,839	16,751,483	10,258,640	7,532,845	12,924,415
Corporations.....	560,014	202,409,075	101,100,479	10,418,985	7,372,983	4,783,943	7,778,406
Sole Proprietorships.....	3,472,508	72,563,683	12,919,408	3,335,600	1,553,932	1,223,335	3,193,916
Partnerships.....	241,313	43,452,400	6,456,952	2,996,898	1,331,725	1,525,567	1,952,093
<u>Hotels and Other Lodging Places</u>							
All businesses, total..	104,618	20,823,349	7,752,494	1,710,717	1,255,239	1,730,894	980,164
Corporations.....	18,712	13,005,050	6,256,386	813,510	779,923	798,536	719,648
Sole Proprietorships.....	68,171	2,677,040	417,016	345,753	169,664	292,245	72,111
Partnerships.....	17,735	5,141,259	1,079,092	551,454	305,652	640,113	188,405
<u>Personal Services</u>							
All businesses, total..	803,718	21,712,584	7,457,456	1,003,748	774,704	350,496	1,214,968
Corporations.....	41,882	10,908,698	5,446,301	476,659	475,052	172,636	502,730
Sole Proprietorships.....	735,232	9,328,608	1,639,111	463,438	253,406	155,310	628,634
Partnerships.....	26,604	1,475,278	372,044	63,651	46,246	22,550	83,604
<u>Business Services</u>							
All businesses, total..	862,741	74,050,667	37,366,738	4,515,742	2,195,490	1,772,772	2,244,846
Corporations.....	138,900	60,020,717	34,502,352	2,651,612	1,957,782	1,202,637	1,816,742
Sole Proprietorships.....	684,067	10,281,805	2,158,170	557,942	161,658	182,308	321,878
Partnerships.....	39,774	3,748,145	706,216	1,306,188	76,050	387,827	106,226
<u>Automobile Repair and Miscellaneous Repair Services</u>							
All businesses, total..	558,771	35,986,219	18,269,157	3,269,381	1,080,897	1,040,517	1,165,536
Corporations.....	65,284	20,780,549	11,354,746	2,623,167	702,568	807,805	684,887
Sole Proprietorships.....	459,864	12,160,172	5,481,800	475,003	295,853	168,960	373,451
Partnerships.....	33,623	3,045,498	1,432,611	171,211	82,476	63,752	107,198
<u>Motion Pictures</u>							
All businesses, total..	30,065	14,319,405	7,515,789	1,797,273	346,986	520,569	477,742
Corporations.....	10,427	12,862,462	6,924,529	1,486,151	321,675	477,872	394,163
Sole Proprietorships.....	15,899	639,672	273,154	43,309	12,037	6,609	38,447
Partnerships.....	3,739	817,271	318,106	267,813	13,274	36,088	45,132
<u>Amusement and Recreation Services, Except Motion Pictures</u>							
All businesses, total..	469,300	16,651,764	6,605,963	1,182,518	759,490	556,236	846,185
Corporations.....	34,399	11,502,714	5,710,676	696,262	603,321	396,355	593,599
Sole Proprietorships.....	284,848	3,373,688	504,894	332,041	72,192	64,386	159,417
Partnerships.....	150,053	1,775,362	390,393	154,215	83,977	95,495	93,169
<u>Medical and Health Services</u>							
All businesses, total..	558,558	70,251,206	17,841,469	1,676,981	2,053,002	925,342	3,320,907
Corporations.....	119,188	42,582,248	15,800,423	942,309	1,469,476	601,576	2,021,716
Sole Proprietorships.....	419,735	20,741,560	1,580,171	602,786	378,562	214,558	948,239
Partnerships.....	19,635	6,927,398	460,875	131,886	204,964	109,208	350,952
<u>Legal Services</u>							
All businesses, total..	209,713	21,288,837	1,836,338	387,450	495,457	107,291	1,159,274
Corporations.....	15,614	4,790,812	1,586,745	79,208	156,544	21,164	238,229
Sole Proprietorships.....	165,476	5,808,926	101,973	158,430	83,191	45,876	325,711
Partnerships.....	28,623	10,689,099	147,620	149,812	255,722	40,251	595,334

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

¹Total receipts for industries in Finance, insurance, and real estate, and Business receipts for all other industries.NOTE: "Total Business Activity" data were last published in Statistics of Income--1971, Business Income Tax Returns.

