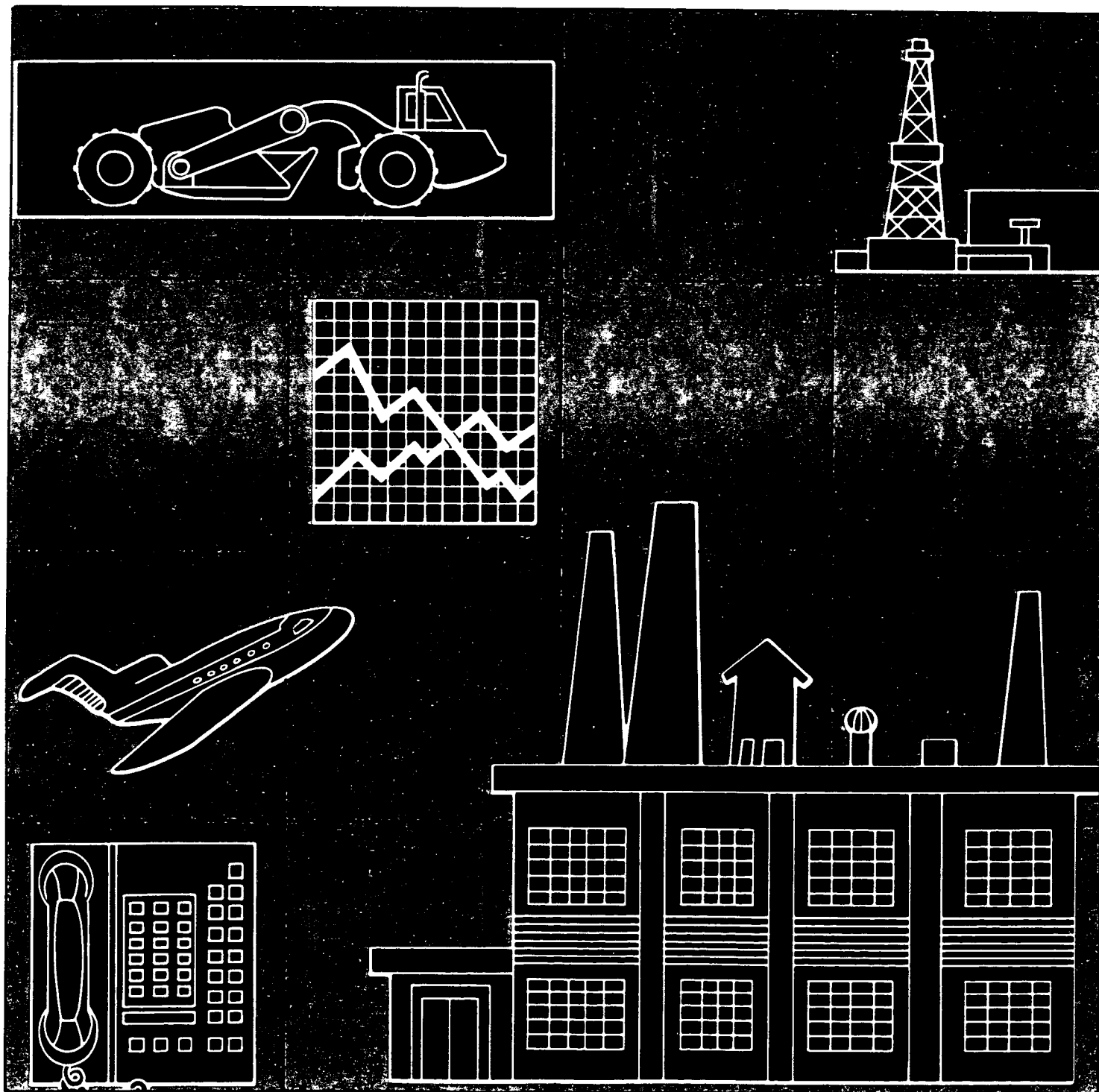


1980

Statistics
of Income

Corporation Income Tax Returns



Statistics of Income

Other Publications And Related Information

SOI Bulletin

(quarterly publication;
\$14.00 annual subscription,
\$4.75 single issue)

Contents, Vol. 2, No. 2, Fall 1982:

Residential Energy Credit
1978-1980
Private Foundations, 1979
Environmental Excise Taxes,
1981-1982
Projections of Tax Return Filings,
1983-1990
Crude Oil Windfall Profit Tax, 1981

Contents, Vol. 2, No. 3, Winter 1982:

Individual Income Tax Returns
Preliminary Data, 1981
Corporation Income Tax Returns,
1980
Average and Marginal Tax Rates,
1980
Foreign Tax Credit on Corporation
Returns, 1978
Crude Oil Windfall Profit Tax, First
Quarter, 1982
Selected Statistical Series,
1970-1982

Contents, Vol. 2, No. 4, Spring 1983:

Individual Income by ZIP Code
Area, 1969 and 1979
The Relationship Between Realized
Income and Wealth
Male and Female Operated
Nonfarm Proprietorships, 1980
U.S. Possession's Corporation Tax
Credit, 1980
Crude Oil Windfall Profit Tax,
Second Quarter, 1982
Selected Statistical Series,
1970-1983

Published Regular Reports

Individual Income Tax Returns,
1980 (218 pp., \$7.50)
Sole Proprietorship Returns,
1979-1980 (225 pp., \$7.50)
Corporation Income Tax Returns,
1978-1979 (256 pp., \$8.00)
Partnership Returns, 1980 (103 pp.,
\$5.50)

Published Supplemental Reports

International Income and Taxes:

Foreign Income and Taxes
Reported on U.S. Tax Returns,
1976-1979 (420 pp., \$10.00)
Foreign Income and Taxes
Reported on Individual Income
Tax Returns, 1972-1978 (73 pp.,
\$4.25)
Domestic International Sales
Corporation Returns, 1972, 1973
and 1974 (192 pp., \$6.00)
Foreign Tax Credit Claimed on
Corporation Returns, 1974 (158
pp., \$5.50)
U.S. Corporations and their
Controlled Foreign Corporations,
1974-1978 (165 pp., \$6.00)

Other:

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Individual Income Tax Returns,
1973 (263 pp., \$7.00)
Individual Retirement
Arrangements, 1976 (37 pp.,
\$2.50)
Individual Income Tax Returns,
Contents of Reports for
1967-1976 (15 pp., \$1.50)
Estate Tax Returns, 1976 (60 pp.,
\$3.25)
Private Foundations, 1974-1978
(113 pp., \$4.75)

Selected Reports in Preparation

Corporation Income Tax Returns,
1981
Partnership Returns, 1957-81
Sole Proprietorship Returns,
1957-81
Individual Income Tax Returns,
1981
SOI Bulletin, Summer 1983

Computer Files Available

Individual Tax Model File,
1966-1980 (Includes State Tax
Model File, 1979-1980)
State Tax Model File, 1977-1980
Corporation Source Book,
1965-1976, 1979
Other tape files include:
Estate Tax File, 1972, 1976
Private Foundations File, 1974
Employee Plans File, 1977
Exempt Organizations File, 1975

Microfilm Files Available

Corporation Source Book,
1977-1980

Ordering Information

Statistics of Income reports are for
sale by the Superintendent of
Documents, U.S. Government
Printing Office, Washington, DC
20402.

Public-use magnetic tape files are
available on a reimbursable basis
by writing to the Statistics of Income
Division, Internal Revenue Service,
Washington, DC 20224.

1980

Statistics of Income

Corporation

Income Tax Returns

Publication 16 (5-83)

Department of the Treasury
Internal Revenue Service

Roscoe L. Egger, Jr.
Commissioner

M. Eddie Hieronimus
Associate Commissioner
(Data Processing)

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Acting Assistant Commissioner
(Returns and Information Processing)

Fritz Scheuren
Director, Statistics of Income Division

Lillie B. Dorsey
Chief, Corporation Statistics Branch

This report contains data by industry on assets, liabilities, receipts, deductions, net income, income subject to tax, credits, distributions to stockholders and additional tax for tax preferences. Data are also classified by size of total assets and by size of business receipts. Other classifications include "returns with net income" and "Small Business Corporations taxed through stockholders."

More detailed statistics for the industries shown in table 1 of this report are available in Publication 1053, *Source Book of Statistics of Income—1980*. A general description of the Source Book, including ordering information, is available from the Director, Statistics of Income Division D:R:S, Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on corporation income tax returns for 1980 can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Suggested Citation

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See the user survey form following page 147

COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

May 4, 1983

The Honorable Donald T. Regan
Secretary of the Treasury
Washington, DC 20220

Dear Mr. Secretary:

I am transmitting the complete report, Statistics of Income—1980, Corporation Income Tax Returns. This report has been produced in accordance with the mandate of section 6108 of the Internal Revenue Code which requires the preparation and publication of statistics reasonably available with respect to the operation of the internal revenue laws.

The report presents information on receipts, deductions, net income, income tax liability, tax credits, and distributions to stockholders. Statistics are also provided on the corporate tax base and on the computation of income tax and additional tax for preferences ("minimum tax").

Classifications include industry, size of total assets, and size of receipts. Separate statistics are included for returns with net income, inventories, investment credit items, members of controlled groups, and Small Business Corporations electing to be taxed through their stockholders.

With kind regards,

Sincerely,

A handwritten signature in cursive script, appearing to read "Roscoe Egger".

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Guide to Tables and Figures

This report contains 17 basic tables. The major classification is industrial activity. This guide provides a reference for the major selected items and subjects available in the report. Figures A, B, C, D and E are on pages 2, 3, 3, 10, and 12 respectively. See page 15 to determine the appropriate page number(s) for specific tables.

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This report presents statistical estimates derived from a stratified sample of approximately 85,500 corporate returns selected from the more than 2.8 million active corporate returns filed for the 1980 Income Year.*

The report is divided into 6 sections. The first section provides statistics summarizing overall corporate activity for Income Year 1980. Section 2 discusses changes in law between this report and that for Income Years 1978 and 1979. Section 3 describes in detail the sample of income tax returns upon which the statistics were based, as well as the method of estimation used, the sampling variability of the data, and other limitations.

Section 4 presents the basic tables that contain detailed statistics on 1980 income tax liability, tax credits, net income, and other financial data. Section 5 contains detailed explanations of the terms used in the report. In most instances, the explanations include definitions of terms used as well as adjustments made in preparing the statistics and any limitations inherent in the data.

Section 6 consists of the return forms and instructions. Following Section 6 is a user survey designed to help the Statistics of Income Division determine the exact needs of users of this report. Your cooperation in completing this form would be much appreciated.

OVERALL CORPORATE SUMMARY

Figure A presents a two-year comparison of the number of returns, total assets, total receipts, net income (less deficit) and total income tax for Income Years 1979 and 1980. This figure shows a 5 percent increase (approximately 132,000) in the total number of returns from 1979 to 1980. From 1978 to 1979 there was a 7.6 percent increase in the total number of returns.

For the first time, total assets, as reported on tax returns, surpassed the \$7 trillion mark, increasing 11 percent from 1979 to approximately \$7.6 trillion in 1980. This increase was smaller than the average increase of 13.2 percent for the 3 previous years. The total receipts reported for 1980 rose approximately 13 percent from 1979, much less than the 18.8 percent increase from 1978 to 1979. Reflecting the effects of the recession, net income (less deficit) decreased 16 percent from 1979 to 1980, differing dramatically from the 15.3 percent increase registered from 1978 to 1979.

For returns with total assets of \$250 million or more, the total income tax was about 17 percent lower for 1980 than for 1979. This is a significant decrease, especially since total income tax for these returns rose 17 percent from 1978 to 1979. These large returns, which represent less than one percent of total returns, accounted for a lower percent of total income tax on all corporate returns--65.4 percent for 1980 versus 69.2 percent for 1979.

ACTIVITIES COVERED

The estimates in this report encompass corporate business activities in the United States as reported on returns of "domestic" and foreign corporations, as well as certain foreign activities. The term "domestic" corporations refers to companies incorporated in the United States, but does not necessarily imply 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 limited extent, undistributed earnings of those subsidiaries.

For foreign corporations (defined as those organized abroad) engaged in trade or business in the United States, only income that was considered "effectively connected" with the conduct of a trade or business in the United States is included in the statistics. Other foreign corporations, organized abroad and not engaged in trade or business in the United States, were liable for tax only on investment income from U.S. sources. Such income is excluded from the report.

The effect of foreign activity on the statistics varies by type of industry and by size of assets. Some industries may have higher incidences of foreign activity than others and foreign income is reflected in their statistics to a greater extent. Also, foreign activity tends to increase with the asset size of the corporation.

Section 6012 of the Internal Revenue Code required that all corporations in existence at any time during the income year file returns, regardless of whether they had income or not. This applied to active and inactive domestic corporations unless they were expressly exempt from filing, as well as to active foreign corporations with insufficient taxes withheld at the source to satisfy their U. S. tax liability on income earned in the United States.

In addition to legally defined corporations, the Internal Revenue Code recognized many types of businesses as corporations, including joint stock companies; and unincorporated associations, such as business trusts, savings and loan associations, certain partnerships, mutual savings banks, and cooperative banks. Because these organizations possess characteristics typical of the corporate form, such as continuity of life, centralization of management apart from ownership, limited liability of owners, and transferability of shares of capital ownership, they were required to file corporation income tax returns.

The statistics show financial data estimated from the following estimated number of active corporation income tax returns:

Form 1120 (U.S. Corporations).....	2,144,542
Form 1120S (U.S. Small Business Corporations).....	544,389

*This report was prepared in the Statistics of Income Division by Tim Wheeler (text) and Janice Washington (tables) of the Corporation Returns Analysis Section under the direction of Karen L. Cys, Chief.

Figure A.--Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), and Total Income Tax, by Size of Total Assets, Income Years 1979 and 1980

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

Year and size of total assets	Number of returns	Total assets	Total receipts	Net income (less deficit)	Total income tax ²
	(1)	(2)	(3)	(4)	(5)
1979¹					
Total.....	2,577,801	6,844,891,231	5,615,625,519	285,300,630	120,349,946
Zero assets.....	70,472	-	45,970,460	66,593	712,357
\$1 under \$100,000.....	1,348,466	46,750,264	188,487,348	1,413,069	645,301
\$100,000 under \$250,000.....	486,859	78,568,493	201,917,458	4,861,987	1,131,093
\$250,000 under \$500,000.....	278,628	98,286,601	231,063,517	6,356,338	1,637,920
\$500,000 under \$1,000,000.....	178,762	124,924,212	282,583,511	6,781,567	2,288,326
\$1,000,000 under \$5,000,000.....	160,125	324,357,289	701,419,120	19,848,164	8,140,465
\$5,000,000 under \$10,000,000.....	21,783	151,903,030	255,738,449	8,540,253	3,828,331
\$10,000,000 under \$25,000,000.....	15,261	240,979,193	263,981,368	10,898,601	4,709,728
\$25,000,000 under \$50,000,000.....	7,323	258,255,679	191,026,457	8,694,163	3,793,656
\$50,000,000 under \$100,000,000.....	4,436	310,782,886	211,200,889	10,154,601	4,033,753
\$100,000,000 under \$250,000,000.....	3,006	462,157,605	299,038,115	15,294,011	6,343,707
\$250,000,000 or more.....	2,680	4,747,925,980	2,743,198,825	192,391,283	83,085,308
1980¹					
Total.....	2,710,538	7,617,238,403	6,361,284,012	239,006,542	105,142,436
Zero assets.....	78,248	-	56,310,774	-838,058	740,616
\$1 under \$100,000.....	1,436,373	49,321,041	192,685,807	291,925	640,971
\$100,000 under \$250,000.....	496,743	80,290,729	218,011,597	3,521,684	1,059,706
\$250,000 under \$500,000.....	286,640	101,421,848	232,911,959	4,389,492	1,449,812
\$500,000 under \$1,000,000.....	185,471	129,560,641	292,548,685	6,105,235	2,132,790
\$1,000,000 under \$5,000,000.....	169,074	342,335,164	728,478,973	16,107,719	7,473,667
\$5,000,000 under \$10,000,000.....	22,726	159,077,875	269,543,912	7,588,768	3,770,977
\$10,000,000 under \$25,000,000.....	16,557	261,538,470	307,370,706	10,258,112	4,793,749
\$25,000,000 under \$50,000,000.....	7,783	277,363,532	214,453,988	8,394,426	3,750,274
\$50,000,000 under \$100,000,000.....	4,803	344,251,763	246,376,156	9,777,922	4,091,622
\$100,000,000 under \$250,000,000.....	3,203	514,080,355	370,982,273	14,833,286	6,388,446
\$250,000,000 or more.....	2,877	5,357,996,264	3,229,486,655	158,395,257	68,764,490

¹Data were derived using a different weighting procedure than that used in earlier years. Therefore, 1979 data will not agree with previously published 1979 data.

²Includes tax from recomputing prior-year investment credit, tax from recomputing prior year WIN credit, and minimum tax.

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

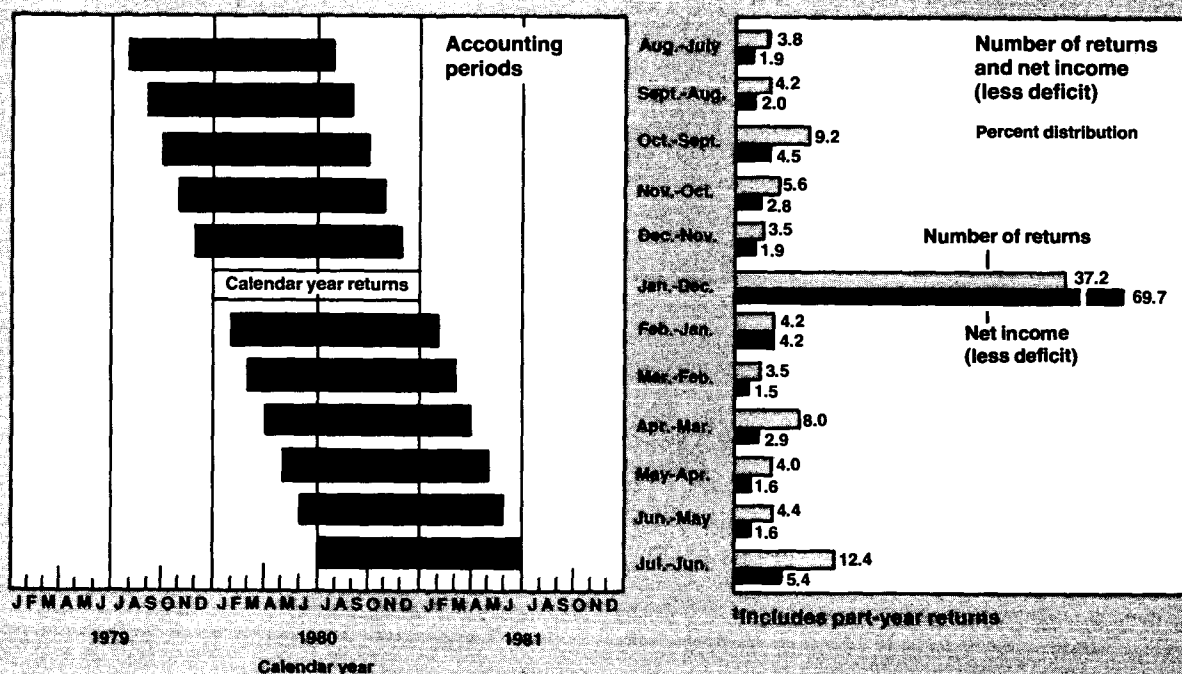
Figure B. Number of returns and net income (less deficit), by accounting periods¹

Figure C.--Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), and Total Income Tax, by Accounting Periods for Income Year 1980

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

Accounting period ended ¹	Number of returns	Total assets	Total receipts	Net income (less deficit)	Total income tax ²
	(1)	(2)	(3)	(4)	(5)
Total.....	2,710,538	7,617,238,403	6,361,284,012	239,006,542	105,142,436
December 1980.....	1,008,430	5,997,893,258	3,799,732,838	166,684,919	76,616,780
Noncalendar year, total.....	1,702,108	1,619,345,145	2,561,551,174	72,321,623	28,525,656
July 1980.....	103,475	85,222,698	147,201,138	4,478,317	1,723,682
August 1980.....	113,099	92,971,113	163,217,479	4,815,902	1,841,560
September 1980.....	248,891	290,467,189	366,938,756	10,646,388	4,702,841
October 1980.....	152,102	160,789,584	207,178,584	6,708,450	2,420,125
November 1980.....	95,492	110,473,604	121,689,250	4,450,069	1,643,236
January 1981.....	112,582	160,538,243	275,579,589	10,021,280	2,700,412
February 1981.....	96,200	65,893,744	127,702,581	3,665,487	1,463,569
March 1981.....	215,814	183,399,563	351,330,875	6,914,937	3,029,174
April 1981.....	108,462	75,534,838	143,046,329	3,759,094	1,495,438
May 1981.....	119,200	81,234,538	178,461,227	3,856,002	1,636,877
June 1981.....	336,791	312,820,032	479,205,367	13,005,698	5,868,743

¹Includes part-year returns.²Includes tax from recomputing prior-year investment credit, tax from recomputing prior year WIN credit, and minimum tax.