DATA SOURCES AND LIMITATIONS

These statistics are based on stratified probability samples of unaudited corporation and partnership returns and sole proprietorship schedules. Corporation returns were stratified using industry, net income or deficit, and total assets. The partnership returns were stratified based on industry, net receipts, total income or deficit, and total assets. Both samples were selected on the basis of a systematic design of randomly-designated ending digits of the employer identification number. The sole proprietorship schedules were sampled as part of the individual income tax returns program. Individual income tax returns were stratified based on the presence or absence of a sole proprietorship Schedule C, State from which the return was filed, adjusted gross income or deficit or largest source of income or loss, and business plus farm receipts. This sample was selected using ending digits of the social security number.

The sample rates for Form 1120 and 1120S corporation returns ranged from 0.6 percent to 100 percent. Forms 1120L, 1120M, and 1120F were sampled at the 100 percent rate. For Form 1120-DISC, sample rates ranged from 10 percent to 100 percent. Partnership returns were sampled at rates ranging from 0.6 to 100 percent. Sampling rates for individual returns and their accompanying proprietorship schedules ranged from 0.02 percent to 100 percent. Sample counts and estimated populations are shown below for each form of business. Corresponding sample counts and populations for 1977 are also shown.

Sampling introduces imprecision to the estimates. The imprecision of an estimate is measured by the standard error, which is presented as a percentage of the estimate and called the coefficient of variation. The return data are also subject to nonsampling error due to taxpayer reporting differences and to discrepancies introduced in statistical processing.

Coefficient of Variation

The upper limits of the coefficient of variation (CV) shown below for each form of business are for estimated frequencies only and are intended as a general guide to the reliability of the data.

Additional measures of the sampling error, expressed as coefficients of variation for specific industries and for the various data items, will be presented separately in the forthcoming Statistics of Income reports for 1978. The computed coefficients of variation already published in the 1977 Statistics of Income reports can be used to approximate the reliability of similar 1978 estimates.

Nonsampling Error

Nonsampling error was controlled during statistical processing by a variety of methods. Among them was a systematic verification at the field processing locations of the manual data editing and industry coding. As a further check on the quality of the editing and industry coding, small subsamples selected after field verification were reprocessed in the National Office. Key entry of the data at the processing locations was also subjected to 100 percent verification.

Prior to tabulation, numerous computer tests were applied to each return record to check for inconsistencies. Lastly, prior to publication, all statistics and tables were reviewed for accuracy and reasonableness in light of provisions of the tax law, business reporting variations and limitations, economic conditions, and comparability with other statistical series.

Other Limitations

Time period covered.--The 1978 Income Year business statistics are for accounting periods ended July 1978 through June 1979, as shown below.

Type of business return or schedule	Sample count		Estimated population	
	1978	1977	1978	1977
	(1)	(2)	(3)	(4)
Corporation returns.....	98,582	91,693	2,472,701	2,335,256
Partnership returns.....	47,076	43,147	1,310,107	1,214,994
Sole Proprietorship schedules.....	94,175	93,486	12,017,953	11,345,616

Estimated Number of Returns for Selected Upper Limits of the Coefficient of Variation for Sole Proprietorships, Partnerships, and Corporations, 1978

Coefficient of variation (Percent)	Number of returns		Sole Proprietorship schedules	
	Corporations	Partnerships	Agricultural industries	Other industries
	(1)	(2)	(3)	(4)
1.....	1,702,000	*	*	9,673,000
2.....	425,500	400,000	*	2,418,300
5.....	68,100	64,000	1,532,500	386,900
10.....	17,000	16,000	383,100	96,700
20.....	4,300	4,000	95,800	24,200
30.....	1,900	1,800	42,600	10,700
35.....	1,400	1,300	31,300	7,900
50.....	700	640	15,300	3,900

*The estimated number of returns is greater than the total population.

For nearly all noncorporate taxpayers, the 1978 Income Year corresponded with the calendar year; a small number of noncorporate taxpayers, however, reported for noncalendar years which ended in another month during the span of months, July 1978 through June 1979. This is in contrast to corporations, where only about 40 percent used accounting periods ending with December.