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

Form 1120L (U.S. Life Insurance Companies).....	1,855
Form 1120M (U.S. Mutual Insurance Companies).....	1,493
Form 1120F (U.S. Returns of Foreign Corporations).....	8,594
Form 1120-DISC (Domestic International Sales Corporations).....	8,665
Total	2,710,538

No data were tabulated from inactive corporation returns, which reported no total receipt or total deduction items. Also, the statistics specifically exclude foreign corporations with no income "effectively connected" with a U.S. trade or business, returns of farmers' cooperatives exempt from income tax under Internal Revenue Code section 521, and nonprofit corporations (educational, charitable, and similar organizations) exempt from income tax under section 501. Also excluded from the statistics are returns of mutual insurance companies, (except life or marine and certain fire or flood insurance companies) with gross receipts that did not exceed \$150,000, which were exempt from income tax under Internal Revenue Code section 501. The Revenue Act of 1978 authorized the various States to establish private corporations for the benefit of the residents of the State. The returns of these General Stock Ownership Corporations were excluded from the statistics.

TIME PERIOD EMPLOYED

The estimates in this report are based on data from both returns with accounting periods that coincided with the calendar year and returns with accounting periods that were for noncalendar years ended during the span of months July 1980 through June 1981. At the center of the 12-month span was the calendar year, i.e., the year ended December 1980. This span, in effect, defines the income year in such a way that the noncalendar year accounting periods are centered at the calendar year ended December.

The 12 accounting periods covered by the report are presented in figure B. Code section 441 specified that, in general, the accounting period close at the end of the month. Thus, figure B shows a span of 23 months between the first-included accounting period, which began on August 1, 1979, and closed on July 31, 1980, and the start of the last-included accounting period, which began on July 1, 1980, and closed on June 30, 1981. This report, therefore, shows income received or expenses incurred during any or all of the months in the 23-month span. For balance sheet items, such as total assets and inventories, the report shows a corporation's position only at a given time, namely, at the end of its accounting period. Corporations were required by Code section 441 to file returns for the accounting period customarily used in keeping their books.

Figure C shows the total assets, total receipts, net income (less deficit), and total income tax reported on returns for each of the 12 accounting periods. Approximately 37 percent of the 1980 returns were filed for the calendar year, but these included returns of most of the larger corporations. Approximately 79 percent of total assets, 70 percent of net income (less deficit), and 60 percent of total receipts were reported on 1980 calendar year returns.

Basically, corporation returns were due to be filed within two-and-one-half months after the close of the corporate accounting period. However, in accordance with Code section 6018, most corporations could receive filing extensions for as long as 6 months.

In addition to returns with accounting periods that spanned 12 months, the total number of active corporations included returns with accounting periods of shorter duration. Such returns are referred to as part-year returns and were filed, for the most part, by continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations.

The statistics in this report reflect, to varying degrees, changes in law that became effective during the accounting periods covered. Depending on the accounting period used and the effective date of the change in law, the changes may have been fully applicable for some corporations, only partially applicable for others, and not applicable at all for still others.

The information that follows includes a comprehensive description of the major law changes that became effective, for the first time, during the 1980 Income Year. The law changes discussed are those that affected substantially the comparability of the statistics in this report with those in prior years. The changes resulted from the Technical Corrections Act of 1979 and the Crude Oil Windfall Profit Tax Act of 1980. Where possible, the impact of the new provisions has been measured and discussed.

TECHNICAL CORRECTIONS ACT OF 1979

Investment Tax Credit

Prior to the Tax Reduction Act of 1975, an investment credit of 7 percent was available for qualified property (4 percent for certain public utilities). The 1975 Act temporarily increased the rate of the investment credit to 10 percent of the qualified investment in all qualified property (including utility property). The Tax Reform Act of 1976 extended the temporary increase in the credit for four additional years through 1980. The Revenue Act of 1978 made the 10 percent credit permanent, but the Energy Tax Act of 1978, previously passed by Congress but signed by the President into law after the Revenue Act of 1978, restated and amended some of the pre-1978 Revenue Act provisions. The Technical Corrections Act of 1979 ensured that the 10 percent investment credit was permanent, and directed that the 1978 Energy Tax Act be treated as enacted before the Revenue Act of 1978 for purposes of amendments to the investment credit provisions in Code sections 46 and 48.

Prior to the 1978 Act, taxpayers generally used investment credits to apply against the first \$25,000 of tax liability, plus 50 percent of tax liability exceeding \$25,000. For taxable years ending after 1978, the 50-percent limitation was increased over a transitional period to 90 percent, phased in at 10 additional percentage points a year. For 1979, the rate was 60 percent and for 1980 the rate was 70 percent.

The Revenue Act of 1978 provided an investment credit for qualified rehabilitation expenditures. Qualified rehabilitation expenditures were costs that were required to be capitalized and that were incurred for property, or additions, or improvements to property with a useful life of at least five years. The Technical Corrections Act of 1979 stated that rehabilitation expenditures, to the extent they involved the installation of energy property, qualified for both the regular rehabilitation expenditure investment credit and the additional energy credit.

Employment - Related Tax Credits

The new jobs credit, created by the Tax Reduction and Simplification Act of 1977, was allowed to an employer whose Federal Unemployment Tax Act (FUTA) wages increased by 102 percent over the previous year's wages. The new jobs credit was applicable only to taxable years 1977 and 1978.

In place of the new jobs credit, the Revenue Act of 1978 created a targeted jobs credit applicable only to the employment of specific targeted groups, including needy youths and others who often have difficulty finding jobs even when the economy is prosperous. The Technical Corrections Act of 1979 extended the expiration date of this credit, for wages paid or incurred, from December 31, 1980, to December 31, 1981.

One of the targeted groups consisted of youths participating in qualified cooperative education programs. The Technical Corrections Act of 1979 made it clear that wages paid to cooperative education students in the targeted group did qualify for the targeted jobs credit, even though the wages were not FUTA wages.

The Technical Corrections Act of 1979 clarified the credit computation for taxpayers with a fiscal year beginning in 1978. The total jobs credit (targeted jobs credit and new jobs credit) was computed by first determining the new jobs credit under pre-1978 law for wages paid in 1978, then determining the targeted jobs credit, and adding them together.

CRUDE OIL WINDFALL PROFIT TAX ACT OF 1980

The Crude Oil Windfall Profit Tax Act of 1980 imposed a Federal excise tax on domestic crude oil extracted after February 29, 1980. The tax ranged from 30 to 70 percent of windfall profit, which generally was additional income resulting from price increases under the price control phase-out which began on June 1, 1979. For purposes of computing the tax, the windfall profit on any barrel of oil was defined as the increase in income attributable to decontrol, limited to 90 percent of the net income attributable to that barrel of oil. While the windfall profit tax was imposed on producers of domestic crude oil, primary collection responsibility was placed on the first purchaser of the crude oil, who was to withhold the tax based on information supplied by the producer, and file quarterly returns with the Internal Revenue Service. The purchaser was obligated, if possible, to adjust withholding to account for the "90 percent of net income" limitation. (For more details, see Belal, Rashida and Clark, Phil "Windfall Profit Tax Liability for 1980," *SOI Bulletin*, Volume 1, No. 2, pg. 50-55.)

Whenever withholding errors occurred, the purchaser was responsible for correcting that error, to the extent possible, by adjusting amounts withheld in succeeding quarters. Where this was not possible,

the producer could claim a refund of the amounts overwithheld by filing a Form 6249, Computation of Overpaid Windfall Profit Tax, with its income tax return. Any overwithholding due to the "90 percent of net income" limitation could also be claimed on this form. Finally, the Omnibus Reconciliation Act of 1980 (Public Law 96-499) allowed royalty owners to claim a credit (or refund) on their 1980 tax returns for up to \$1,000 of windfall profit tax imposed on the removal of their royalty oil during 1980. This royalty owner's credit could also be claimed on Form 6249. The three types of overpayment were combined on Form 6249 and carried over to the margin of page 1, Form 1120, where they were added to total tax payments.

See "NOTE" pertaining to Overpaid Windfall Profit Tax in tables 8 and 13.

Business Energy Investment Credit

Under the Energy Tax Act of 1978, an additional 10 percent investment credit was allowed for qualified investment in the following types of property: (1) alternative energy property, (2) recycling equipment, (3) shale oil equipment, (4) equipment for producing natural gas from geopressured brine, and (5) solar and wind energy property. The credit on the first four items was added to the investment credit, and was thus deductible to the extent of tax liability. The credit for the fifth item, solar and wind energy property, was refundable.

Under the Crude Oil Windfall Profit Tax Act of 1980, the solar and wind property credit was increased from the 10-percent credit to a 15-percent credit and the termination date of the credit for this property was extended from December 31, 1982, to December 31, 1985. In addition, equipment which used solar energy to provide process heat became eligible solar energy property. Also, the Act repealed the refundable feature of the solar and wind energy credits, effective for taxable years which began after December 31, 1979. Solar or wind energy credits, attributable to qualified investment on or after the January 1, 1980, effective date of this provision, were not refundable even if they were carried back to taxable years which began before January 1, 1980.

The 10-percent nonrefundable energy credit for equipment to produce, distribute, or use geothermal energy was increased to a 15-percent credit under the Act, effective for qualifying investments after December 31, 1979. In addition, the termination date for this credit was extended from December 31, 1982, to December 31, 1985.

A new category of energy property, ocean thermal equipment, was provided a nonrefundable energy credit of 15 percent for certain investments in qualifying equipment during the period January 1, 1980, through December 31, 1985. Ocean thermal equipment was defined as equipment which converted ocean thermal energy into electrical energy or another form of useful energy. Qualifying equipment in this category of energy property included turbines, generators and related equipment up to, but not including, the transmission stage.

The Act also provided a new 11-percent nonrefundable business energy credit for investments in qualified hydroelectric generating property, available generally for the period January 1, 1980, through December 31, 1985. Qualified hydroelectric generating property included equipment for generating electric energy from water at a qualified hydroelectric site and structures for housing such equipment.

The Act provided a 10-percent energy credit for another new category of energy property, cogeneration equipment, for investments during the period Janu-

ary 1, 1980, through December 31, 1982. This category consisted of property which was an integral part of a system for using the same fuel to produce both "qualified energy" and electricity at an industrial or commercial facility at which electricity or qualified energy was produced on January 1, 1980. The term "qualified energy" meant only steam, heat, or other forms of nonelectric energy for industrial, commercial, or space-heating purposes. As a result, cogeneration equipment generally consisted of equipment which enabled a boiler, burner, or other energy-using system at an existing facility to produce steam, heat, or other useful energy and also to provide electricity.

In addition, the Act provided a 10-percent energy credit for another new category of energy property, intercity buses of a common carrier which was engaged in providing passenger or charter intercity bus transportation and was regulated by the Interstate Commerce Commission or a similar State regulatory authority. The energy credit for intercity buses applied to qualifying buses acquired and placed in service by the operator after December 31, 1979, and before January 1, 1986.

Nonconventional - Source Fuel Credit

Prior law contained no income tax credit for the production and sale of fuel derived from energy sources other than oil and conventional sources of natural gas. Congress believed that the use of fuels derived from energy sources other than oil and conventional natural gas should be encouraged by providing a tax incentive for their production and sale. Because these alternative fuels frequently compete with oil and gas, Congress believed that production incentives should be linked to the uncontrolled price of domestic oil and should phase out as that price rose to the level where efficiently produced alternative fuels could compete effectively with oil.

Generally, the credit was equal to \$3 for each 5.8 million British Thermal Units (BTU's) of energy produced from qualified sources. (One barrel of crude oil contains approximately 5.8 million BTU's.) The Crude Oil Windfall Profit Tax Act of 1980 provided a tax credit for the domestic production and sale of qualified fuels to unrelated persons. Such fuels generally had to be produced and sold after December 31, 1979, and before January 1, 2001, from facilities placed in service after December 31, 1979, and before January 1, 1990, or from wells drilled after December 31, 1979, and before January 1, 1990, on properties which began production after December 31, 1979.

The credit was available for production and sale of the following:

- (1) fuel produced from shale and tar sands;
- (2) gas produced from geopressured brine, Devonian shale, coal seams, or a tight formation;
- (3) gas produced from biomass;
- (4) liquid, gaseous, or solid synthetic fuel (including alcohol) produced from coal (including lignite), including such fuels when used as feedstocks;
- (5) qualifying processed wood fuels; and
- (6) steam from solid agricultural byproducts (not including timber byproducts).

The tax credit was to be phased out proportionately as the annual average wellhead price for a barrel of uncontrolled domestic oil (the "reference price") rose, adjusted for inflation. The reference price was to be estimated by the Secretary of the Treasury and published, together with the inflation adjustment factor, by April of the year following that for which the credit was to be computed.

The credit was claimed on Form 6602, Nonconventional - Source Fuel Credit for taxable years ending after December 31, 1979. The limitation on the amount of the allowable Nonconventional - Source Fuel Credit were applied to the remaining tax liability after other credits had been applied.

Tables 2, 3, 4, and 5 provide data on Nonconventional - Source Fuel Credit for 1980.

Alcohol Fuel Credit

Under prior law, no income tax credit had been provided for alcohol used as a motor fuel. However, under provisions enacted in the Energy Tax Act of 1978, motor fuel which was at least 10 percent alcohol (other than alcohol derived from petroleum, natural gas, or coal) was exempt from the 4-cent-per-gallon Federal excise tax on motor fuels. This exemption was to expire on October 1, 1984.

Congress concluded that these tax provisions were not extensive enough to encourage the production of gasohol and so, in the Windfall Profit Tax Act of 1980, Congress extended the excise tax expiration date from October 1, 1984 to December 31, 1992.

Also, if alcohol (other than alcohol produced from petroleum, natural gas, or coal) was used as a fuel (either blended or straight) of a type suitable for use in an internal combustion engine, a nonrefundable income tax credit was provided. In general, the credit was available to the blender in the case of blended fuels and to the user or retail seller in the case of straight alcohol fuels. The amount of the credit was 40 cents per gallon for alcohol of at least 190 proof and 30 cents per gallon for alcohol between 150 and 190 proof. No credit was available for alcohol of less than 150 proof.

The credits were generally available for alcohol fuel sold or used after September 30, 1980, and on or before December 31, 1992. A 7-year carryforward of unused credits was provided with the exception that no carryforward could be made to a year beginning after 1994.

The credit was claimed on Form 6478, Credit for Alcohol Used as Fuel. The limitation on the amount of the allowable Credit for Alcohol Used As Fuel and the carryover provisions were applied to the remaining tax liability after other credits had been applied.

Tables 2, 3, 4, and 5 provide data on the Credit for Alcohol Used As Fuel.

Section 3

Description of the Sample and Limitations of the Data

This section describes the sample criteria and selection of returns, the method of estimation and sampling variability of the estimates contained in this report. It also describes the methodology needed to compute confidence interval estimates, as well as some of the limitations of the data.

SAMPLE SELECTION

The statistics in this report were estimated from a stratified probability sample of corporation income tax returns selected after revenue processing but before audit examination (see figure D). The corporation population of 2,867,219 returns from which the sample of 85,593 returns was drawn contained the following types of returns: Form 1120--U.S. Corporation Income Tax Return; Form 1120F--U.S. Income Tax Return of a Foreign Corporation; Form 1120L--U.S. Life Insurance Company Income Tax Return; Form 1120M--U.S. Mutual Insurance Company Income Tax Return; Form 1120S--U.S. Small Business Corporation Income Tax Return; and Form 1120-DISC--Domestic International Sales Corporation Return.

All sample returns, except Forms 1120-DISC, were computer-selected from the Internal Revenue Service Business Master File system by using the Employer Identification Number (EIN) as a basis for essentially random selection within a sample class. Although Form 1120-DISC returns were not included on the Master File, they were manually designated and selected using a simplified systematic design of randomly designated ending digits of the EIN.

The prescribed sample rates for return Forms 1120 and 1120S ranged from 0.25 percent to 100 percent, depending on size of total assets and net income (or deficit) and the presence or absence of selected "financial," "nonfinancial special" or "nonfinancial regular" principal business activity (PBA) codes. The sample rates for return Forms 1120 and 1120S, shown in figure D, columns 9 and 10, ranged from 0.37 percent to 100 percent, which represent average prescribed rates for the individual sample classes. Return Forms 1120L and 1120M were sampled, based on size of total assets, at rates ranging from 50 percent to 100 percent. This represented a reduction in rates from the 1979 income year program when all these returns were included in the sample. Return Forms 1120F were initially sampled at the 100 percent rate and later, based on total assets and "financial" or "nonfinancial" PBA codes, were sampled at sample rates ranging from 25 to 100 percent. For return Forms 1120-DISC, sample rates were dependent upon the size of total assets of the majority corporate stockholder and the size of net income (or deficit) of the DISC. The sample rates ranged from 20 to 100 percent.

Figure D contains the number of returns in the population and sample, by sample class and sampling rates (both prescribed and achieved). A comparison of the total 1980 population (2,867,219) in figure D with the total estimated number of returns (2,710,538) in table 1, column 1, will show a difference of 156,681. This difference arose in part because some returns had been selected for the sample before the end of 1981 in the ten service centers and were again selected during

1982 when the selection location was moved to the National Computer Center (NCC), Martinsburg, West Virginia. (All records were eventually sent to NCC to check for duplicate postings and for other reasons.) In addition, this difference resulted from returns being excluded because they were: (1) inactive returns having neither income nor deductions; (2) duplicate records unrelated to the transfer of the selection of returns from the service centers to the NCC; (3) amended returns not associated with the original returns and which were not earlier removed by the original computer selection (the original returns were subject to sampling); (4) tentative returns not associated with the revised returns and which were not earlier removed by the original computer selection (the revised returns were subject to sampling); (5) certain delinquent returns of large corporations for prior years (delinquent returns of small corporations were included); (6) returns exempt under Section 931 of the Internal Revenue Code (IRC); (7) returns exempt under Section 1247 of the IRC; (8) returns exempt under Section 883 of the IRC; (9) Cost Corporation returns exempt under Revenue Ruling 52-542; (10) Form 1120M corporation returns exempt from tax under Section 501(c)(15) of the IRC; and (11) returns of (non-resident) foreign corporations having no income effectively connected with a trade or business within the U.S.

METHOD OF ESTIMATION

The sample returns were weighted to represent the business activities of the total number of corporations engaged in business in the United States and its possessions and filing returns with accounting period ended July 1980 through June 1981. Nearly all of the sampled returns for this period were revenue processed during 1980, 1981, and 1982.

The method of estimation was significantly changed from previous years. First a set of "initial" weights were obtained by dividing the number of returns filed per sample class by the number of sample returns for the stratum. In previous Statistics of Income programs, these "initial" weights were used almost directly, to convert the sample data on the available returns to a representation of the national total.

This year a technique, new to this program, based on post-stratification was used in an attempt to reduce the adverse sampling error consequences of having a smaller sample size than in most prior years. This new post-stratification approach was tried in the 1979 income year on an experimental basis (when the sample was even smaller than in 1980, only 80,068). The older method was used however in the basic reports for 1979. The present approach was briefly mentioned in the Description of the Sample and Limitations of the Data for the 1978-1979 Statistics of Income report, where it was referred to as an "alternate method".

In the 1980 income year, the Form 1120, 1120S, and 1120F returns subject to sampling at less than the 100 percent rate were reweighted after determination of

Figure D—Corporation Returns: Sample Selection Classes, Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Class Number, Income Year 1980

Sample Class Number	Sample Selection Criteria					Number of Returns		Sampling Rates (Percent) ¹	
	Size of total assets ²	Size of net income or deficit ²	PBA Type ^{3,4}	Sub Type ^{5,6}	Filed Year	Estimated Population	Sample Size	Prescribed	Achieved
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<u>Forms 1120 and 1120S with Form 5735 attached</u>									
1a	Under \$50,000,000	Any amount	NF	Both	All	746	746	100.00	100.00
	Under \$100,000,000	Any amount	Fin.		All				
1b	\$50,000,000 or more	Any amount	NF	Both	All	9	9	100.00	100.00
	\$100,000,000 or more	Any amount	Fin.		All				
<u>Forms 1120 and 1120S (no Form 5735 attached)</u>									
2	Under \$50,000	Under \$25,000	Both		All	1,159,761	4,232	0.37	0.36
3	\$50,000 under \$100,000	\$25,000 under \$50,000	Both		All	432,588	2,349	0.51	0.54
4	\$100,000 under \$250,000	\$50,000 under \$100,000	Both		All	522,736	4,276	0.81	0.82
5	\$250,000 under \$500,000	\$100,000 under \$250,000	Both		All	304,495	5,252	1.76	1.72
6	\$500,000 under \$1,000,000	\$250,000 under \$500,000	Both		All	192,148	6,253	3.24	3.25
7	\$1,000,000 under \$2,500,000	\$500,000 under \$1,000,000	Both		All	129,074	10,452	8.28	8.10
8	\$2,500,000 under \$5,000,000	\$1,000,000 under \$1,500,000	Both		All	43,198	4,955	11.67	11.47
9	\$5,000,000 under \$10,000,000	\$1,500,000 under \$2,500,000	Both		All	23,545	5,404	24.38	22.95
10	\$10,000,000 under \$25,000,000	\$2,500,000 under \$5,000,000	Fin.		All	4,660	2,325	50.00	49.89
11	\$10,000,000 under \$25,000,000	\$2,500,000 under \$5,000,000	NF	Spec.	2	411	379	100.00	92.21 ⁷
12	\$25,000,000 under \$50,000,000	\$5,000,000 under \$10,000,000	Fin.		2	193	165	100.00	85.49 ⁷
13	\$10,000,000 under \$50,000,000	\$2,500,000 or more	NF	Reg.	2	1,827	1,654	100.00	90.53 ⁷
	\$25,000,000 under \$50,000,000	\$5,000,000 or more	NF	Spec.	2				
	\$50,000,000 under \$100,000,000	\$10,000,000 or more	Fin.		2				
14	\$50,000,000 or more	Any amount	NF	Both	2	883	781	100.00	88.45 ⁷
	\$100,000,000 or more	Any amount	Fin.		2				
15	\$25,000,000 under \$100,000,000	\$5,000,000 or more	Fin.		0,1	28,107	28,107	100.00	100.00
	\$100,000,000 or more	Any amount	Fin.		0,1				
	\$10,000,000 under \$50,000,000	\$2,500,000 or more	NF	Both	0,1				
	\$50,000,000 or more	Any amount	NF	Both	0,1				
<u>Forms 1120L and 1120M</u>									
16a	Under \$50,000,000	Any amount	Both		All	3,008	1,758	50.00	58.44
16b	\$50,000,000 or more	Any amount	Both		All	484	484	100.00	100.00
<u>Forms 1120F (with effectively connected income)</u>									
17a	Any amount	Any amount	Both		0	104	104	100.00	100.00
17b	Under \$25,000,000	Any amount	Fin.		1,2	8,955	2,138	25.00	23.87
	Under \$10,000,000	Any amount	NF	Both	1,2				
17c	\$25,000,000 under \$100,000,000	Any amount	Fin.		1,2	475	475	100.00	100.00
	\$10,000,000 under \$50,000,000	Any amount	NF	Both	1,2				
17d	\$100,000,000 or more	Any amount	Fin.		1,2	30	30	100.00	100.00
	\$50,000,000 or more	Any amount	NF	Both	1,2				
<u>Forms 1120-DISC</u>									
18a	Under \$50,000,000 ⁸	Under \$200,000	Both		All	6,420	1,200	20.00	18.69
19a	\$50,000,000 under \$250,000,000 ⁸	\$200,000 under \$1,000,000	Both		All	2,048	751	40.00	36.67
20a	\$250,000,000 or more ⁸	\$1,000,000 or more	Both		All	1,314	1,314	100.00	100.00
Total						2,867,219	85,593	3.02	2.99

¹Certain sample classes were divided into two or three separate sample classes, called subclasses, due to differences in prescribed sampling rates and additional "initial" weights were computed for these subclasses. The average of the total sample size divided by the total population is shown rather than the detail of the subclasses.