Definitions.--In general, the definitions of the items presented here were the same for all forms of business organization. However, two exceptions should be noted:

(1) Number of businesses -- For partnerships, the number of businesses was equal to the number of returns, Forms 1065, filed. For sole proprietorships, it was equal to the number of Schedules C (Profit or Loss from Business or Profession), Schedules F (Farm Income and Expenses), and Forms 4835 (Farm Rental Income and Expenses and Summary of Gross Income from Farming or Fishing) attached to individual income tax returns, Forms 1040. For corporations, it was equal to the number of corporation returns, Forms 1120, 1120-F, 1120-L, 1120-M, 1120-S, and 1120-DISC. Forms 1120-F were counted only if they included data on a U.S. business operation. Consolidated returns were counted only once; the subsidiary corporations included in these returns were not separately counted.

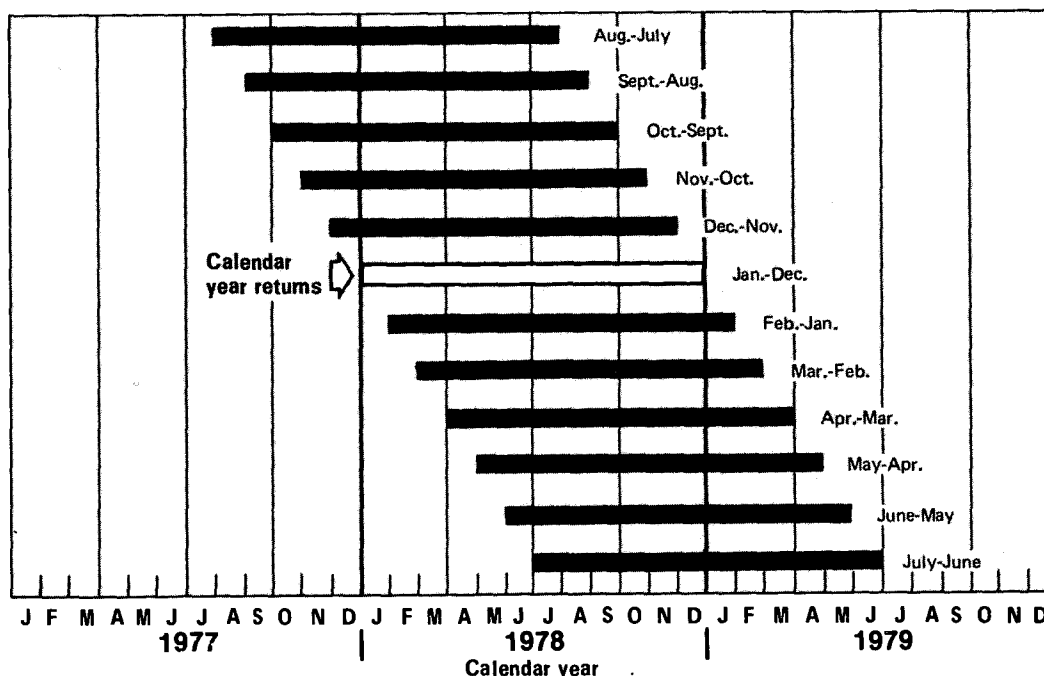
(2) Business receipts -- In general, this represented gross receipts from sales and services, less

returns and allowances. For sole proprietorships, it also included incidental income, e.g., from sales of scrap, usually excluded from gross receipts by partnerships and corporations. For partnerships and corporations classified in Finance, Insurance, and Real Estate, it also included investment income, e.g., from interest, reported separately on the return form in addition to gross receipts.

Industrial Classification.--For sole proprietorships and partnerships, the industry groups were based on the Standard Industrial Classification (SIC) Manual, 1972 edition, currently authorized by the Statistical Policy Division, Office of Information and Regulatory Affairs, in the Office of Management and Budget. For corporations, the industries used generally conform with the Enterprise Standard Industrial Classification (ESIC), also issued by the Office of Management and Budget. This classification, which was designed to classify companies (which are often engaged in more than one industrial activity), follows closely along the lines of the more detailed SIC which was designed to classify separate "establishments" rather than the companies of which establishments were part. For corporations, exceptions were made for returns classified under Finance, Insurance, and Real Estate to take account of industry groups with special definitions in the Internal Revenue Code.

Every business return or sole proprietorship schedule in the statistical sample was assigned to a single industry class, even though the business entity may have been engaged in more than one type of industrial activity. This is particularly a concern in classifying large corporations because of their diversified industrial activities.

Accounting periods of returns in this report



References

- [1] U.S. Bureau of Economic Analysis, Department of Commerce, Survey of Current Business, July issues.