²Returns were classified according to either size of total assets, or size of net income or deficit, whichever made the sample class number higher. EXAMPLE: A Form 1120 return with total assets of \$750,000 and having net income of \$75,000 would be in sample class 6 (based on total assets) rather than in sample class 4 (based on net income).

³Nonfinancial (NF) returns are those in industries having all other PBA Codes for the corresponding filed year.

⁴Financial (Fin.) returns are those in industries having Principal Business Activity (PBA) Codes of 6030, 6060, 6090, 6140, 6150, 6359 and 6742 (Filed Year 1980 and 1981) and those in industries having PBA Codes of 6030, 6060, 6090, 6140, 6150, 6359, 6742, 6120, 6199, 6210, 6511, 6550, 6599 and 6749 (Filed Year 1982). See Tax Return Instructions in Appendix for descriptions of codes.

⁵Special (Spec.) returns are those in Nonfinancial (NF) industries having PBA Code of 0400, 1330, 1510, 1600, 2298, 3490, 3670, 3698, 3998, 4200, 5008, 5050, 5140, 5300, 7000, 7389 and 7900 (Filed Year 1982). See Tax Return Instructions in Appendix for descriptions of codes.

⁶Regular (Reg.) returns are those in Nonfinancial (NF) industries having all other PBA Codes than those listed as Special (Filed Year 1982).

⁷Consolidated returns with total assets less than \$250,000,000 were sampled at an achieved sampling rate less than 100 percent. Consolidated returns of \$250,000,000 or more total assets, and all nonconsolidated returns meeting the sample selection criteria were sampled at an achieved sampling rate of 100 percent.

⁸Size of total assets of majority corporate stockholders.

their "initial" weights. Instead of immediately applying the "initial" weights to the entire sample class, a comparison was made between the weighted sample and population for each major principal business activity (PBA) grouping by subclass number as shown on figure D. Certain sample classes were divided into two or three subclasses due to differences in theoretical sample rates. Additional "initial" weights were computed for the subclasses, but are not shown in figure D, Columns 9 and 10, in order to simplify the presentation. These subclasses were also used in the separation and comparison mentioned above. This separation into 58 groups is known as "post-stratification" because it took place after the "initial" stratification (into subclasses) occurred. The comparison led to adjustments in the "initial" weight based on the ratio of the population to the weighted sample count.

Since in most cases, the weighted sample and the measured population did not agree by PBA grouping (due to sampling variability, bias, and other possible causes) an adjustment procedure was introduced known as "raking ratio estimation". This method adjusts estimates to agree with known counts within a tolerance. Certain controls on the raking ratio estimation were adopted to guard against possible anomalies and to assure that, to the extent possible, the procedure had the desired effect of reducing the sampling error.

For more details on the raking ratio estimation approach employed, see: James M. Harte, "Post-Stratification Approaches in the Corporation Statistics Program," Statistics of Income and Related Administrative Records Research, 1982 (available on request). See also: Michael R. Leszcz, H. Lock Oh, and Fritz J. Scheuren, "Modified Raking Estimation in the Corporate SOI Program" to appear in Statistics of Income and Related Administrative Record Research, 1983 (in preparation).

TABLE PRESENTATION

Sample weights determined from the above procedure were carried to two decimal places which resumes a tradition implemented in volumes of Statistics of Income prior to the 1973 issuance (from 1973 through 1979, integer weighting was adopted). This return to past practice made weighting more accurate and reduced the sampling variability. Integer weighting had some advantages of its own also.

As a result of two decimal place weighting, a column of frequencies may fail to add exactly to the corresponding total. The total should be considered more accurate in this case. The same condition may exist for money amount totals but the effect is likely to be less important since the dollar amounts are normally in approximate balance prior to the rounding to thousands of dollars which takes place in all tables as the last step before displaying the results.

Whenever a weighted frequency is less than 3, the estimate is combined or deleted in order to avoid disclosure of information about specific corporations. These combinations or deletions are indicated by either a double asterisk (**) or a triple asterisk (***). In all other cases, when an estimate is based on fewer than 10 returns, not all of them selected at the 100 percent rate, the estimate is considered statistically unreliable and is indicated by a single asterisk (*) to the left of the data items. (Asterisked estimates should normally be used only in combination with other tabulated values.) Also, for Tables 4, 5, 6, and figure A, classified by total assets, the amounts in the asset size columns may not add up to the total for particular industries because of deletions of asset size column(s) at a lower industry level.

The statistical reliability of each cell in the tables was determined independently from that of other cells. Accordingly, it is possible to see a total figure with an asterisk (*) indicating statistical unreliability and yet a subset of that total not so identified. For example, an industrial division figure could be based on 7 returns, of which 3 were not sampled at the 100 percent rate (and, thus, receive an asterisk), and a major group in this division could have 4 returns all sampled at the 100 percent rate and, thus, not receive an asterisk.

In the tables, a dash (-) in place of a frequency or an amount indicates that: (1) if returns were sampled at a rate of 100 percent, no returns had the particular characteristic; or (2) if returns were sampled at a rate less than 100 percent, either no returns in the population had the characteristic or the characteristic was so rare that it did not appear on any sample returns.

SAMPLING VARIABILITY

The particular sample used in this program is one of a large number of possible samples that could have been selected using the same sample design. Estimates derived from the different samples would differ from each other. The deviation of a sample estimate from the average of all possible samples is called the standard error. The sampling variability of an estimate is a measure of the variation among the estimates from the possible samples and, thus, is a measure of the precision with which an estimate from a particular sample approximates the average result of all possible samples.

The coefficient of variation is the standard error of the estimate expressed as a percent of the estimate. The standard error, when added to and subtracted from the value of the estimate, provides upper and lower limits within which approximately two out of three estimates derived from similarly selected samples would be expected to fall.

The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that the interval includes the average result of all possible different samples. For example, in table 6, Services industry, column 4, the number of returns is 90,339. A coefficient of variation (CV) of 2.92 percent for this frequency is obtained by using column 2 of figure E and interpolating as indicated in the footnote found there.

The standard error of the estimate SE(X) is needed to construct the interval estimate; it is the product of the estimate, X, and its coefficient of variation, CV(X):

$$\begin{aligned} SE(X) &= X \cdot CV(X) \\ &= 90,339 \cdot (.0292) \\ &= 2,638 \text{ returns.} \end{aligned}$$

The SE(X) value is then subtracted from and added to the estimate X to construct a 68 percent confidence interval estimate. The interval is computed using the formula:

$$(X - SE(X)) \leq Y \leq (X + SE(X))$$

with 68 percent confidence, where Y is the population value estimated by X. Based on the data for this example, the interval estimate is from $(90,339 - 2,638) = 87,701$ returns to $(90,339 + 2,638) = 92,977$ returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds (68 percent) of all possible similarly selected different samples.

Figure E—Coefficient of Variation of Estimated Number of Returns, Income Year 1980

Estimated number of returns	Tables showing the classification by size of total assets								Tables not showing classes by size of total assets	Form 1120-DISC tables
	Under \$100,000 ¹	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$250,000,000		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	(Percent) ³									
200.....	92.25	61.91	40.39	29.66	17.72	9.59	5.64	3.05	92.25	20.88
300.....	75.32	50.55	32.98	24.21	14.47	7.83	4.61	2.49	75.32	17.05
400.....	65.23	43.77	28.56	20.97	12.53	6.78	3.99	2.15	65.23	14.76
500.....	58.34	39.15	25.55	18.76	11.21	6.07	3.57	1.93	58.34	13.21
600.....	53.26	35.74	23.32	17.12	10.23	5.54	3.26	1.76	53.26	12.06
700.....	49.11	33.09	21.59	15.85	9.47	5.13	3.01	1.62	49.31	11.16
800.....	46.12	30.95	20.20	14.83	8.86	4.80	2.82	1.52	46.12	10.44
900.....	43.49	29.18	19.04	13.98	8.35	4.52	2.66	1.44	43.49	9.84
1,000.....	41.26	27.69	18.06	13.26	7.92	4.29	2.52	1.36	41.26	9.34
1,200.....	37.66	25.27	16.49	12.11	7.23	3.92	2.30	1.24	37.66	8.52
1,400.....	34.87	23.40	15.27	11.21	6.70	3.63	2.13	1.15	34.87	7.89
1,600.....	32.62	21.89	14.28	10.49	6.26	3.39	1.99	1.08	32.62	7.38
1,800.....	30.75	20.64	13.46	9.89	5.91	3.20	1.88	1.02	30.75	6.96
2,000.....	29.17	19.58	12.77	9.38	5.60	3.03	1.78	0.96	29.17	6.60
2,500.....	26.09	17.51	11.42	8.39	5.01	2.71	1.60	0.86	26.09	5.91
3,000.....	23.82	15.98	10.43	7.66	4.58	2.48	1.46	0.79	23.82	5.39
4,000.....	20.63	13.84	9.03	6.63	3.96	2.14	1.26	0.68	20.63	4.67
5,000.....	18.45	12.38	8.08	5.93	3.54	1.92	1.13	0.61	18.45	4.18
7,000.....	15.59	10.46	6.83	5.01	3.00	1.62	0.95	0.51	15.59	3.53
10,000...	13.05	8.75	5.71	4.19	2.51	1.36	0.80	0.43	13.05	2.95
15,000...	10.65	7.15	4.66	3.42	2.05	1.11	0.65	0.35	10.65	(⁴)
25,000...	8.25	5.54	3.61	2.65	1.58	0.86	0.50	0.27	8.25	(⁴)
35,000...	6.97	4.68	3.05	2.24	1.34	(⁴)	(⁴)	(⁴)	6.97	(⁴)
50,000...	5.83	3.92	2.55	1.88	1.12	(⁴)	(⁴)	(⁴)	5.83	(⁴)
75,000...	4.76	3.20	2.09	1.53	0.92	(⁴)	(⁴)	(⁴)	4.76	(⁴)
100,000..	4.13	2.77	1.81	1.33	0.79	(⁴)	(⁴)	(⁴)	4.13	(⁴)
150,000..	3.37	2.26	1.47	1.08	0.65	(⁴)	(⁴)	(⁴)	3.37	(⁴)
250,000..	2.61	1.75	1.14	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	2.61	(⁴)
500,000..	1.84	1.24	0.81	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	1.84	(⁴)
700,000..	1.56	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	1.56	(⁴)
1,000,000.	1.30	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	1.30	(⁴)
1,500,000.	1.07	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	1.07	(⁴)
2,000,000.	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	0.92	(⁴)

¹ Includes zero assets and assets not reported.

² Coefficient of variation is zero for returns with total assets of \$250,000,000 or more

³ This percentage should normally not be used for estimates designated by a single asterisk (*) because the sample is too small to yield reliable confidence interval estimates.

⁴ Not applicable because the estimated number of returns was greater than the population estimate.

NOTE: Method of interpolation: Divide the estimate by 100, determine the coefficient of variation percentage in the proper column, and then divide the result by 10. EXAMPLE: To find the coefficient of variation for an estimate of 60,000 returns having total assets of \$250,000 under \$500,000, divide by ten the coefficient of variation of 23.32 percent shown for 600 returns (60,000 divided by 100) to obtain 2.33 percent.

To obtain this interval estimate with 95 percent confidence limits, multiply the $SE(X)$ value by two and recompute the interval. For this example, the resulting interval would be from 85,063 returns to 95,615 returns.

Coefficients of variation estimates appearing in this volume in Figure E are based on an upper limit formula and are meant as a general guide.

SAMPLE MANAGEMENT

The total (i.e., population and sample counts) for the number of returns filed were derived from computer counts of corporation returns (other than Form 1120-DISC) produced at the eleven Internal Revenue Service processing centers. These counts were verified during statistical processing to minimize loss of data. A few sample classes normally sampled at 100 percent were found to have achieved rates less than 100 percent as can be seen in Sample Classes 11 to 14 in Figure D. These classes were short of their prescribed number of returns because of a sampling problem in the Consolidated Returns area. The problem was resolved quickly but the needed returns were not all available for statistical purposes in time for use.

Because of the significant impact on the statistics, returns of the largest corporations were included even if not designated by the computer through the use of name control. In a few cases when the income year 1980 return could not be located, imputation was carried out, usually by substituting last year's return, after suitable adjustments.

ROUNDING AND MONEY AMOUNTS

Data were abstracted in whole dollars for all types of returns. Amounts of \$500 or more were rounded to the next thousand at the table level instead of at the record level. For example, \$500 was entered as \$1,000 if the weighted values of all records in the cell gave a total of \$500. Amounts under \$500 were entered into the unweighted records, but if their weighted total was under \$500, an indicator was entered instead to account for the presence of an amount greater than zero, but under \$500.

INDUSTRIAL CLASSIFICATION

Among the several classifications used in this report, tax return data are classified according to the principal business activity of the corporation. A return was classified in the "minor" industry which accounted for the largest portion of its total receipts, even though the return may have been for a company engaged in many business activities or may have been a consolidated return filed for the members of an affiliated group of corporations. Minor industries were aggregated into major industries, which in turn were aggregated into industrial divisions. (See "Codes for Principal Business Activities" in the tax form instructions in Part 1 of this volume.)

Returns in the statistical sample were examined during statistical processing and each was assigned a code, the SOI Industry Code, classifying it by industry. In determining the code, the description of the business activity given by the taxpayer; the taxpayer-assigned ("PBA") code; the sources of the taxpayer's income; the nature of the expenses; and where necessary, information from various reference books, were considered. Year-to-year changes in the classification of specific corporations could have resulted from mergers and other changes in organization or from the filing of consolidated returns, as well as from changes in the principal source of total receipts.

The industries used in this report generally conform to the Enterprise Standard Industrial Classification (ESIC) authorized by the Office of Information and Regulatory Affairs in 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 line of the more detailed Standard Industrial Classification (SIC) Manual which was designed to classify separate "establishments" rather than the companies of which establishments were parts. Some departures from the ESIC system were made for the Statistics of Income (SOI) for the finance industries in order to reflect particular provisions of the Internal Revenue Code. For a comparison of the ESIC and SIC industries with the SOI industries used in this report, see the complete report, Statistics of Income--1977, Corporation Income Tax Returns.

More detailed statistics are available in Publications 1053 and 1171, Source Book of Statistics of Income for the industries shown in table 1 of this report. A general description of the Source Book, including ordering information, is available from the Director, Statistics of Income Division, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC 20224. Information concerning a magnetic-tape version of the Source Book is also contained in this general description.

CONSOLIDATED RETURNS

The number of returns in the population differs from the total number of profit-oriented corporations in the U.S. chiefly because the Internal Revenue Code permitted single returns presenting the combined financial data of an entire "affiliated group" to be filed by parent corporations.

Although consolidated returns usually reported more than one kind of industrial activity, each return was assigned a single industry classification based on the corporations' principal business activity. Basically, a return was classified into the SOI industry which accounted for the largest portion of its total receipts.

The fact that a consolidated corporation return was assigned a single SOI industry code constitutes a limitation of the data. Some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, so some of the data in this report are not really related to the industrial activity under which they are shown.

OTHER DATA LIMITATIONS

Various techniques were used to control and improve the quality of the data during the processing stages. During sampling, a comparison was made between the expected and realized number of sample returns in each of the service centers. Any differences were resolved by follow-up, to the extent feasible. During statistical editing, editors were instructed to correct tax return errors wherever possible through reference to other entries on the return or accompanying schedules and to adjust data to achieve consistency in statistical definitions. Imputation of data by other techniques was also utilized when necessary.

The quality of the editing was controlled by means of a continuous subsampling verification system at each processing center which resulted in approximately 40 percent of the documents being reviewed. (All errors found in the review were corrected.) The review ranged from all of the very large and complex returns to nearly 20 percent of the small and relatively simple returns. In addition, the Statistics of Income Division in the National Office independently reprocessed approximately 1 percent of the returns for

1980 to evaluate the quality of the editing after verification and to determine adherence to processing instructions. Greater emphasis was placed on the largest and most complex returns. Results showed that overall, approximately 99 percent of the statistical codes and money amounts were entered correctly. No discernible pattern was found in the errors uncovered. Transcription of the data was subjected to 100 percent verification.

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

Part of the review process involved extensive comparison of the current year data with that of the prior year. This review was somewhat limited for this volume because of the transition from "Initial Weights" to "Post-Stratified Weights," since a part of any possible discrepancy could be traced to the shift to the

new system. On occasion, the review process reveals discrepancies or irregularities in previously published data. When adjustments or additional limitations of published data are deemed appropriate, the Statistics of Income Division will provide data users with additional information to place published data in proper perspective. Future editions of Statistics of Income publications will be used to disseminate such information. In line with this policy, a typographical error appeared in Figure F-2 of the Statistics of Income--1978-79, Corporation Income Tax Returns, and should be corrected as follows by pen and ink change:

Figure F-2 Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Class Number, Income Year 1979, shown on page 14 of the Statistics of Income--1978-79, Corporation Income Tax Returns, has an error. Change the number of returns, Estimated Population, column (1), Sample Class Number 6a, from 271,084 to 27,084.

INCOME AND FINANCIAL DATA BY INDUSTRY AND SIZE

- 1 Returns of active corporations: Number of returns, selected receipts, cost of sales and operations, net income, deficit, total income tax, selected credits, distributions to stockholders, total assets, depreciable assets, depreciation deduction, and coefficients of variation, by minor industry, 16
- 2 Returns of active corporations: Balance sheets and income statements, by major industry, 28
- 3 Returns with net income: Balance sheets and income statements, by major industry, 36
- 4 Returns of active corporations: Balance sheets and income statements, by size of total assets, 44
- 5 Returns with net income: Balance sheets and income statements, by size of total assets, 46
- 6 Returns of active corporations: Selected balance sheet, income statement, tax items, and distributions to stockholders, by industrial division, by size of total assets, 48
- 7 Returns of active corporations: Selected balance sheet, income statement, tax items, and distributions to stockholders, by industrial division, by size of business receipts, 53

SELECTED SUBJECTS

- 8 Returns of active corporations: Total receipts, net income, statutory special deductions, income tax, tax credits, and taxpayments, by accounting period ended, 58
- 9 Returns of active Small Business Corporations, Form 1120S: Balance sheets and income statements, by industrial division, 59

- 10 Returns of active Domestic International Sales Corporations, Form 1120-DISC: Number of returns, selected balance sheet and income statement items, and distributions to stockholders, by selected industrial divisions, 60
- 11 Returns of members of controlled groups, other than Form 1120-DISC: Number of returns, total assets, total receipts, net income (less deficit), and total income tax, by selected industrial divisions, 61
- 12 Returns of active corporations, other than Forms 1120S and 1120-DISC: Investment credit and selected items, by selected industrial divisions, 62
- 13 Returns of active corporations: Tax items: Number of returns by selected types of tax, dividend items, net income or deficit, statutory special deductions, income subject to tax, income tax, credits, payments, and Small Business Corporations (Form 1120S), by selected industrial divisions, 63
- 14 Returns of active corporations, other than Form 1120-DISC: Selected business energy investment credit items, by selected industrial divisions, 64
- 15 Returns of active corporations: Book net income or deficit and provision for federal income tax, by selected industrial divisions, 65
- 16 Returns of active corporations, other than Forms 1120S and 1120-DISC: Tax preference items: Number of returns, and tax preference and related items, by selected industrial divisions, 66
- 17 Returns of active corporations, other than Forms 1120S and 1120-DISC: Number of returns and selected tax items, by size of total income tax after credits, 67.

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total returns of active corporations	2,710,538	1,596,632	6,361,284,012	5,173,865,707	5,731,616,337	4,204,905,905	296,787,201	57,780,659	246,598,488	105,142,436
Agriculture, forestry, and fishing	80,883	43,827	52,089,915	38,089,052	48,850,056	35,798,332	2,464,381	1,791,222	1,693,307	544,487
Agricultural production	56,075	32,057	41,113,159	28,553,808	38,241,714	28,185,827	2,047,745	1,483,190	1,394,209	452,685
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	24,808	11,769	10,976,756	7,535,243	10,608,342	7,612,504	416,638	308,032	299,097	91,602
Mining	25,576	12,698	176,672,390	74,147,861	167,397,918	118,989,880	10,133,685	2,383,124	9,073,598	4,083,078
Metal mining	672	89	6,827,582	6,163,321	6,182,407	3,967,848	602,661	241,272	468,006	201,581
Iron ores	82	5	2,015,407	1,858,701	1,829,291	1,377,923	119,964	11,835	53,643	21,097
Copper, lead and zinc, gold and silver ores	202	54	3,782,393	3,569,191	3,411,644	2,080,577	442,964	63,203	384,514	167,925
Other metal mining	379	30	1,029,782	735,430	941,472	509,348	45,733	166,234	29,850	12,560
Coal mining	3,698	1,583	15,672,788	9,433,484	14,903,996	10,687,284	543,751	407,323	383,578	188,777
Oil and gas extraction	17,393	9,130	144,441,771	50,220,864	137,041,990	96,726,746	8,207,465	1,560,878	7,479,368	3,352,065
Crude petroleum, natural gas, and natural gas liquids	6,598	3,170	119,965,739	31,139,453	114,685,902	83,368,750	5,087,007	1,023,887	4,652,301	2,115,741
Oil and gas field services	10,794	5,960	24,476,032	19,081,412	22,356,089	13,357,986	3,120,458	536,892	2,827,067	1,238,325
Nonmetallic minerals, except fuels	3,812	1,896	9,730,248	8,330,191	9,269,524	5,608,001	779,809	173,851	742,646	340,655
Dimension, crushed, and broken stone; sand and gravel	3,423	1,604	5,873,546	4,544,168	5,631,273	3,639,721	350,694	136,737	316,415	135,638
Other nonmetallic minerals, except fuels	390	292	3,856,702	3,786,024	3,638,251	1,968,280	429,115	38,914	426,231	205,018
Construction	272,432	150,368	267,205,356	204,522,775	260,387,692	208,064,925	8,911,143	3,639,934	7,188,306	2,557,978
General building contractors and operative builders	110,443	58,282	114,579,230	88,218,199	110,968,172	94,742,766	3,321,851	1,553,352	2,514,681	888,138
General building contractors	106,299	55,720	106,947,439	82,553,070	103,966,800	89,712,609	2,974,627	1,449,701	2,272,056	796,250
Operative builders	4,144	2,563	7,631,791	5,665,129	7,001,372	5,030,157	347,224	103,652	242,625	91,888
Heavy construction contractors	21,112	13,052	56,491,164	43,510,957	54,548,331	43,386,542	2,354,219	799,857	2,112,605	871,004
Special trade contractors	140,877	79,034	96,134,961	72,793,819	94,871,189	69,935,617	3,235,073	1,286,752	2,561,019	798,834
Plumbing, heating, and air conditioning	29,665	17,412	25,366,890	19,238,897	25,090,261	19,344,573	687,189	237,459	555,375	165,361
Electrical work	20,157	10,847	17,462,651	13,706,251	17,206,051	12,998,553	570,856	228,894	458,668	144,187
Other special trade contractors and contractors not allocable	91,054	50,775	53,305,420	39,848,472	52,574,878	37,592,491	1,977,028	820,372	1,546,976	489,287
Manufacturing	242,550	153,640	2,404,323,844	2,115,131,672	2,301,056,550	1,707,143,900	141,547,510	15,879,695	134,843,548	60,184,725
Food and kindred products	14,845	9,640	270,575,342	241,698,373	264,367,089	202,726,636	10,674,471	735,492	10,267,133	4,556,945
Meat products	2,263	1,881	61,183,202	49,493,909	60,325,597	51,867,154	901,320	190,873	1,080,848	327,972
Dairy products	1,886	1,080	39,521,386	37,861,329	38,621,506	31,417,700	1,628,261	65,801	1,608,848	710,065
Preserved fruits and vegetables	513	253	21,851,387	16,823,551	21,192,984	15,680,003	753,546	71,751	737,450	331,678
Grain mill products	1,410	1,222	39,923,651	37,675,113	38,794,520	30,218,602	1,725,675	63,339	1,707,460	770,217
Bakery products	3,300	1,566	12,221,157	10,496,683	12,047,297	7,521,869	572,576	77,846	527,898	229,939
Sugar and confectionery products	1,222	994	14,065,716	13,153,967	13,696,445	9,875,326	799,398	36,267	743,273	333,938
Malt liquors and malt	31	**	14,391,613	**	14,249,292	8,874,102	**	**	409,050	196,773
Alcoholic beverages, except malt liquors and malt	667	**	11,760,563	**	11,301,097	7,714,519	**	**	787,585	352,822
Bottled soft drinks, and flavorings	1,307	1,164	21,288,048	20,124,458	20,490,317	13,210,763	1,632,483	45,595	1,586,890	718,383
Other food and kindred products	2,246	1,542	34,368,639	30,696,770	33,648,033	26,346,598	1,401,682	146,042	1,333,962	585,158
Tobacco manufactures	113	98	25,648,847	25,146,735	24,655,359	14,443,998	2,354,735	12,998	1,372,270	980,259
Textile mill products	5,259	4,167	42,187,469	35,293,703	41,510,440	32,315,119	1,681,465	356,267	1,573,940	697,981
Weaving mills and textile finishing	1,252	674	18,070,968	15,925,450	17,726,244	13,727,400	693,491	71,543	671,504	301,924
Knitting mills	1,883	1,718	6,102,299	4,773,864	6,034,051	4,640,904	330,411	89,466	311,688	136,378
Other textile mill products	2,125	1,776	18,014,202	14,584,389	17,700,146	13,946,815	657,563	195,259	590,747	259,559
Apparel and other textile products	15,521	8,901	45,066,403	37,387,995	44,206,533	32,404,770	2,176,997	428,248	2,018,585	858,143
Men's and boys' clothing	1,251	1,066	16,577,050	14,144,024	16,147,119	11,830,965	955,297	100,871	923,443	413,254
Women's and children's clothing	9,516	4,960	19,156,403	15,655,142	18,842,438	13,837,970	829,342	221,358	732,845	300,356
Other apparel and accessories	1,404	979	3,632,142	3,243,240	3,590,244	2,614,799	176,784	32,383	166,126	67,184
Miscellaneous fabricated textile products; textile products, not elsewhere classified	3,350	1,896	5,700,808	4,345,588	5,626,733	4,121,036	215,594	74,636	196,171	77,349
Lumber and wood products	13,567	7,232	54,263,309	39,247,292	50,568,423	39,234,336	1,585,324	599,731	1,526,547	543,154
Logging, sawmills, and planing mills	5,692	2,437	22,032,641	17,416,676	19,875,610	15,303,848	627,228	242,886	620,066	218,362
Millwork, plywood, and related products	4,126	2,317	18,849,672	11,921,707	19,118,204	14,762,115	515,125	245,390	495,745	173,461
Other wood products, including wood buildings and mobile homes	3,750	2,479	12,380,996	9,908,909	11,774,609	9,168,373	442,972	111,454	410,735	151,312
Furniture and fixtures	7,917	4,960	20,207,695	16,156,635	19,821,630	14,080,811	1,013,862	264,640	967,167	408,765
Paper and allied products	2,991	2,667	60,980,158	56,436,960	57,815,805	41,428,553	3,883,035	172,087	3,733,496	1,573,107
Pulp, paper, and board mills	246	209	37,926,650	35,811,226	35,629,841	26,154,727	1,955,169	103,620	1,855,647	746,153
Other paper products	2,746	2,458	23,053,507	20,625,733	22,185,963	15,273,826	1,907,866	68,467	1,867,849	826,955
Printing and publishing	36,686	23,828	70,999,318	61,730,401	68,182,322	41,290,627	5,648,853	556,321	4,850,223	2,068,554
Newspapers	4,678	3,442	22,881,730	21,352,794	21,501,547	12,519,535	2,813,310	74,417	2,253,633	992,770
Periodicals	2,700	1,291	10,269,192	8,412,001	9,845,930	5,791,440	457,920	109,982	414,315	173,331
Books, greeting cards, and miscellaneous publishing	4,429	2,017	11,756,916	10,409,177	11,190,701	5,904,004	1,008,752	153,942	948,646	420,727
Commercial and other printing and printing trade services	24,878	17,077	26,091,480	21,556,429	25,644,144	17,075,648	1,368,872	217,980	1,233,628	481,725
Chemicals and allied products	10,953	6,300	186,349,573	167,379,960	178,438,695	118,283,992	13,459,060	670,399	13,241,396	6,006,082
Industrial chemicals, plastics materials and synthetics	3,845	1,885	84,636,675	73,440,054	81,293,472	55,050,022	4,377,742	351,434	4,288,737	1,948,392
Drugs	1,487	680	34,235,079	31,731,853	31,667,418	17,112,454	5,044,879	117,570	4,981,014	2,264,228
Soap, cleaners, and toilet goods	1,281	874	34,029,432	33,611,781	33,057,849	23,457,858	2,373,480	12,593	2,352,218	1,072,911
Paints and allied products	1,300	958	7,206,085	6,228,434	7,092,302	5,007,173	396,974	35,035	388,018	169,022
Agriculture and other chemical products	3,040	1,903	26,242,303	22,367,859	25,327,654	17,656,486	1,263,984	153,766	1,231,409	551,529
Petroleum (including integrated) and coal products	772	472	633,860,701	622,546,971	612,199,722	499,433,270	48,324,805	260,459	46,191,894	21,019,624
Petroleum refining (including integrated)	260	142	629,739,062	618,898,007	608,149,072	496,355,414	48,176,812	248,298	46,050,762	20,958,055
Petroleum and coal products, not elsewhere classified	512	330	4,121,639	3,648,964	4,050,650	3,077,856	147,794	12,161	141,132	61,569
Rubber and miscellaneous plastics products	10,456	6,186	41,976,136	28,583,951	40,945,534	28,973,341	1,453,204	515,658	1,373,015	578,417
Rubber products: plastics footwear, hose and belting	1,161	945	25,200,494	15,403,079	24,506,642	17,507,214	810,230	165,663	590,674	263,308
Miscellaneous plastics products	9,294	5,241	16,775,642	13,180,872	16,438,892	11,466,127	842,974	349,995	782,341	315,109
Leather and leather products	2,661	1,458	13,219,406	12,005,801	12,962,100	9,064,442	846,194	87,386	737,270	327,556
Footwear, except rubber	478	241	9,894,501	9,051,267	9,674,718	6,660,918	662,700	53,904	564,582	256,384
Leather and leather products, not elsewhere classified	2,183	1,217	3,324,905	2,954,534	3,287,381	2,403,524	183,494	33,482	172,688	71,173

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manufacturing — Continued										
Stone, clay, and glass products.....	10,174	6,588	48,942,080	40,792,014	47,197,468	32,960,217	2,307,894	381,651	2,111,903	902,530
Glass products.....	1,500	1,056	14,713,573	13,201,516	14,263,158	9,747,445	687,653	64,200	629,372	270,548
Cement, hydraulic.....	148	131	4,266,893	3,002,246	4,135,407	2,881,828	232,933	53,915	196,298	91,547
Concrete, gypsum, and plaster products.....	5,690	3,416	17,099,346	14,727,470	16,405,462	11,664,986	838,982	144,207	760,385	318,967
Other nonmetallic mineral products.....	2,837	1,984	12,862,268	9,860,782	12,393,442	8,665,958	548,327	119,329	525,848	221,468
Primary metal industries.....	4,331	2,838	143,933,058	112,922,451	137,524,705	105,046,714	5,242,374	716,188	4,915,660	2,194,220
Ferrous metal industries; miscellaneous.....										
primary metal products.....	2,745	1,836	85,143,750	61,263,883	81,730,846	62,002,310	2,343,457	510,698	2,146,107	910,311
Nonferrous metal industries.....	1,586	1,002	58,789,309	51,658,568	55,793,859	43,044,404	2,898,917	205,490	2,769,554	1,283,909
Fabricated metal products.....	34,904	22,572	114,424,640	96,965,383	111,460,887	79,882,567	6,562,013	1,148,802	6,169,299	2,631,130
Metal cans and shipping containers.....	234	187	13,107,173	12,769,989	12,615,317	9,315,880	494,473	29,667	486,159	210,253
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	4,282	2,367	13,139,049	11,172,604	12,717,603	8,227,561	1,003,577	153,714	977,927	427,900
Plumbing and heating, except electric and warm air.....	333	234	5,291,043	4,903,803	5,155,932	3,437,325	388,073	42,756	357,308	160,773
Fabricated structural metal products.....	8,215	5,745	32,120,937	27,291,673	31,371,661	23,807,476	1,757,976	240,888	1,602,645	678,508
Metal forgings and stampings.....	3,950	2,355	12,376,960	9,581,838	12,167,376	8,691,539	613,357	154,896	578,975	244,172
Coating, engraving, and allied services.....	2,599	1,764	4,762,814	4,139,608	4,683,391	3,177,840	212,317	68,849	197,456	78,512
Ordnance and accessories, except vehicles and guided missiles.....	527	146	802,700	747,677	788,197	556,269	63,195	*11,448	61,356	28,014
Miscellaneous fabricated metal products.....	14,764	9,775	32,803,965	26,358,192	31,961,409	22,668,677	2,029,045	446,583	1,907,473	802,997
Machinery, except electrical.....	29,541	19,850	179,809,302	161,634,426	159,050,094	110,036,572	14,661,202	1,109,815	14,329,915	6,449,299
Farm machinery.....	1,876	1,221	14,814,578	12,406,204	13,961,400	10,009,862	328,613	153,219	309,896	131,862
Construction and related machinery.....	1,860	1,429	36,016,413	33,265,093	34,424,539	23,969,927	2,727,760	164,829	2,665,653	1,210,454
Metalworking machinery.....	9,019	6,271	17,563,955	15,398,923	17,039,789	11,121,797	1,274,192	139,075	1,198,066	488,680
Special industry machinery.....	2,692	1,866	15,627,663	12,238,888	15,047,774	10,565,145	807,882	134,348	773,571	333,869
General industrial machinery.....	3,214	1,702	20,854,381	19,532,874	20,130,178	13,712,042	1,207,970	78,140	1,172,409	521,973
Office, computing, and accounting machines.....	790	263	55,586,462	51,910,577	39,576,725	27,638,954	7,405,600	251,364	7,380,793	3,415,978
Other machinery, except electrical.....	10,091	7,099	19,345,849	16,881,687	18,869,690	13,018,845	909,186	188,841	839,528	346,483
Electrical and electronic equipment.....	13,399	8,533	159,609,230	148,265,928	151,435,651	101,415,987	9,204,909	939,887	8,716,466	3,921,551
Household appliances.....	915	324	13,339,201	13,147,778	12,879,062	8,782,615	738,900	*8,059	734,475	333,946
Radio, television, and communication equipment.....	1,625	782	39,491,215	36,345,613	36,160,716	24,421,547	1,573,730	286,557	1,357,923	609,712
Electronic components and accessories.....	6,921	4,714	45,863,200	42,177,262	44,232,311	30,140,279	3,062,389	366,488	2,900,414	1,288,383
Other electrical equipment.....	3,938	2,713	60,915,615	56,595,274	58,163,563	38,071,547	3,829,890	278,783	3,723,654	1,689,509
Motor vehicles and equipment.....	2,390	1,373	144,549,157	87,608,713	137,494,054	104,861,786	2,282,573	4,868,682	2,215,139	1,004,712
Transportation equipment, except motor vehicles.....	4,543	3,047	69,928,955	54,942,958	66,385,668	50,695,861	2,160,840	1,099,698	2,037,880	915,048
Aircraft, guided missiles and parts.....	867	759	57,997,381	46,936,774	54,735,810	41,627,093	1,813,347	853,997	1,741,439	788,470
Ship and boat building and repairing.....	2,575	1,470	6,706,081	3,683,314	6,527,588	5,152,296	196,263	140,157	152,741	63,875
Other transportation equipment, except motor vehicles.....	1,101	818	5,225,494	4,322,869	5,122,629	3,916,471	151,230	105,543	143,701	62,703
Instruments and related products.....	6,050	4,288	43,456,217	38,988,050	41,474,115	25,494,144	4,272,915	360,160	4,089,072	1,850,727
Scientific instruments and measuring devices; watches and clocks.....	1,997	957	17,158,689	14,731,611	16,453,405	10,527,911	1,272,439	190,985	1,226,814	548,588
Optical, medical, and ophthalmic goods.....	3,573	2,879	14,149,845	12,165,556	13,474,935	8,239,389	1,186,575	145,845	1,120,374	502,548
Photographic equipment and supplies.....	480	*453	12,147,684	12,090,883	11,545,775	6,726,844	1,813,901	*23,330	1,741,885	799,590
Miscellaneous manufacturing and manufacturing not allocable.....	15,477	8,642	34,336,846	29,396,973	33,360,256	23,070,156	1,770,979	594,126	1,640,276	697,040
Transportation and public utilities.....										
Transportation.....	111,324	62,232	523,807,396	430,307,390	507,372,820	336,868,172	24,917,293	4,871,138	23,916,654	10,733,055
Railroad transportation.....	90,609	50,339	206,721,578	139,475,594	198,032,692	139,687,462	7,294,543	3,390,933	6,696,821	2,828,470
Local and interurban passenger transit.....	240	187	42,590,634	32,137,316	39,355,013	27,858,221	1,999,997	783,432	1,962,202	855,036
Trucking and warehousing.....	10,523	5,656	4,300,622	3,274,692	4,147,108	2,320,889	243,240	68,300	201,002	67,893
Water transportation.....	44,293	26,235	61,823,143	44,068,700	60,121,168	39,053,690	2,017,784	840,702	1,765,961	703,272
Transportation by air.....	10,139	4,750	15,854,914	11,408,019	14,963,832	10,145,052	1,073,366	983,853	434,364	244,264
Transportation by water.....	6,317	2,077	43,605,675	16,147,066	41,670,544	30,028,576	598,520	982,381	569,749	252,677
Pipelines, except natural gas.....	286	204	16,788,880	16,074,769	16,579,450	14,642,492	866,708	*38,321	821,918	375,717
Transportation services, not elsewhere classified.....	18,812	11,230	21,757,710	16,365,032	21,195,578	15,638,543	494,928	231,523	392,136	139,511
Communication.....	10,409	6,925	103,336,474	100,429,792	101,207,639	50,457,168	7,682,807	406,130	7,488,359	3,494,329
Telephone, telegraph, and other communication services.....	5,011	3,346	89,597,193	88,028,673	88,165,722	43,168,201	6,153,142	190,902	6,020,528	2,856,528
Radio and television broadcasting.....	5,398	3,580	13,739,280	12,401,118	13,041,917	7,288,967	1,529,665	155,228	1,467,831	637,800
Electric, gas, and sanitary services.....	10,306	4,968	213,749,344	190,402,005	208,132,490	146,723,543	9,939,942	1,074,075	9,731,474	4,410,256
Electric services.....	210	75	62,279,091	50,536,202	61,003,289	37,563,431	2,938,930	634,211	2,867,163	1,296,146
Gas production and distribution.....	1,414	886	99,675,568	97,684,096	96,415,939	76,912,787	4,428,246	114,596	4,364,877	1,973,644
Combination utility services.....	142	127	46,422,607	37,419,384	45,539,951	29,335,641	2,151,514	*264,807	2,118,301	980,594
Water supply and other sanitary services.....	8,540	3,881	5,372,079	4,762,323	5,173,311	2,911,684	421,253	60,461	381,134	159,872
Wholesale and retail trade.....										
Wholesale trade.....	799,628	487,300	1,955,523,778	1,565,559,155	1,919,347,689	1,538,128,634	49,426,500	11,116,829	35,034,547	13,655,104
Groceries and related products.....	281,062	189,641	1,123,082,167	918,071,833	1,104,360,477	950,574,751	31,888,684	5,172,929	20,048,541	8,002,235
Machinery, equipment, and supplies.....	27,148	17,316	162,311,277	133,800,818	160,453,421	141,171,927	2,119,504	400,728	1,703,242	667,302
Miscellaneous wholesale trade.....	63,231	41,910	123,226,433	103,261,163	119,521,712	89,791,138	6,981,775	868,182	3,119,054	1,173,468
Motor vehicles and automotive equipment.....	190,683	130,415	837,544,456	681,009,852	824,385,344	719,611,686	22,787,405	3,904,019	15,226,245	6,161,465
Furniture and home furnishings.....	20,098	13,280	52,031,356	43,584,878	51,294,610	41,149,919	2,220,565	364,717	1,814,332	665,725
Lumber and construction materials.....	8,564	4,537	9,144,165	6,861,876	8,948,018	6,231,074	282,389	88,551	226,092	82,827
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	10,160	6,337	30,998,881	22,104,761	30,565,129	25,075,847	726,341	240,794	554,805	210,445
Metals and minerals, except petroleum and scrap.....	4,388	2,493	10,572,210	8,805,565	10,384,964	7,874,190	534,290	140,350	196,811	71,283
Electrical goods.....	7,015	4,281	84,710,953	64,838,489	83,572,207	77,329,301	1,362,489	284,080	1,008,314	420,253
Hardware, plumbing, and heating equipment and supplies.....	17,249	12,968	44,797,677	38,334,285	43,752,300	32,526,196	2,738,868	333,120	1,192,940	472,313
Other durable goods.....	11,548	8,716	29,051,540	25,953,147	28,451,859	21,367,110	913,047	142,206	784,697	288,134
Paper and paper products.....	25,123	16,246	60,472,042	50,691,605	59,227,441	48,697,895	1,966,070	399,631	1,104,489	419,574
Drugs, drug proprietaries, and druggists' sundries.....	6,269	4,344	15,647,362	13,752,277	15,413,766	12,285,658	544,499	78,786	318,053	114,839
Apparel, piece goods, and notions.....	3,140	2,278	15,069,515	14,061,078	14,798,229	12,166,199	527,079	31,961	350,675	147,184
Farm-product raw materials.....	13,805	9,658	33,875,628	28,660,657	33,390,958	27,584,537	791,031	468,346	560,361	219,882
Chemicals and allied products.....	8,242	6,192	130,729,446	111,792,669	128,680,718	121,543,073	1,291,469	250,031	601,688	232,119
Petroleum and petroleum products.....	7,080	5,197	19,267,666	17,540,304	18,783,413	14,737,677	1,656,591	67,130	332,425	131,578
Alcoholic beverages.....	13,052	10,458	209,927,352	161,811,755	207,273,687	197,985,022	4,7			

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Wholesale and retail trade — Continued										
Retail trade	514,835	294,733	830,448,123	645,870,393	813,019,119	586,148,691	17,469,869	5,921,902	14,925,653	5,635,317
Building materials, garden supplies, and mobile home dealers	38,381	23,795	46,999,136	38,128,404	45,828,643	33,085,023	1,367,034	392,734	1,176,438	404,289
Building materials dealers	19,053	11,370	32,324,510	26,171,188	31,534,592	23,042,501	924,240	240,517	819,493	301,465
Hardware stores	11,304	7,863	8,097,587	6,851,328	7,965,561	5,343,594	288,035	62,811	248,937	70,083
Garden supplies and mobile home dealers	8,024	4,561	6,577,040	5,005,887	6,328,400	4,698,927	154,759	89,406	108,008	32,742
General merchandise stores	9,655	6,685	128,404,866	117,167,158	123,224,640	79,838,815	3,269,169	378,200	3,006,640	1,318,765
Food stores	37,580	20,592	190,849,443	160,303,119	188,813,694	147,454,700	2,530,420	443,904	2,213,326	929,105
Grocery stores	25,029	15,286	182,435,112	155,118,554	180,482,634	141,494,175	2,412,030	338,810	2,112,014	894,440
Other food stores	12,552	5,304	8,414,331	5,184,566	8,331,060	5,960,525	118,390	105,093	101,312	34,665
Automotive dealers and service stations	81,814	46,052	207,158,352	125,137,644	203,754,302	172,818,184	1,916,152	1,713,780	1,814,272	509,994
Motor vehicle dealers	37,019	18,616	143,132,567	78,439,921	140,504,685	120,481,263	876,165	1,237,785	760,241	244,778
Gasoline service stations	17,639	11,680	41,429,897	30,325,590	41,022,301	36,321,131	498,881	161,456	402,983	135,359
Other automotive dealers	27,155	15,776	22,595,869	16,372,133	22,227,316	16,015,791	541,006	161,539	451,408	130,157
Apparel and accessory stores	44,853	28,118	34,876,544	29,517,860	34,096,834	20,050,230	1,410,366	424,815	1,200,575	438,857
Furniture and home furnishings stores	40,453	24,844	32,887,765	25,067,373	32,158,057	20,609,494	1,129,692	391,538	922,695	322,012
Eating and drinking places	113,517	52,054	64,469,499	49,255,235	62,555,184	26,830,345	2,241,269	1,153,574	1,764,151	644,858
Miscellaneous retail stores	148,582	92,493	124,802,418	104,293,539	122,587,765	85,461,901	3,605,766	1,023,358	3,027,556	1,067,437
Drug stores and proprietary stores	19,590	14,962	34,302,137	31,871,489	33,913,363	24,651,593	933,883	80,413	756,062	303,048
Liquor stores	13,972	8,361	7,886,743	6,014,718	7,608,199	6,217,731	359,133	46,491	109,715	28,877
Other retail stores	115,020	69,169	82,612,538	66,407,393	80,866,202	54,592,577	2,612,570	896,454	2,162,779	735,512
Wholesale and retail trade not allocable	3,731	2,926	1,993,489	1,616,929	1,968,093	1,405,192	67,947	21,998	60,353	17,553
Finance, insurance, and real estate	493,426	273,853	697,460,846	530,311,418	256,692,475	129,644,330	46,040,390	12,917,599	24,319,609	9,804,884
Banking	13,924	11,178	220,353,530	171,085,251	21,006,693	3,974,630	7,526,039	3,949,257	7,082,268	3,044,016
Mutual savings banks	445	240	15,049,830	4,874,432	525,022	88,471	139,189	779,032	81,484	31,844
Bank holding companies	1,917	1,427	144,856,235	125,519,553	16,605,244	3,700,567	4,551,089	685,527	4,308,340	1,917,445
Banks, except mutual savings banks and bank holding companies	11,562	9,511	60,447,466	40,691,266	3,876,426	185,591	2,835,761	1,484,698	2,697,464	1,094,726
Credit agencies other than banks	62,315	32,822	78,643,297	32,037,103	9,623,250	2,630,137	1,678,641	3,876,386	1,326,176	495,460
Savings and loan associations	4,371	2,264	54,936,059	17,632,350	2,634,576	342,460	478,799	2,643,313	457,493	197,118
Personal credit institutions	4,052	2,068	6,970,691	6,254,470	3,967,615	1,547,716	143,723	99,339	120,654	47,233
Business credit institutions	1,088	719	2,193,302	1,902,864	544,170	28,765	163,628	15,326	151,545	65,312
Other credit agencies; finance not allocable	52,804	27,770	14,543,245	6,247,420	2,476,889	711,196	892,491	1,118,408	596,484	185,798
Security, commodity brokers and services	6,168	2,960	26,153,942	17,229,458	13,020,302	307,336	2,113,274	292,133	1,765,990	766,993
Security brokers, dealers, and flotation companies	3,184	2,304	24,177,510	15,510,200	11,822,041	218,257	1,780,548	197,650	1,567,796	684,067
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	2,984	656	1,976,432	1,719,258	1,198,261	89,079	332,726	94,483	198,194	82,926
Insurance	10,620	6,607	282,753,356	244,767,887	167,515,129	107,671,531	10,612,002	1,119,567	7,340,762	3,239,797
Life insurance	1,855	1,284	173,860,886	151,301,015	74,433,145	51,523,662	6,161,116	454,578	5,078,430	2,275,907
Mutual insurance, except life or marine and certain fire or flood insurance companies	1,493	1,107	30,900,970	27,589,717	27,314,547	18,208,176	1,086,700	202,188	736,988	323,323
Other insurance companies	7,272	4,215	77,991,500	65,877,155	65,767,436	37,939,692	3,364,187	462,801	1,525,344	640,567
Insurance agents, brokers, and service	47,498	29,380	14,056,668	11,456,721	13,185,277	2,573,100	1,249,451	247,540	1,023,761	385,172
Real estate	292,475	155,263	45,725,081	28,761,135	26,972,229	8,972,412	4,896,032	3,279,397	3,692,429	1,126,750
Real estate operators and lessors of buildings	150,853	92,683	17,697,719	12,393,453	7,838,455	2,922,239	2,457,372	1,102,031	2,081,293	601,491
Lessors of mining, oil, and similar property	1,108	993	409,166	335,063	*11,330	27,610	148,428	*11,897	136,736	46,593
Lessors of railroad property, and of real property, not elsewhere classified	9,108	4,960	629,753	358,832	295,702	174,886	73,209	35,499	59,205	12,691
Condominium management and cooperative housing associations	7,385	2,053	2,099,093	402,132	1,642,248	94,609	31,825	164,912	28,307	6,841
Subdividers and developers	36,060	13,658	8,397,653	5,448,218	2,650,535	1,547,917	1,282,072	1,030,875	828,290	307,315
Other real estate	87,961	40,917	16,481,696	9,823,437	14,473,959	4,205,151	903,125	934,183	558,599	151,819
Holding and other investment companies, except bank holding companies	60,427	35,644	29,774,971	24,973,860	5,569,596	3,515,185	17,964,951	1,153,317	2,083,202	746,696
Regulated investment companies	1,190	956	16,782,944	15,388,629	—	—	14,448,240	*5,299	*197	*70
Real estate investment trusts	501	426	1,141,715	783,125	3,681	—	262,029	33,222	*1,186	*238
Small business investment companies	1,019	884	165,355	148,451	57,745	—	58,560	16,490	34,167	10,705
Other holding and investment companies, except bank holding companies	57,716	33,378	11,684,957	8,673,655	5,508,135	3,515,185	3,196,121	1,098,306	2,047,652	735,682
Services	671,338	408,716	279,883,187	214,873,366	266,086,619	129,352,692	13,246,601	5,052,698	10,450,379	3,554,144
Hotels and other lodging places	19,114	11,176	18,258,904	14,469,034	16,965,951	8,951,301	1,172,945	448,365	931,647	372,777
Personal services	44,835	25,221	13,973,287	11,303,739	13,538,212	6,647,705	7,764,705	198,852	563,001	194,052
Business services	176,647	103,420	84,444,691	64,874,626	79,917,494	43,542,513	4,070,115	1,731,025	3,255,256	1,159,632
Advertising	17,222	10,047	16,116,049	13,699,157	15,757,739	10,679,953	632,240	106,442	549,573	215,152
Business services, except advertising	159,425	93,373	68,328,643	51,175,469	64,159,755	32,862,560	3,437,876	1,624,583	2,705,684	944,480
Auto repair, miscellaneous repair services	76,123	44,431	28,924,237	20,288,604	27,641,404	15,055,265	966,631	495,495	735,184	221,860
Auto repair and services	50,972	30,247	20,867,707	14,130,188	19,756,776	10,152,683	602,047	375,970	421,836	125,693
Miscellaneous repair services	25,151	14,184	8,056,568	6,158,416	7,884,629	4,902,582	364,584	119,525	313,348	96,167
Amusement and recreation services	46,708	27,147	31,306,886	25,098,144	28,493,707	14,396,931	1,917,776	783,614	1,532,026	608,658
Motion picture production, distribution, and services	7,483	3,977	11,823,290	10,481,377	10,620,943	5,968,939	629,106	206,113	501,375	197,858
Motion picture theaters	2,466	1,141	3,852,920	3,117,885	3,578,307	1,853,091	163,806	32,315	128,010	54,466
Amusement and recreation services, except motion pictures	36,759	22,028	15,630,676	11,498,882	14,294,457	6,574,901	1,124,863	545,185	902,641	356,334
Other services	307,910	197,320	102,975,181	78,839,219	99,531,851	40,758,978	4,395,743	1,397,345	3,433,265	997,165
Offices of physicians, including osteopathic physicians	92,500	70,074	29,996,134	23,491,400	29,598,556	6,566,849	984,039	155,281	874,632	175,934
Offices of dentists	32,179	21,234	7,823,937	5,619,155	7,756,476	2,467,588	237,056	75,233	187,796	34,199
Offices of other health practitioners	9,015	7,253	1,536,248	1,338,422	1,526,848	497,102	69,923	*12,906	51,647	9,421
Nursing and personal care facilities	7,399	4,737	9,518,925	6,985,779	9,239,355	5,683,910	384,904	119,807	241,766	85,438
Hospitals	232	125	6,178,652	5,297,449	5,757,020	3,200,824	305,213	52,241	294,010	134,964
Medical laboratories	3,587	2,146	1,867,203	1,306,701	1,844,421	979,355	93,169	34,154	74,555	23,059
Other medical services	9,910	6,885	4,511,552	3,163,917	3,865,542	1,796,439	177,781	95,297	112,345	36,458
Legal services	19,377	13,927	6,265,815	5,326,446	6,139,800	1,359,813	273,618	68,683	186,956	38,668
Educational services	10,515	4,775	3,400,400	2,653,847	3,272,147	1,467,025	213,319	42,126	156,709	53,298
Social services	7,679	4,236	1,089,923	676,059	1,070,195	520,450	31,496	20,642	23,119	5,002
Membership organizations	3,484	1,998	1,919,045	1,331,624	1,758,253	1,333,868	42,553	31,902	31,822	11,993
Architectural and engineering services	26,990	16,219	15,779,644	11,718,395	15,396,149	8,680,594	836,593	213,447	687,680	233,986
Accounting, auditing, and bookkeeping services	14,276	10,848	2,623,105	2,245,999	2,560,803	867,127	126,590	35,817	74,069	16,996
Miscellaneous services (including veterinarians), not elsewhere classified	70,767	32,864	10,464,597	7,684,026	9,746,288	5,338,034	618,489	439,809	436,160	135,748
Nature of business not allocable	13,384	3,999	4,317,300	2,923,019	4,222,517	2,915,040	99,898	128,420	78,539	24,983

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Total returns of active corporations.....	24,861,315	15,102,812	601,444	62,974,696	97,378,617	88,520,209	7,617,238,403	2,107,027,914	157,345,828
Agriculture, forestry, and fishing.....	7,564	109,109	4,835	422,282	304,733	289,996	40,738,977	23,633,714	2,180,968
Agricultural production.....	7,564	84,404	2,723	358,057	247,345	232,754	34,972,817	19,216,183	1,751,309
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.....	—	24,705	2,112	64,225	57,389	57,242	5,766,160	4,417,531	429,659
Mining.....	1,965,971	435,015	8,518	1,672,492	4,757,780	2,155,875	126,947,880	58,161,782	4,779,495
Metal mining.....	58,285	29,580	103	113,612	358,409	358,340	14,098,558	6,707,490	446,242
Iron ores.....	7,057	7,013	2	7,025	128,537	128,537	3,192,498	2,309,020	124,269
Copper, lead and zinc, gold and silver ores.....	*41,374	*22,481	102	103,967	224,822	224,754	9,126,299	3,109,652	204,893
Other metal mining.....	9,855	85	—	*2,620	5,049	5,049	1,779,760	1,288,818	117,079
Coal mining.....	770	44,380	*614	143,009	268,235	209,613	14,416,678	9,287,558	856,696
Oil and gas extraction.....	1,824,274	290,605	6,392	1,228,724	3,927,394	1,385,941	88,213,138	33,026,944	2,807,479
Crude petroleum, natural gas, and natural gas liquids.....	1,537,514	98,701	498	478,028	3,397,140	872,679	61,268,634	16,770,876	1,108,455
Oil and gas field services.....	286,759	191,904	5,895	750,696	530,254	513,262	26,944,503	16,256,068	1,699,024
Nonmetallic minerals, except fuels.....	82,643	70,450	1,409	186,148	203,742	201,981	10,219,507	9,139,790	669,079
Dimension, crushed, and broken stone; sand and gravel.....	654	30,440	957	103,586	74,901	73,233	5,180,023	4,925,511	444,059
Other nonmetallic minerals, except fuels.....	81,989	40,010	*452	82,562	128,841	128,748	5,039,484	4,214,279	225,019
Construction.....	150,887	351,378	80,000	1,973,614	793,784	744,415	132,939,026	47,440,465	5,109,659
General building contractors and operative builders.....	38,237	89,209	32,513	727,287	354,169	337,091	65,983,660	12,982,639	1,294,157
General building contractors.....	38,237	83,370	31,558	642,194	276,599	263,195	58,247,638	12,078,751	1,227,998
Operative builders.....	—	5,839	*956	85,093	77,570	73,897	7,736,022	903,888	66,159
Heavy construction contractors.....	109,827	151,833	9,171	599,420	216,433	203,938	30,097,723	19,577,122	1,950,842
Special trade contractors.....	2,822	110,335	38,315	646,907	223,161	203,386	36,857,642	14,880,704	1,864,660
Plumbing, heating, and air conditioning.....	*1,070	20,656	11,280	132,344	25,908	24,299	2,692,567	333,948	333,948
Electrical work.....	*1,585	15,232	6,137	121,061	33,006	30,525	7,038,763	2,111,058	250,754
Other special trade contractors and contractors not allocable.....	*167	74,448	20,898	393,501	164,247	148,563	20,532,312	10,076,974	1,279,958
Manufacturing.....	19,164,141	6,670,911	183,084	32,701,861	37,306,509	35,721,786	1,709,471,700	826,965,648	64,405,255
Food and kindred products.....	653,076	509,377	20,689	3,291,839	2,904,322	2,856,688	125,662,918	64,575,659	5,102,512
Meat products.....	*20,536	46,179	5,045	255,787	455,725	451,912	15,716,631	7,431,279	693,374
Dairy products.....	*104,740	70,002	1,534	533,301	353,165	353,145	17,276,007	8,035,147	608,451
Preserved fruits and vegetables.....	58,338	28,764	2,701	241,710	232,097	206,656	16,569,068	6,219,731	825,974
Grain mill products.....	121,460	84,164	3,612	556,052	535,571	533,334	16,990,514	8,582,098	631,849
Bakery products.....	*7,828	27,322	1,333	193,366	136,477	133,161	5,376,425	3,721,462	285,648
Sugar and confectionery products.....	37,217	19,826	674	271,543	125,141	124,595	8,226,208	4,643,880	281,282
Malt liquors and malt.....	575	58,821	58	137,236	77,761	—	8,995,671	8,023,390	549,312
Alcoholic beverages, except malt liquors and malt.....	27,447	26,730	1,650	282,754	184,629	—	8,995,671	3,049,183	176,002
Bottled soft drinks, and flavorings.....	210,617	71,259	1,529	403,357	401,313	401,060	12,681,091	7,240,060	704,144
Other food and kindred products.....	64,319	76,310	2,553	416,733	402,444	395,663	15,848,272	7,629,428	546,476
Tobacco manufactures.....	59,486	159,142	*683	746,864	761,456	753,117	28,676,898	7,604,837	595,307
Textile mill products.....	40,340	108,566	14,284	527,188	278,105	273,837	22,913,980	16,243,383	1,203,746
Weaving mills and textile finishing.....	8,156	50,457	6,815	234,046	140,104	139,613	9,931,422	7,926,584	565,333
Knitting mills.....	539	11,381	3,300	116,931	28,880	28,303	2,926,357	1,741,953	131,186
Other textile mill products.....	31,646	46,728	4,169	176,211	109,121	105,920	10,056,201	6,574,846	507,227
Apparel and other textile products.....	64,425	38,458	16,841	700,054	383,361	247,210	21,368,382	5,193,487	451,442
Men's and boys' clothing.....	59,139	16,097	5,774	317,066	145,378	140,346	9,142,588	2,128,467	164,211
Women's and children's clothing.....	4,720	15,015	9,146	252,030	209,068	83,663	7,903,112	1,842,897	179,009
Other apparel and accessories.....	263	3,538	452	60,958	20,567	15,351	1,715,167	397,131	32,698
Miscellaneous fabricated textile products, textile products, not elsewhere classified.....	*302	3,808	1,469	70,000	8,348	7,850	2,607,515	824,992	75,525
Lumber and wood products.....	67,648	127,577	9,849	337,736	717,899	602,212	43,232,185	27,445,227	2,166,104
Logging, sawmills, and planing mills.....	44,236	58,782	821	114,422	366,020	361,430	19,984,563	13,274,827	1,068,911
Millwork, plywood, and related products.....	15,491	45,646	4,360	107,913	280,235	170,611	15,362,725	10,258,199	811,432
Other wood products, including wood buildings and mobile homes.....	7,921	23,150	4,668	115,401	71,645	70,171	7,884,897	3,912,201	285,762
Furniture and fixtures.....	2,512	28,008	7,835	369,662	95,076	90,536	9,894,199	4,545,739	352,373
Paper and allied products.....	373,699	290,370	3,296	904,430	1,328,057	1,279,805	45,706,908	33,733,288	2,491,198
Pulp, paper, and board mills.....	195,683	203,021	819	346,553	754,224	712,295	31,973,591	24,450,624	1,789,690
Other paper products.....	178,016	87,349	2,477	557,877	573,833	567,510	13,733,317	9,282,664	701,509
Printing and publishing.....	101,771	253,942	5,991	1,703,096	1,273,639	1,256,482	48,503,366	23,451,133	2,147,997
Newspapers.....	44,924	97,361	1,962	848,496	760,956	759,318	18,718,696	9,103,985	839,884
Periodicals.....	25,969	36,489	382	110,479	116,104	114,608	6,465,271	2,728,015	244,477
Books, greeting cards, and miscellaneous publishing.....	24,539	28,262	421	365,482	224,256	212,493	10,089,806	2,948,488	274,150
Commercial and other printing and printing trade services.....	6,339	91,830	3,225	378,639	172,323	170,063	13,229,593	8,670,646	789,486
Chemicals and allied products.....	1,721,857	677,748	5,127	2,844,102	5,610,404	5,522,732	152,277,816	89,623,834	6,947,585
Industrial chemicals, plastics materials and synthetics.....	811,437	417,017	2,571	652,414	1,966,749	1,918,956	75,270,051	58,000,986	4,480,832
Drugs.....	554,070	77,853	1,403	963,194	2,215,160	2,192,448	34,667,776	11,505,779	810,635
Soap, cleaners, and toilet goods.....	228,219	77,779	729	745,492	986,820	986,105	17,429,453	7,135,008	626,286
Paints and allied products.....	15,132	8,789	111	142,981	54,372	54,222	3,377,826	1,478,989	109,618
Agriculture and other chemical products.....	113,000	96,310	313	340,020	387,302	370,999	21,532,710	11,503,072	920,214
Petroleum (including integrated) and coal products.....	11,027,536	1,783,048	1,335	8,178,645	9,038,726	9,031,319	381,122,154	169,112,447	9,842,866
Petroleum refining (including integrated).....	11,023,811	1,766,851	1,292	8,137,043	8,998,250	8,990,844	378,630,833	167,590,702	9,704,508
Petroleum and coal products, not elsewhere classified.....	*3,725	16,197	43	41,602	40,476	40,476	2,491,521	1,521,745	138,359
Rubber and miscellaneous plastics products.....	86,045	65,971	5,522	410,871	340,948	287,624	26,087,914	16,499,014	1,126,881
Rubber products: plastics footwear, hose and belting.....	59,909	25,084	1,301	174,887	245,690	195,879	17,160,680	11,139,279	607,469
Miscellaneous plastics products.....	26,136	40,887	4,221	235,983	95,259	91,745	8,927,306	5,359,735	519,392
Leather and leather products.....	4,892	13,371	3,598	296,951	144,099	143,331	6,812,991	1,855,541	152,511
Footwear, except rubber.....	4,443	9,914	2,049	232,347	131,909	131,592	5,304,221	1,434,315	114,276
Leather and leather products, not elsewhere classified.....	449	3,457	1,548	64,605	12,190	11,740	1,508,770	421,226	38,235

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Manufacturing — Continued									
Stone, clay, and glass products	134,757	186,800	5,641	571,482	703,285	641,594	39,581,003	28,937,882	2,173,697
Glass products	44,523	67,037	2,982	155,549	227,742	203,598	11,566,623	8,805,950	695,411
Cement, hydraulic	3,623	36,600	*58	51,266	94,326	71,596	5,497,227	4,982,334	240,343
Concrete, gypsum, and plaster products	*21,228	53,733	1,804	241,762	178,245	175,803	12,510,651	8,357,842	694,901
Other nonmetallic mineral products	65,383	29,429	797	122,904	202,971	190,596	10,006,502	6,791,756	543,041
Primary metal industries	614,367	327,453	4,657	1,245,763	1,729,276	1,565,470	129,742,777	80,744,112	5,037,056
Ferrous metal industries; miscellaneous primary metal products	133,289	158,091	3,357	613,703	945,898	833,563	64,776,558	54,513,956	3,309,195
Nonferrous metal industries	481,078	169,362	1,300	632,059	783,378	731,907	64,966,218	26,230,155	1,727,861
Fabricated metal products	341,419	285,572	14,304	1,971,184	1,112,577	1,068,459	76,124,201	36,033,218	2,880,605
Metal cans and shipping containers	97,184	29,273	*210	76,755	191,041	190,962	11,580,310	5,622,939	408,198
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products	57,923	34,827	1,515	329,324	236,645	229,266	9,313,134	4,537,966	370,407
Plumbing and heating, except electric and warm air	10,867	12,062	488	136,724	75,317	75,177	3,454,603	1,440,424	126,322
Fabricated structural metal products	72,022	91,448	5,032	508,138	257,779	239,141	20,792,837	8,622,681	653,687
Metal forgings and stampings	2,645	31,965	1,389	207,819	71,153	69,002	7,270,646	4,445,367	358,508
Coating, engraving, and allied services	*52	11,746	*226	66,454	37,684	37,635	3,010,440	1,768,100	160,135
Ordnance and accessories, except vehicles and guided missiles	12	1,592	137	26,263	*5,127	*5,127	679,821	328,748	14,206
Miscellaneous fabricated metal products	100,694	72,659	5,305	619,707	237,831	222,148	20,022,409	9,266,993	789,142
Machinery, except electrical	2,332,269	669,203	15,503	3,411,265	4,236,228	4,180,014	158,939,729	67,425,449	6,672,215
Farm machinery	5,875	24,926	345	100,535	175,397	172,847	14,375,742	3,977,007	352,927
Construction and related machinery	178,539	163,144	1,607	867,017	587,266	582,556	27,904,239	12,490,708	1,269,486
Metalworking machinery	29,131	64,401	4,073	390,124	190,413	187,460	11,972,872	6,214,709	522,071
Special industry machinery	46,619	32,036	1,460	251,703	159,297	133,980	11,301,185	3,976,095	330,751
General industrial machinery	92,925	64,837	1,303	362,392	289,911	283,240	18,397,511	6,994,691	592,955
Office, computing, and accounting machines	1,956,522	276,149	4,142	1,172,551	2,710,136	2,701,354	62,179,282	28,102,632	3,066,955
Other machinery, except electrical	22,659	43,662	2,572	266,944	123,809	118,577	12,808,900	5,669,607	537,070
Electrical and electronic equipment	601,724	514,541	30,019	2,426,178	2,498,717	2,468,726	144,217,377	51,219,860	5,297,019
Household appliances	48,706	19,859	932	268,178	219,590	219,469	8,687,188	3,210,916	260,761
Radio, television, and communication equipment	169,607	83,236	8,827	335,274	678,362	667,226	47,601,023	11,392,205	1,617,541
Electronic components and accessories	149,663	158,825	14,540	858,799	347,832	337,714	36,296,741	12,263,026	1,235,506
Other electrical equipment	235,749	272,820	5,720	985,927	1,252,913	1,244,316	51,632,425	24,353,713	2,183,210
Motor vehicles and equipment	358,884	200,611	3,170	436,540	1,861,830	1,403,294	138,436,597	56,679,972	6,366,916
Transportation equipment, except motor vehicles	141,482	237,667	3,248	529,740	958,526	743,072	56,297,541	23,688,083	1,454,162
Aircraft, guided missiles and parts	139,951	217,522	1,905	428,007	786,109	688,020	46,724,109	19,827,119	1,148,357
Ship and boat building and repairing	103	7,272	621	55,845	130,318	12,952	5,966,007	1,795,377	149,671
Other transportation equipment, except motor vehicles	1,428	12,873	*722	45,888	42,100	42,100	3,607,426	2,065,587	156,133
Instruments and related products	387,190	141,929	4,044	1,245,257	1,036,046	1,024,610	31,892,991	14,671,927	1,191,933
Scientific instruments and measuring devices; watches and clocks	82,950	44,556	2,679	404,818	215,826	206,085	12,481,203	4,609,200	391,461
Optical, medical, and ophthalmic goods	157,764	31,913	1,024	255,535	261,611	259,936	10,518,237	3,679,102	322,643
Photographic equipment and supplies	146,476	65,461	*340	584,904	558,609	558,609	8,893,550	6,383,625	477,830
Miscellaneous manufacturing and manufacturing not allocable	48,761	51,556	7,451	553,015	293,932	281,656	21,979,773	7,581,555	751,168
Transportation and public utilities	461,901	4,895,642	25,459	5,322,990	17,329,807	15,429,720	758,364,400	701,931,421	37,310,506
Transportation	211,102	966,067	19,226	1,631,754	1,896,408	1,621,073	178,637,363	141,593,990	9,752,837
Railroad transportation	4,294	458,049	403	392,258	860,423	788,080	62,989,966	52,026,422	2,142,038
Local and interurban passenger transit	14	20,100	1,977	45,753	24,191	24,191	2,595,082	2,284,682	270,402
Trucking and warehousing	14,686	153,500	12,485	522,437	316,229	225,433	33,913,857	26,378,642	3,065,297
Water transportation	154,717	84,180	1,294	194,170	157,181	147,439	17,468,107	11,909,316	773,597
Transportation by air	27,598	106,208	675	118,145	164,224	83,640	38,618,005	33,123,321	2,365,108
Pipelines, except natural gas	*4,551	117,354	—	253,812	210,277	9,384,592	7,132,026	401,562	401,562
Transportation services, not elsewhere classified	5,241	26,675	2,391	105,179	163,461	142,012	13,667,754	8,739,580	734,833
Communication	75,834	1,865,179	2,370	1,525,604	5,175,840	5,147,576	201,509,275	191,284,887	14,075,823
Telephone, telegraph, and other communication services	34,728	1,797,816	1,533	997,355	4,904,826	4,888,351	186,924,033	184,807,508	13,322,942
Radio and television broadcasting	41,106	67,362	837	528,249	271,014	259,225	14,585,242	6,477,379	752,881
Electric, gas, and sanitary services	174,965	2,064,396	3,864	2,165,632	10,257,559	8,661,070	378,217,762	369,052,543	13,481,846
Electric services	1,259	850,509	928	443,429	4,794,971	3,968,142	170,934,100	179,063,615	6,260,818
Gas production and distribution	162,689	618,273	2,166	1,189,159	1,994,793	1,974,404	94,909,658	72,016,568	3,186,158
Combination utility services	8,376	543,126	188	428,889	3,365,693	2,617,749	103,994,523	110,349,039	3,575,696
Water supply and other sanitary services	2,641	52,489	582	104,154	102,102	100,775	8,379,481	7,623,322	459,174
Wholesale and retail trade	1,526,761	1,329,583	160,179	10,550,255	10,343,087	10,137,185	646,901,005	194,620,374	18,668,488
Wholesale trade	1,389,349	604,066	26,880	5,900,810	6,976,694	6,878,318	343,337,450	74,921,905	7,542,769
Groceries and related products	49,604	78,180	5,029	531,953	294,538	290,516	31,591,401	10,125,034	960,862
Machinery, equipment, and supplies	19,147	116,988	5,221	1,031,262	2,017,889	2,002,081	61,497,377	12,915,750	1,672,873
Miscellaneous wholesale trade	1,320,598	408,898	16,630	4,337,596	4,664,267	4,585,722	250,248,672	51,881,122	4,909,035
Motor vehicles and automotive equipment	*12,847	21,088	1,434	630,242	699,628	695,780	20,542,268	3,855,327	350,496
Furniture and home furnishings	—	5,044	484	77,117	25,139	23,713	4,002,001	815,906	84,897
Lumber and construction materials	15	14,423	594	195,110	141,683	137,115	10,018,834	2,737,142	285,722
Sporting, recreational, photographic, and hobby goods, toys, and supplies	1,152	5,357	428	64,292	164,537	163,868	4,836,207	522,595	56,862
Metals and minerals, except petroleum and scrap	27,368	41,567	834	350,369	273,536	267,173	25,537,593	4,187,827	397,914
Electrical goods	3,000	25,866	1,325	442,009	776,681	771,275	19,017,404	2,440,774	266,661
Hardware, plumbing, and heating equipment and supplies	*1,689	15,937	1,247	269,203	76,709	74,871	11,736,369	2,256,401	224,928
Other durable goods	6,130	33,859	1,093	377,469	392,073	389,231	23,015,714	4,301,999	458,287
Paper and paper products	2,093	7,818	812	104,057	136,322	135,043	5,009,744	1,094,238	115,829
Drugs, drug proprietaries, and druggists' sundries	*3,334	9,903	730	114,718	101,568	101,516	5,570,342	977,839	109,073
Apparel, piece goods, and notions	2,448	8,177	1,325	204,461	153,608	150,721	10,454,217	1,074,345	124,393
Farm-product raw materials	17,870	64,576	1,020	148,620	375,478	364,329	27,852,119	9,470,898	708,500
Chemicals and allied products	*18,394	11,159	719	101,290	760,445	8,974,457	1,369,388	133,155	133,155
Petroleum and petroleum products	1,219,151	78,112	2,210	580,918	211,286	189,017	44,428,650	9,092,600	835,018
Alcoholic beverages	*293	16,236	*528	343,290	127,695	127,096	7,588,074	2,048,255	236,413
Miscellaneous nondurable goods; wholesale trade not allocable	4,815	49,775	1,846	334,431	247,454	234,530	21,664,679	5,635,609	523,289

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Wholesale and retail trade — Continued									
Retail trade	137,412	724,522	132,883	4,633,586	3,363,079	3,255,552	302,873,745	119,519,229	11,109,649
Building materials, garden supplies, and mobile home dealers	*65	30,925	3,346	369,459	105,676	102,792	21,643,821	6,929,788	623,496
Building materials dealers	*65	20,833	1,150	279,054	71,382	68,757	15,079,783	5,003,819	449,341
Hardware stores	(*)	4,922	1,480	63,565	20,396	20,293	3,484,652	889,287	79,301
Garden supplies and mobile home dealers	—	5,171	716	26,840	13,898	13,742	3,079,386	1,036,682	94,855
General merchandise stores	90,201	167,191	16,877	1,043,947	1,487,664	1,463,491	90,207,292	27,435,193	2,157,007
Food stores	25,796	183,245	27,230	680,888	406,657	400,170	35,370,045	22,576,965	1,931,658
Grocery stores	25,796	187,473	24,389	654,836	400,148	393,681	33,713,779	21,354,844	1,822,276
Other food stores	—	5,772	*2,841	26,052	6,510	6,489	1,656,266	1,222,121	109,382
Automotive dealers and service stations	*148	60,687	8,165	440,803	181,738	134,576	51,269,352	15,854,857	1,924,498
Motor vehicle dealers	*19	28,952	4,295	211,141	81,148	58,370	36,246,338	10,301,909	1,331,288
Gasoline service stations	97	17,934	2,144	115,143	43,706	42,201	6,217,945	2,955,451	293,389
Other automotive dealers	*31	13,600	1,726	114,519	56,884	34,006	8,805,069	2,597,498	299,821
Apparel and accessory stores	1,805	28,900	4,816	403,008	225,684	222,950	16,208,486	4,843,160	459,749
Furniture and home furnishings stores	*1,758	14,496	2,773	302,975	68,945	58,286	14,670,487	3,453,546	335,361
Eating and drinking places	10,689	102,365	56,177	473,105	277,836	275,336	28,192,673	22,082,113	1,866,448
Miscellaneous retail stores	6,972	126,713	13,499	919,403	608,879	597,952	45,311,588	16,343,606	1,691,433
Drug stores and proprietary stores	2,211	37,062	4,187	259,475	139,195	136,510	10,032,735	3,711,733	371,076
Liquor stores	—	1,861	*485	26,532	17,203	*15,898	2,098,784	746,793	78,858
Other retail stores	4,761	87,790	8,827	633,396	452,481	445,544	33,180,069	11,885,080	1,241,499
Wholesale and retail trade not allocable	—	995	*417	15,859	*3,314	*3,314	689,809	179,240	16,070
Finance, insurance, and real estate									
Banking	1,398,775	674,956	28,137	7,698,134	24,692,146	22,316,323	4,022,206,073	144,849,081	11,404,545
Mutual savings banks	1,060,948	341,006	13,371	1,628,295	4,741,627	4,047,171	2,101,002,731	39,479,002	4,810,105
Bank holding companies	1,028,316	259,885	6,700	622,389	3,643,635	3,198,339	1,458,450,886	26,144,942	3,689,523
Banks, except mutual savings banks and bank holding companies	32,522	77,347	6,432	978,205	1,097,992	848,833	473,056,158	11,278,353	987,881
Credit agencies other than banks	17,471	21,439	1,728	452,388	677,499	445,588	747,401,345	13,191,622	902,357
Savings and loan associations	18	7,446	363	187,753	191,313	93,548	580,111,989	9,357,106	459,841
Personal credit institutions	12,421	2,232	*43	32,267	145,767	138,087	32,889,140	1,166,655	188,210
Business credit institutions	*2,414	5,613	*195	56,498	23,649	23,335	11,999,708	326,592	119,152
Other credit agencies; finance not allocable	2,619	6,149	1,127	175,870	316,770	190,619	122,400,509	2,341,269	135,153
Security, commodity brokers and services	26,618	34,205	934	705,133	246,441	202,468	92,181,508	1,386,144	230,729
Security brokers, dealers, and flotation companies	26,577	29,073	676	627,653	201,050	170,413	86,335,483	1,073,417	200,377
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	41	5,132	*258	77,479	45,391	32,055	5,846,024	312,727	30,353
Insurance	190,064	166,476	3,191	2,879,815	3,305,840	2,997,567	716,427,974	13,015,019	1,685,630
Life insurance	90,680	82,167	1,734	2,101,128	1,066,144	1,031,697	476,220,361	3,377,453	702,309
Mutual insurance, except life or marine and certain fire or flood insurance companies	7,853	16,305	286	298,862	—	—	53,353,760	474,581	149,597
Other insurance companies	91,530	68,004	1,172	479,625	2,239,697	1,965,869	186,853,853	9,162,985	833,724
Insurance agents, brokers, and service	15,276	18,550	1,714	349,604	386,141	370,114	15,348,653	2,029,331	283,932
Real estate	2,321	62,543	5,332	1,055,521	763,647	636,529	128,177,396	68,317,869	3,092,968
Real estate operators and lessors of buildings	1,961	34,007	1,751	563,672	395,785	335,035	63,312,176	51,101,773	2,179,041
Lessors of mining, oil, and similar property	26	1,753	—	44,814	48,791	48,791	1,008,505	356,682	18,812
Lessors of railroad property, and of real property, not elsewhere classified	*291	1,867	*111	10,422	13,122	11,298	2,815,354	1,147,603	77,017
Condominium management and cooperative housing associations	—	*271	—	6,570	*92	*75	5,364,920	5,162,456	123,161
Subdividers and developers	*42	10,526	1,267	294,552	147,883	133,899	35,150,208	4,868,787	256,711
Other real estate	*2	14,120	2,204	135,490	157,993	107,430	20,526,234	5,680,567	438,227
Holding and other investment companies, except bank holding companies	86,076	30,736	1,867	627,379	14,570,950	13,616,886	221,666,466	7,430,093	398,824
Regulated investment companies	—	(*)	—	*70	12,932,168	12,263,671	160,400,965	6,371	318
Real estate investment trusts	—	*15	—	*224	155,614	6,929,787	2,935,772	2,935,772	86,756
Small business investment companies	—	256	*38	10,411	22,137	*21,242	950,269	13,178	1,516
Other holding and investment companies, except bank holding companies	86,076	30,465	1,829	616,675	1,396,432	1,176,359	53,385,445	4,474,772	310,234
Services									
Hotels and other lodging places	185,308	632,976	109,574	2,613,888	1,841,945	1,716,457	178,163,737	108,858,665	13,423,898
Personal services	7,484	54,960	6,381	303,207	225,687	220,743	20,825,235	16,047,028	978,114
Business services	*6,471	35,423	3,875	147,706	117,136	116,520	8,074,759	6,039,836	615,427
Advertising	93,536	196,360	31,460	831,480	578,123	496,448	57,631,352	27,664,148	4,099,066
Business services, except advertising	40,001	13,714	1,821	158,912	91,898	86,816	6,582,844	1,763,321	190,203
Auto repair; miscellaneous repair services	53,535	182,646	29,639	672,567	486,225	407,632	51,048,507	25,900,827	3,908,862
Auto repair and services	76	53,420	9,525	157,611	138,630	128,645	20,903,917	18,868,073	3,215,340
Auto repair and services	58	38,874	4,886	81,808	128,702	118,717	17,863,096	17,263,810	3,011,092
Miscellaneous repair services	18	14,547	4,639	76,004	9,928	9,928	3,040,821	1,604,263	204,248
Amusement and recreation services	57,908	125,493	2,243	422,703	311,507	303,284	29,040,120	16,870,757	2,239,422
Motion picture production, distribution, and services	51,438	68,386	*898	77,132	156,753	155,782	12,310,278	2,319,484	1,146,088
Motion picture theaters	*67	8,792	*401	45,125	12,318	12,134	2,595,690	2,068,392	138,189
Amusement and recreation services, except motion pictures	*6,404	48,314	944	300,447	142,436	135,368	14,134,151	12,482,881	955,145
Other services	19,832	167,321	56,091	751,180	470,861	450,817	41,688,356	23,368,823	2,276,529
Offices of physicians, including osteopathic physicians	*1	43,810	17,884	114,237	12,400	10,837	5,431,199	3,751,841	482,578
Offices of dentists	—	7,951	2,578	23,671	3,297	*2,876	1,636,628	1,515,047	183,072
Offices of other health practitioners	—	1,422	*917	7,082	*3,067	*3,027	334,133	283,488	36,059
Nursing and personal care facilities	—	11,205	5,475	68,427	82,225	80,803	5,972,922	4,496,002	240,398
Hospitals	395	25,775	3,398	105,088	76,908	69,831	6,900,821	3,847,241	276,858
Medical laboratories	29	7,191	*1,287	14,294	*14,382	*14,382	832,330	412,256	45,252
Other medical services	4,198	4,653	*1,009	28,252	*22,854	*22,854	1,502,823	745,761	84,215
Legal services	—	11,688	2,676	24,293	59,711	57,692	1,799,097	996,684	131,031
Educational services	*2,999	7,046	2,444	40,809	22,260	22,260	1,752,530	846,595	96,440
Social services	—	1,407	*1,859	1,736	*4,872	*4,160	512,272	398,418	40,826
Membership organizations	*357	1,750	*43	9,331	*7,518	*4,123	860,880	392,617	23,939
Architectural and engineering services	11,639	22,698	*9,271	190,372	74,128	72,091	6,373,745	2,280,550	280,912
Accounting, auditing, and bookkeeping services	21	3,206	*1,687	12,081	22,344	22,179	916,283	459,740	72,305
Miscellaneous services (including veterinarians), not elsewhere classified	*194	17,510	5,563	111,508	64,405	63,701	6,862,493	2,942,584	282,645
Nature of business not allocable	8	3,243	*1,658	19,179	8,846	8,451	1,505,605	666,765	63,016

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)									
	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)
Total returns of active corporations	0.16	0.52	0.16	0.17	0.18	0.21	0.11	1.06	0.12	0.11
Agriculture, forestry, and fishing	3.49	4.24	2.88	3.26	2.97	3.43	3.05	7.09	3.40	3.41
Agricultural production	3.79	4.56	3.13	3.54	3.25	3.76	3.30	7.81	3.66	3.63
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	7.83	9.60	7.00	7.89	7.12	8.24	7.94	16.02	8.80	9.16
Mining	5.95	7.27	0.74	0.77	0.76	1.25	0.20	3.01	0.17	0.16
Metal mining	30.44	40.28	0.64	0.80	0.67	0.62	1.98	7.76	1.34	1.52
Iron ores	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Copper, lead and zinc, gold and silver ores	48.47	42.52	0.56	0.75	0.64	0.33	1.72	16.88	1.49	1.76
Other metal mining	38.49	50.38	4.59	4.67	4.60	6.02	15.18	14.92	25.52	17.02
Coal mining	13.64	16.02	3.09	4.26	3.19	3.57	5.68	5.55	5.42	4.79
Oil and gas extraction	7.88	9.70	0.78	0.79	0.80	1.57	0.17	3.96	0.15	0.13
Crude petroleum, natural gas, and natural gas liquids	11.29	14.62	0.31	0.28	0.30	0.55	0.09	4.03	0.07	0.07
Oil and gas field services	10.95	12.94	4.22	4.63	4.53	6.59	2.64	10.16	2.68	2.43
Nonmetallic minerals, except fuels	12.37	12.15	3.40	4.15	3.43	3.72	5.39	14.26	5.39	5.06
Dimension, crushed, and broken stone; sand and gravel	13.00	13.20	4.61	4.83	4.66	4.96	6.00	22.81	5.91	5.69
Other nonmetallic minerals, except fuels	34.00	31.07	3.77	7.28	3.77	4.01	12.07	14.91	13.05	11.10
Construction	2.03	2.44	1.24	1.36	1.26	1.31	1.50	3.33	1.60	1.57
General building contractors and operative builders	3.16	3.87	1.96	2.10	2.00	2.07	2.25	4.78	2.38	2.29
General building contractors	3.26	4.00	2.08	2.24	2.11	2.19	2.43	5.01	2.57	2.50
Operative builders	12.64	14.26	4.75	4.92	4.90	5.12	4.73	15.80	5.13	4.69
Heavy construction contractors	6.50	7.09	2.31	2.55	2.35	2.42	2.73	8.00	2.75	2.63
Special trade contractors	3.02	3.54	2.25	2.50	2.26	2.34	2.85	5.73	3.16	3.32
Plumbing, heating, and air conditioning	6.25	7.22	4.49	5.07	4.51	4.59	5.84	11.87	6.44	6.51
Electrical work	7.73	8.77	4.89	5.52	4.92	4.93	6.89	11.65	7.62	7.84
Other special trade contractors and contractors not allocable	3.93	4.65	3.09	3.39	3.11	3.26	3.72	7.76	4.13	4.37
Manufacturing	1.82	2.01	0.18	0.18	0.18	0.20	0.17	1.39	0.16	0.15
Food and kindred products	6.65	6.82	0.86	0.86	0.87	1.01	0.68	5.08	0.64	0.60
Meat products	14.49	14.44	2.61	2.70	2.63	2.77	3.25	13.45	3.19	3.02
Dairy products	15.78	19.12	2.24	2.15	2.25	2.45	1.18	20.69	1.13	1.03
Preserved fruits and vegetables	26.62	13.54	2.18	2.19	2.23	2.78	1.35	29.26	1.26	1.22
Grain mill products	17.79	19.68	1.50	1.41	1.52	1.75	1.05	24.53	0.99	0.91
Bakery products	19.09	23.34	3.79	3.54	3.81	4.06	4.42	24.82	4.18	4.00
Sugar and confectionery products	31.82	33.67	3.87	6.09	3.93	4.86	3.24	6.66	3.16	3.02
Malt liquors and malt	23.97	(*)	1.04	(*)	1.03	1.35	(*)	6.73	(*)	(*)
Alcoholic beverages, except malt liquors and malt	45.84	58.93	0.88	0.91	0.90	0.50	1.24	9.03	0.97	0.93
Bottled soft drinks, and flavorings	15.12	13.41	2.83	2.39	2.89	3.62	2.12	31.59	1.95	1.87
Other food and kindred products	15.78	15.74	1.82	1.96	1.84	1.97	2.21	13.02	2.17	1.97
Tobacco manufactures	43.28	**	0.24	**	0.25	0.32	**	(*)	0.32	0.27
Textile mill products	10.53	11.56	1.83	1.88	1.84	1.92	1.83	9.45	1.76	1.64
Weaving mills and textile finishing	24.66	19.29	2.09	2.10	2.10	2.13	2.18	18.37	2.26	2.14
Knitting mills	19.21	23.85	5.44	5.70	5.48	5.75	5.21	8.12	4.82	4.59
Other textile mill products	14.52	15.91	2.94	3.08	2.95	3.09	2.82	16.62	2.76	2.53
Apparel and other textile products	7.39	8.18	2.46	2.56	2.49	2.54	2.36	7.38	2.29	2.09
Men's and boys' clothing	14.98	16.65	3.66	3.82	3.74	3.82	2.49	13.59	2.25	2.10
Women's and children's clothing	10.30	11.46	3.89	4.03	3.91	3.97	4.47	11.46	4.40	4.05
Other apparel and accessories	22.89	23.73	10.38	10.71	10.41	10.70	11.05	44.97	11.07	10.59
Miscellaneous fabricated textile products; textile products, not elsewhere classified	15.74	18.21	6.77	7.33	6.81	6.92	7.55	13.79	7.71	7.39
Lumber and wood products	7.45	8.00	1.65	1.65	1.71	1.83	1.49	11.34	1.40	1.53
Logging, sawmills, and planing mills	12.03	12.85	2.34	2.33	2.49	2.68	2.15	15.73	1.87	2.23
Millwork, plywood, and related products	13.36	14.20	2.59	2.60	2.65	2.86	2.39	28.16	2.27	2.39
Other wood products, including wood buildings and mobile homes	13.52	14.73	4.26	4.32	4.34	4.52	4.09	19.59	4.39	4.13
Furniture and fixtures	10.80	12.34	3.35	3.64	3.38	3.43	3.38	10.65	3.44	3.33
Paper and allied products	10.43	11.53	1.01	1.00	1.04	1.10	0.78	9.73	0.74	0.73
Pulp, paper, and board mills	29.72	24.36	0.43	0.29	0.44	0.51	0.14	16.09	0.13	0.14
Other paper products	11.08	12.20	2.46	2.57	2.50	2.73	1.56	12.05	1.51	1.41
Printing and publishing	5.55	6.36	1.44	1.47	1.47	1.58	1.21	8.77	1.18	1.12
Newspapers	13.47	14.96	1.77	1.73	1.81	2.02	1.30	20.95	1.18	1.11
Periodicals	16.42	19.94	3.87	4.05	3.94	4.36	3.62	17.96	3.46	3.36
Books, greeting cards, and miscellaneous publishing	16.38	20.54	2.22	2.20	2.29	2.49	1.67	19.46	1.52	1.37
Commercial and other printing and printing trade services	7.17	8.07	3.13	3.30	3.15	3.18	3.77	13.32	3.88	3.98
Chemicals and allied products	8.93	9.79	0.49	0.48	0.51	0.59	0.34	3.75	0.32	0.29
Industrial chemicals, plastics materials and synthetics	14.41	15.44	0.70	0.83	0.72	0.86	0.54	6.73	0.52	0.49
Drugs	30.46	35.49	0.56	0.47	0.58	0.74	0.28	5.83	0.26	0.24
Soap, cleaners, and toilet goods	25.77	29.82	1.03	0.97	1.06	1.17	0.58	12.56	0.52	0.46
Paints and allied products	21.80	23.49	4.81	6.05	4.83	4.89	6.51	13.75	6.47	6.17
Agricultural and other chemical products	17.37	16.91	1.77	2.12	1.82	1.96	2.06	7.02	1.88	1.75
Petroleum (including integrated) and coal products	26.08	31.17	0.10	0.10	0.10	0.11	0.08	4.06	0.08	0.08
Petroleum refining (including integrated)	29.34	33.74	0.08	0.08	0.08	0.09	0.05	4.05	0.04	0.04
Petroleum and coal products, not elsewhere classified	32.80	40.10	6.39	6.55	6.42	6.82	6.90	16.60	7.65	7.49
Rubber and miscellaneous plastics products	9.05	9.90	1.50	1.51	1.52	1.57	2.32	11.63	2.32	2.11
Rubber products; plastics footwear, hose and belting	20.62	21.35	0.99	0.97	1.01	1.05	1.95	23.52	1.93	1.76
Miscellaneous plastics products	10.03	11.10	3.75	4.11	3.79	3.95	4.21	12.82	4.31	4.04
Leather and leather products	18.31	20.22	3.27	3.65	3.30	3.59	3.01	16.62	3.19	3.02
Footwear, except rubber	31.16	39.27	2.79	2.92	2.83	3.21	2.04	21.69	2.19	2.02
Leather and leather products, not elsewhere classified	22.41	23.59	8.98	9.79	8.99	9.22	10.98	24.04	11.86	12.32

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)									
	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)
Manufacturing — Continued										
Stone, clay, and glass products.....	8.47	8.80	1.54	1.55	1.57	1.66	1.37	7.85	1.24	1.15
Glass products.....	28.86	31.98	1.50	1.43	1.55	1.68	1.57	22.81	1.59	1.50
Cement, hydraulic.....	43.49	47.46	2.48	2.73	2.54	2.45	1.52	0.83	1.54	1.20
Concrete, gypsum, and plaster products.....	10.53	10.38	3.53	3.62	3.58	3.80	3.29	9.34	2.90	2.75
Other nonmetallic mineral products.....	17.00	17.80	2.93	2.92	2.99	3.12	2.15	27.16	2.11	1.91
Primary metal industries.....	11.26	12.25	0.48	0.54	0.49	0.53	0.70	3.26	0.71	0.66
Ferrous metal industries; miscellaneous.....	14.92	16.81	0.48	0.57	0.48	0.50	0.93	3.52	0.95	0.88
Primary metal products.....	17.06	17.82	1.00	1.02	1.04	1.13	1.06	7.90	1.08	1.01
Nonferrous metal industries.....	4.72	4.95	1.29	1.35	1.30	1.35	1.48	6.01	1.50	1.47
Fabricated metal products.....	36.59	38.48	1.39	1.33	1.41	1.48	1.18	56.96	1.17	1.13
Metal cans and shipping containers.....										
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	14.22	14.68	3.05	3.15	3.09	3.33	2.75	17.68	2.76	2.57
Plumbing and heating, except electric and warm air.....	29.16	33.23	3.05	2.95	3.10	3.23	2.57	44.97	2.56	2.43
Fabricated structural metal products.....	9.12	9.46	2.41	2.58	2.43	2.42	2.72	7.19	2.70	2.55
Metal forgings and stampings.....	13.38	13.90	4.90	5.20	4.92	4.89	7.82	21.08	8.15	8.41
Coating, engraving, and allied services.....	18.01	20.13	6.27	6.32	6.29	6.16	8.32	33.84	8.52	8.23
Ordinance and accessories, except vehicles and guided missiles.....	66.41	69.97	5.96	6.06	6.02	5.15	6.87	29.93	7.11	6.48
Miscellaneous fabricated metal products.....	7.60	7.83	2.99	3.20	3.01	3.23	2.84	11.88	2.84	2.74
Machinery, except electrical.....	5.53	5.89	0.59	0.59	0.62	0.65	0.47	4.95	0.45	0.40
Farm machinery.....	19.31	17.80	2.27	2.27	2.35	2.56	2.34	5.15	2.31	2.08
Construction and related machinery.....	17.12	16.65	0.98	0.98	1.01	1.05	0.80	11.69	0.85	0.80
Metallurgy machinery.....	10.27	10.71	3.59	3.73	3.65	3.85	3.61	16.61	3.50	3.30
Special industry machinery.....	13.25	14.37	2.92	3.02	2.99	3.03	3.55	13.67	3.48	3.26
General industrial machinery.....	16.83	18.23	1.65	1.68	1.67	1.58	2.19	18.28	2.22	2.05
Office, computing, and accounting machines.....	32.98	40.46	0.29	0.25	0.34	0.34	0.16	7.20	0.15	0.14
Other machinery, except electrical.....	11.62	12.45	2.37	2.45	2.41	2.39	2.52	17.95	2.53	2.25
Electrical and electronic equipment.....	7.53	8.00	0.54	0.55	0.55	0.58	0.66	4.99	0.64	0.60
Household appliances.....	37.22	37.69	0.93	0.93	0.95	0.98	1.17	20.12	0.98	0.84
Radio, television, and communication equipment.....	21.39	22.96	0.70	0.72	0.73	0.72	1.26	10.76	1.27	1.21
Electronic components and accessories.....	11.14	11.91	1.48	1.57	1.52	1.49	2.06	6.38	1.99	1.88
Other electrical equipment.....	12.20	12.86	0.88	0.85	0.89	0.87	0.78	13.05	0.78	0.72
Motor vehicles and equipment.....	16.27	17.89	0.25	0.27	0.26	0.27	0.23	3.02	0.22	0.20
Transportation equipment, except motor vehicles.....	16.03	18.80	0.75	0.91	0.78	0.84	1.03	2.81	1.14	1.06
Aircraft, guided missiles and parts.....	16.25	18.39	0.42	0.48	0.43	0.44	0.75	23.28	0.80	0.74
Ship and boat building and repairing.....	28.53	33.09	4.67	4.92	4.80	4.81	5.39	23.28	6.03	5.86
Other transportation equipment, except motor vehicles.....	25.64	28.94	3.64	3.50	3.70	3.98	4.24	32.43	4.19	3.98
Instruments and related products.....	12.56	14.16	1.23	1.25	1.26	1.44	1.00	10.41	0.94	0.87
Scientific instruments and measuring devices; watches and clocks.....	20.30	21.11	2.15	2.24	2.21	2.27	2.64	15.31	2.60	2.48
Optical, medical, and ophthalmic goods.....	17.40	20.45	2.59	2.57	2.68	3.11	2.07	20.16	1.81	1.57
Photographic equipment and supplies.....	34.45	37.15	1.19	1.27	1.22	1.52	0.72	16.21	0.68	0.63
Miscellaneous manufacturing and manufacturing not allocable.....	8.80	**	2.27	**	2.29	2.44	**	7.79	2.26	2.13
Transportation and public utilities.....										
Transportation.....	3.38	4.13	0.43	0.42	0.43	0.53	0.33	1.90	0.30	0.26
Railroad transportation.....	3.89	4.79	1.04	1.08	1.07	1.21	0.97	2.06	0.95	0.85
Local and interurban passenger transit.....	29.40	33.91	0.20	0.26	0.21	0.21	0.81	0.11	0.82	0.82
Trucking and warehousing.....	11.40	15.78	9.96	10.36	10.10	11.04	11.75	21.70	13.11	14.16
Water transportation.....	5.51	6.37	2.14	2.20	2.16	2.39	2.44	10.17	2.46	2.24
Transportation by air.....	13.59	17.48	3.48	4.14	3.61	4.09	3.65	6.08	4.77	4.57
Pipelines, except natural gas.....	13.35	19.70	1.14	1.09	1.18	1.27	0.99	12.53	0.82	0.74
Transportation services, not elsewhere classified.....	25.86	28.68	2.69	2.56	2.71	3.16	1.71	32.45	1.94	1.86
Communication.....	8.99	11.43	6.37	6.86	6.59	7.35	5.36	14.91	5.36	5.28
Telephone, telegraph, and other communication services.....	9.07	10.62	0.33	0.31	0.33	0.38	0.42	12.47	0.39	0.34
Radio and television broadcasting.....	13.84	15.88	0.21	0.19	0.21	0.25	0.27	19.10	0.25	0.21
Electric, gas, and sanitary services.....	12.03	14.21	1.99	1.93	2.02	1.95	1.85	16.46	1.74	1.59
Electric services.....	9.59	11.93	0.21	0.20	0.21	0.20	0.30	3.82	0.25	0.21
Gas production and distribution.....	50.36	52.77	0.11	0.12	0.11	0.13	0.07	0.29	0.07	0.03
Combination utility services.....	21.92	25.48	0.28	0.28	0.28	0.29	0.43	7.52	0.37	0.33
Water supply and other sanitary services.....	43.51	32.13	0.18	0.15	0.18	0.26	0.11	8.00	0.11	0.09
Water supply and other sanitary services.....	10.96	13.95	5.65	5.50	5.79	6.02	5.65	16.10	5.28	4.90
Wholesale and retail trade.....										
Wholesale trade.....	0.88	1.19	0.50	0.51	0.50	0.55	0.47	2.10	0.57	0.54
Groceries and related products.....	1.73	1.91	0.72	0.76	0.72	0.77	0.64	2.79	0.90	0.88
Machinery, equipment, and supplies.....	5.69	6.32	2.23	2.36	2.24	2.31	2.66	9.69	2.87	2.74
Miscellaneous wholesale trade.....	4.04	4.36	1.67	1.81	1.69	1.74	1.34	7.88	2.26	2.25
Motor vehicles and automotive equipment.....	2.09	2.31	0.84	0.89	0.85	0.90	0.78	3.13	1.06	1.03
Furniture and home furnishings.....	6.50	7.13	2.44	2.52	2.45	2.55	1.95	7.35	3.18	3.10
Lumber and construction materials.....	14.01	16.08	7.78	8.36	7.80	8.24	9.67	21.43	10.49	10.54
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	7.86	8.09	4.05	4.17	4.06	4.29	4.08	18.26	4.52	4.68
Metals and minerals, except petroleum and scrap.....	19.25	23.11	6.85	7.72	6.89	7.13	8.26	17.63	9.31	9.06
Electrical goods.....	11.50	12.35	2.72	2.98	2.73	2.76	3.34	10.93	3.69	3.31
Hardware, plumbing, and heating equipment and supplies.....	7.41	8.18	2.76	2.96	2.76	2.87	2.03	11.88	3.74	3.58
Other durable goods.....	7.67	7.87	3.50	3.66	3.52	3.58	4.46	17.23	4.71	4.79
Paper and paper products.....	5.63	6.25	2.95	2.83	2.98	3.31	2.55	8.82	3.74	3.66
Drugs, drug proprietaries, and druggists' sundries.....	12.48	13.36	5.08	5.12	5.10	5.15	5.57	30.24	7.49	7.10
Apparel, piece goods, and notions.....	18.14	19.34	5.62	6.10	5.64	5.84	6.03	20.30	10.14	10.18
Farm-product raw materials.....	8.33	9.49	3.62	3.85	3.62	3.68	4.67	12.55	4.96	4.89
Chemicals and allied products.....	7.78	8.46	2.86	2.92	2.88	2.99	2.78	10.43	3.64	3.21
Petroleum and petroleum products.....	14.18	15.49	3.05	2.99	3.07	3.14	1.97	16.65	7.85	7.67
Alcoholic beverages.....	6.47	6.74	2.00	2.11	2.00	1.98	1.89	5.13	1.58	1.32
Miscellaneous nondurable goods; wholesale trade not allocable.....	11.84	11.29	4.44	4.56	4.45	4.51	4.79	19.92	5.32	5.31
	6.00	7.01	2.95	3.83	2.98	3.14	3.22	10.28	4.23	4.26

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)									
	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)
Wholesale and retail trade — Continued										
Retail trade	1.34	1.63	0.76	0.75	0.77	0.85	0.76	3.15	0.76	0.71
Building materials, garden supplies, and mobile home dealers	4.71	5.08	2.99	2.87	2.98	3.00	3.12	19.71	3.23	3.30
Building materials dealers	6.31	6.63	3.64	3.31	3.62	3.59	3.61	30.91	3.66	3.72
Hardware stores	8.95	9.76	7.29	7.80	7.32	7.70	7.89	24.21	8.42	8.60
Garden supplies and mobile home dealers	11.06	12.39	7.58	8.40	7.65	7.86	10.35	17.78	12.02	12.51
General merchandise stores	9.27	10.09	0.67	0.68	0.69	0.77	0.75	10.23	0.67	0.60
Food stores	5.76	6.86	1.57	1.61	1.58	1.63	1.84	9.26	1.65	1.46
Grocery stores	6.44	7.39	1.58	1.60	1.58	1.64	1.73	10.28	1.63	1.43
Other food stores	12.55	16.71	11.33	14.23	11.32	12.32	17.67	21.30	16.13	16.98
Automotive dealers and service stations	3.11	3.46	1.76	1.93	1.76	1.80	2.30	6.32	2.49	2.66
Motor vehicle dealers	3.69	3.77	1.99	2.17	2.00	2.02	2.54	7.82	2.86	3.12
Gasoline service stations	8.63	10.01	6.03	7.04	6.05	6.13	7.91	15.45	8.42	8.73
Other automotive dealers	5.92	6.72	4.22	4.59	4.23	4.35	5.48	14.14	6.02	6.35
Apparel and accessory stores	4.99	5.84	2.93	3.17	2.95	3.04	3.39	10.86	3.49	3.35
Furniture and home furnishings stores	5.05	5.71	3.32	3.59	3.37	3.63	3.64	10.40	3.84	3.68
Eating and drinking places	3.41	4.57	3.02	3.55	3.07	3.16	3.04	6.49	3.15	2.83
Miscellaneous retail stores	2.81	3.38	2.63	1.87	2.67	3.13	1.96	6.08	1.95	1.77
Drug stores and proprietary stores	6.98	8.09	3.13	2.94	3.13	3.13	3.44	17.19	2.84	1.88
Liquor stores	9.70	11.69	25.03	10.54	25.18	26.53	12.97	26.12	14.14	13.73
Other retail stores	3.29	3.97	2.16	2.34	2.18	2.47	2.36	6.71	2.43	2.31
Wholesale and retail trade not allocable	35.09	35.24	23.49	27.09	23.61	24.68	32.14	59.25	34.45	37.99
Finance, insurance, and real estate										
Banking	1.36	1.72	0.23	0.20	0.44	0.50	0.33	1.46	0.35	0.28
Mutual savings banks	2.52	2.01	0.06	0.07	0.29	0.23	0.18	0.96	0.18	0.16
Bank holding companies	1.15	1.17	0.05	0.05	0.08	(*)	0.07	(*)	0.08	0.05
Banks, except mutual savings banks and bank holding companies	2.62	2.71	0.04	0.04	0.05	0.09	0.09	2.95	0.09	0.08
Credit agencies other than banks	2.82	2.25	0.21	0.25	1.32	2.08	0.53	0.84	0.52	0.49
Savings and loan associations	4.37	5.46	0.34	0.36	1.35	2.20	0.79	4.39	0.63	0.47
Personal credit institutions	2.39	1.74	0.05	0.05	0.12	(*)	0.07	0.43	0.07	0.04
Business credit institutions	13.35	14.52	0.54	0.52	0.63	0.03	1.54	24.11	1.66	1.37
Other credit agencies; finance not allocable	16.54	18.40	2.05	2.08	2.92	17.81	2.13	24.20	2.05	1.90
Security, commodity brokers and services	5.13	6.95	2.04	2.34	7.15	15.69	3.29	5.66	2.95	2.40
Security brokers, dealers, and flotation companies	12.76	15.39	2.14	2.49	4.32	24.22	3.68	8.21	4.02	3.63
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	16.30	18.89	1.71	1.98	3.47	4.07	3.70	8.94	3.87	3.27
Insurance	20.18	26.10	10.86	12.25	13.78	44.19	10.30	20.16	12.94	12.93
Life insurance	8.45	9.42	0.10	0.10	0.12	0.14	0.16	1.94	0.18	0.15
Mutual insurance, except life or marine and certain fire or flood insurance companies	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Other insurance companies	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Insurance agents, brokers, and service	13.39	15.30	0.32	0.31	0.34	0.38	0.45	3.77	0.72	0.61
Real estate	5.18	5.95	5.08	4.42	5.30	11.76	3.33	14.60	3.16	2.73
Real estate operators and lessors of buildings	1.99	2.52	2.15	2.54	3.12	4.68	2.00	3.22	2.12	2.11
Lessors of mining, oil, and similar property	2.43	2.97	1.92	2.33	3.68	6.68	2.13	3.68	2.27	2.20
Lessors of railroad property, and of real property, not elsewhere classified	46.65	49.21	6.82	6.73	10.04	2.85	9.28	51.54	9.57	8.31
Condominium management and cooperative housing associations	10.71	14.17	15.52	16.58	31.25	48.22	16.54	17.05	17.02	18.03
Subdividers and developers	15.82	30.58	12.17	23.26	16.06	19.69	32.12	12.37	30.33	22.30
Other real estate	5.13	6.41	2.10	2.46	3.82	4.09	3.68	4.68	3.27	3.04
Holding and other investment companies, except bank holding companies	4.03	5.33	4.16	4.79	4.44	6.44	4.60	7.21	5.47	5.66
Regulated investment companies	4.45	5.39	2.32	1.49	11.27	19.53	0.98	4.86	3.83	3.74
Real estate investment trusts	16.22	17.61	0.63	0.64	42.04	—	0.66	26.94	85.97	85.06
Small business investment companies	14.78	9.04	0.53	0.62	(*)	(*)	—	3.24	(*)	(*)
Other holding and investment companies, except bank holding companies	28.09	35.74	19.83	24.87	26.90	—	17.41	36.61	24.57	20.36
Services	4.62	5.62	4.65	3.13	11.38	19.65	2.83	5.39	3.88	3.79
Hotels and other lodging places	1.30	1.77	1.34	1.46	1.37	1.70	1.28	6.55	1.36	1.29
Personal services	6.43	7.82	2.91	2.89	3.05	3.21	2.96	8.39	2.87	2.58
Business services	5.61	6.87	4.85	5.03	4.93	5.62	5.08	13.62	5.31	4.88
Advertising	2.96	3.80	2.53	2.75	2.61	3.37	2.37	5.56	2.42	2.26
Business services, except advertising	8.69	10.50	6.51	6.95	6.58	7.65	4.54	18.51	4.18	3.77
Auto repair; miscellaneous repair services	3.17	4.09	2.60	2.85	2.70	3.40	2.71	5.81	2.82	2.67
Auto repair and services	4.39	5.30	3.47	4.19	3.57	4.52	4.74	8.98	5.13	5.11
Miscellaneous repair services	5.20	6.28	3.70	4.58	3.83	5.08	5.23	9.78	5.59	5.35
Amusement and recreation services	8.35	9.98	8.36	9.20	8.40	9.27	9.92	22.39	10.89	11.79
Motion picture production, distribution, and services	5.09	6.82	2.64	2.70	2.76	3.44	2.79	7.03	2.92	2.89
Motion picture theaters	13.45	16.95	4.26	3.89	4.58	6.10	4.15	18.35	4.31	4.20
Amusement and recreation services, except motion pictures	17.02	20.67	7.27	7.25	7.31	8.08	8.91	31.50	9.60	9.31
Other services	5.83	8.00	3.80	4.25	3.95	4.76	3.99	7.79	4.23	4.30
Offices of physicians, including osteopathic physicians	2.21	2.87	2.73	2.98	2.76	3.32	2.76	16.96	3.01	2.99
Offices of dentists	4.51	5.29	5.57	6.49	5.60	8.25	7.01	13.26	7.24	7.98
Offices of other health practitioners	8.15	9.55	9.01	10.52	9.00	9.49	12.60	23.71	13.24	13.62
Nursing and personal care facilities	19.06	21.67	20.96	23.49	20.96	25.38	26.28	46.75	35.04	35.47
Hospitals	9.71	10.75	7.07	6.55	7.20	7.01	8.02	20.02	9.27	9.76
Medical laboratories	26.09	30.35	17.77	18.43	17.72	18.35	7.33	35.02	20.42	14.62
Other medical services	19.38	24.71	16.41	21.98	16.56	17.00	19.25	33.05	20.42	14.62
Legal services	12.42	15.56	16.17	12.57	16.60	12.66	10.35	27.08	10.93	9.70
Educational services	9.38	11.16	11.13	12.56	11.16	16.52	13.97	26.96	15.10	16.62
Social services	11.12	13.65	10.20	11.11	10.39	12.23	12.62	27.34	14.07	15.15
Membership organizations	22.94	30.71	28.14	32.85	28.52	37.50	36.58	42.92	45.63	58.54
Architectural and engineering services	14.95	21.17	15.80	13.98	16.80	22.92	14.18	32.87	17.30	15.08
Accounting, auditing, and bookkeeping services	8.37	10.05	6.14	6.64	6.20	6.63	6.30	14.77	7.20	6.59
Miscellaneous services (including veterinarians), not elsewhere classified	13.37	15.61	16.02	17.77	16.16	21.64	19.57	42.85	23.68	26.06
Nature of business not allocable	4.55	6.82	6.55	7.70	6.74	8.44	6.80	32.48	7.08	7.56
	12.38	14.76	11.06	12.26	11.24	12.92	10.31	27.38	11.41	11.43

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Total returns of active corporations.....	0.03	0.15	1.00	0.15	0.26	0.24	0.03	0.10	0.14
Agriculture, forestry, and fishing.....	0.07	4.44	10.77	4.00	8.62	8.79	1.98	2.41	2.65
Agricultural production.....	(*)	4.58	11.15	4.28	9.40	9.58	2.17	2.63	2.91
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.....	80.49	12.30	20.29	10.79	19.70	20.17	4.86	6.08	6.51
Mining.....	0.02	1.89	7.76	1.63	3.09	3.55	0.39	0.75	1.21
Metal mining.....	3.96	0.84	22.08	0.59	3.84	5.87	0.49	0.55	0.50
Iron ores.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Copper, lead and zinc, gold and silver ores.....	4.77	0.89	29.62	(*)	(*)	(*)	0.50	0.71	0.27
Other metal mining.....	—	78.89	53.15	12.93	28.30	28.33	4.14	4.78	4.90
Coal mining.....	(*)	6.15	20.55	4.79	4.94	9.01	1.34	2.12	2.99
Oil and gas extraction.....	0.01	2.46	10.63	1.98	4.01	4.13	0.44	0.91	1.57
Crude petroleum, natural gas, and natural gas liquids.....	0.01	2.70	13.88	2.32	4.89	4.81	0.41	1.03	1.20
Oil and gas field services.....	0.85	3.45	11.75	3.06	4.02	4.20	1.33	1.83	2.84
Nonmetallic minerals, except fuels.....	(*)	5.95	12.24	5.39	5.85	11.17	2.35	3.05	3.66
Dimension, crushed, and broken stone; sand and gravel.....	(*)	7.04	13.86	5.86	14.97	15.15	4.14	4.63	5.04
Other nonmetallic minerals, except fuels.....	(*)	8.77	20.64	13.08	3.84	14.29	2.01	3.16	4.45
Construction.....	0.63	2.37	3.21	1.82	4.57	5.04	0.87	1.42	1.58
General building contractors and operative builders.....	0.72	3.67	5.34	2.57	7.21	8.35	1.21	1.94	2.15
General building contractors.....	0.72	3.92	5.53	2.87	7.70	9.05	1.29	2.03	2.23
Operative builders.....	(*)	7.29	14.95	4.84	17.86	17.95	3.53	6.70	7.51
Heavy construction contractors.....	0.94	3.69	6.62	2.99	5.78	6.40	1.77	2.53	2.84
Special trade contractors.....	5.95	4.68	4.89	4.15	10.86	11.26	1.91	2.80	2.90
Plumbing, heating, and air conditioning.....	1.04	9.03	9.09	7.94	25.46	26.99	3.81	5.04	5.40
Electrical work.....	(*)	9.95	11.85	9.48	17.14	18.56	4.16	5.76	5.69
Other special trade contractors and contractors not allocable.....	7.51	5.95	6.54	5.49	13.32	13.69	2.65	3.71	3.84
Manufacturing.....	0.04	0.21	1.73	0.20	0.17	0.17	0.09	0.11	0.14
Food and kindred products.....	0.23	0.85	5.07	0.71	0.71	0.72	0.38	0.58	0.64
Meat products.....	(*)	2.99	11.08	3.50	3.50	3.76	1.35	1.84	1.65
Dairy products.....	(*)	2.32	19.35	0.98	0.66	0.67	1.27	1.98	2.05
Preserved fruits and vegetables.....	(*)	1.65	12.58	1.45	1.62	1.62	0.73	1.01	0.75
Grain mill products.....	(*)	1.29	18.65	1.11	0.60	0.58	0.91	1.22	1.27
Bakery products.....	0.23	3.87	20.19	4.18	6.43	6.44	2.72	3.48	4.06
Sugar and confectionery products.....	(*)	5.69	24.72	4.49	4.74	5.00	1.29	1.94	2.49
Malt liquors and malt.....	(*)	(*)	(*)	(*)	1.67	(*)	0.35	0.31	0.48
Alcoholic beverages, except malt liquors and malt.....	(*)	1.12	8.28	1.10	0.17	0.17	0.42	0.73	0.93
Bottled soft drinks, and flavorings.....	0.69	2.28	9.46	2.78	1.96	1.97	1.50	2.47	2.60
Other food and kindred products.....	(*)	4.00	12.66	2.08	2.69	2.88	1.27	1.86	2.17
Tobacco manufactures.....	(*)	0.09	13.18	0.31	0.15	**	0.15	0.16	0.14
Textile mill products.....	0.10	1.96	8.43	1.66	3.43	3.47	1.23	1.38	1.47
Weaving mills and textile finishing.....	(*)	2.89	18.61	2.12	2.05	2.08	1.41	1.52	1.73
Knitting mills.....	(*)	4.75	19.76	4.65	14.24	14.29	3.83	5.00	5.26
Other textile mill products.....	0.13	3.04	10.00	2.60	4.86	4.92	2.02	2.27	2.29
Apparel and other textile products.....	0.13	5.30	9.53	2.19	5.31	5.44	1.77	2.27	2.60
Men's and boys' clothing.....	0.13	3.88	19.22	2.27	3.32	3.44	2.17	2.85	3.19
Women's and children's clothing.....	0.57	10.03	14.63	4.10	12.83	12.96	3.02	3.77	4.46
Other apparel and accessories.....	0.07	17.47	34.91	11.01	37.53	37.53	8.51	10.78	11.23
Miscellaneous fabricated textile products; textile products, not elsewhere classified.....	1.10	14.02	17.50	8.19	16.06	16.07	5.61	7.31	7.36
Lumber and wood products.....	0.31	1.40	7.98	1.70	2.53	2.53	0.90	0.98	1.29
Logging, sawmills, and planing mills.....	(*)	2.34	11.84	2.60	3.85	3.85	1.20	1.52	2.18
Millwork, plywood, and related products.....	0.25	1.72	12.13	2.71	3.21	3.21	1.52	1.26	1.45
Other wood products, including wood buildings and mobile homes.....	10.34	4.86	15.55	4.02	9.50	9.56	2.51	3.09	3.65
Furniture and fixtures.....	0.99	4.52	11.21	3.30	3.28	3.45	2.60	2.82	3.04
Paper and allied products.....	0.02	0.73	9.90	0.88	0.87	0.87	0.54	0.54	0.68
Pulp, paper, and board mills.....	(*)	0.17	4.34	0.14	0.03	0.03	0.22	0.26	0.25
Other paper products.....	0.03	2.35	12.21	1.61	1.85	1.87	1.70	1.83	2.14
Printing and publishing.....	0.07	2.52	6.34	1.13	2.03	2.06	0.97	1.44	1.72
Newspapers.....	0.06	3.13	13.29	1.06	2.78	2.78	1.17	1.72	1.91
Periodicals.....	0.02	5.44	17.40	3.84	6.45	6.56	2.24	2.98	4.67
Books, greeting cards, and miscellaneous publishing.....	0.15	4.04	17.56	1.47	4.49	4.54	1.43	2.24	2.41
Commercial and other printing and printing trade services.....	(*)	4.98	8.43	4.33	4.79	4.91	2.68	3.12	3.72
Chemicals and allied products.....	0.16	0.37	6.67	0.43	0.32	0.32	0.24	0.22	0.30
Industrial chemicals, plastics materials and synthetics.....	0.05	0.41	10.52	0.72	0.72	0.72	0.31	0.23	0.31
Drugs.....	(*)	0.68	15.18	0.40	0.12	0.12	0.30	0.53	0.54
Soap, cleaners, and toilet goods.....	0.84	1.55	17.44	0.48	0.18	0.15	0.78	1.18	1.55
Paints and allied products.....	0.39	9.35	24.71	6.34	10.94	11.25	4.05	3.90	4.76
Agricultural and other chemical products.....	0.03	1.76	12.36	3.14	1.88	2.13	0.85	0.76	1.11
Petroleum (including integrated) and coal products.....	(*)	0.09	6.77	0.21	0.06	0.07	0.04	0.05	0.11
Petroleum refining (including integrated).....	(*)	0.03	2.01	0.11	0.06	0.06	0.03	0.03	0.09
Petroleum and coal products, not elsewhere classified.....	0.25	7.35	26.79	8.68	4.67	4.67	3.96	5.15	5.76
Rubber and miscellaneous plastics products.....	0.15	2.65	8.55	2.51	1.36	1.37	1.07	1.19	1.67
Rubber products; plastics footwear, hose and belting.....	0.11	1.49	15.42	2.16	0.58	0.58	0.66	0.63	0.84
Miscellaneous plastics products.....	0.39	5.56	10.12	4.73	11.29	11.45	2.97	3.46	3.79
Leather and leather products.....	10.28	5.85	14.90	3.03	2.89	2.81	2.43	2.99	3.69
Footwear, except rubber.....	(*)	3.12	22.53	2.00	0.82	0.82	2.09	2.40	2.44
Leather and leather products, not elsewhere classified.....	40.18	18.87	19.57	13.74	19.83	20.65	7.61	9.28	11.59

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Manufacturing — Continued									
Stone, clay, and glass products	0.01	1.41	8.98	1.27	3.65	3.67	0.90	1.03	1.31
Glass products	(*)	0.91	22.54	1.73	1.16	1.16	0.84	0.65	0.71
Cement, hydraulic	(*)	1.62	14.25	1.22	1.45	1.48	0.98	0.84	2.48
Concrete, gypsum, and plaster products	(*)	3.95	13.67	2.75	18.49	18.57	2.41	2.86	3.38
Other nonmetallic mineral products	0.02	2.55	14.13	2.30	1.82	1.62	1.84	2.18	2.59
Primary metal industries	0.01	0.65	6.93	0.84	0.62	0.74	0.22	0.23	0.30
Ferrous metal industries; miscellaneous primary metal products	0.05	0.73	9.08	0.99	1.06	1.39	0.32	0.27	0.34
Nonferrous metal industries	(*)	1.25	10.66	1.56	0.36	0.39	0.32	0.41	0.58
Fabricated metal products	0.51	2.09	4.52	1.62	2.03	1.58	0.94	1.15	1.32
Metal cans and shipping containers	(*)	1.66	32.02	1.40	0.21	0.15	0.91	0.98	1.10
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products	1.81	5.07	12.83	2.78	2.80	2.83	2.26	3.12	3.47
Plumbing and heating, except electric and warm air	0.08	2.84	15.65	2.78	1.59	1.60	2.38	2.51	2.93
Fabricated structural metal products	0.58	3.97	8.11	2.77	4.17	4.32	1.59	1.94	2.37
Metal forgings and stampings	0.04	8.74	12.68	9.00	4.62	4.62	4.49	5.05	5.44
Coating, engraving, and allied services	(*)	8.64	20.75	8.51	30.40	16.32	4.67	6.82	7.66
Ordnance and accessories, except vehicles and guided missiles	(*)	16.75	31.43	6.02	0.06	0.06	5.12	4.41	6.51
Miscellaneous fabricated metal products	0.58	4.46	7.74	2.88	4.98	5.12	2.23	2.51	2.93
Machinery, except electrical									
Farm machinery	0.05	0.80	4.67	0.53	0.46	0.46	0.35	0.48	0.47
Construction and related machinery	0.97	2.29	18.01	2.13	3.00	3.03	1.06	1.67	1.84
Metalworking machinery	0.01	1.02	9.84	0.88	1.32	1.32	0.64	0.65	0.89
Special industry machinery	0.43	5.75	8.98	3.50	7.71	7.82	2.77	3.56	4.26
General industrial machinery	1.17	5.03	11.92	3.85	5.68	5.85	2.26	2.70	2.93
Office, computing, and accounting machines	0.99	3.04	9.59	2.23	2.52	2.54	1.24	1.63	2.08
Other machinery, except electrical	(*)	0.44	10.43	0.25	0.05	0.04	0.16	0.15	0.21
Electrical and electronic equipment	0.39	5.17	14.43	2.21	1.36	1.43	1.83	3.04	2.78
Household appliances	0.32	0.47	6.00	0.76	0.36	0.36	0.30	0.34	0.36
Radio, television, and communication equipment	0.01	0.92	36.67	0.63	1.30	1.31	0.57	0.75	0.63
Electronic components and accessories	0.82	0.93	14.08	2.00	0.20	0.19	0.40	0.59	0.49
Other electrical equipment	0.07	1.42	9.75	2.16	2.66	2.89	0.91	1.16	1.33
Motor vehicles and equipment	0.03	0.56	8.40	0.93	0.27	0.27	0.45	0.42	0.44
Transportation equipment, except motor vehicles	(*)	0.20	8.38	0.25	0.26	0.27	0.13	0.17	0.16
Aircraft, guided missiles and parts	0.01	1.78	11.20	1.15	1.52	0.85	0.39	0.53	0.66
Ship and boat building and repairing	(*)	0.98	13.76	0.92	2.06	1.27	0.29	0.46	0.55
Other transportation equipment, except motor vehicles	14.36	9.18	21.97	4.72	0.35	0.36	1.81	3.80	3.85
Instruments and related products	(*)	4.90	16.50	4.08	1.09	0.93	2.20	1.69	2.21
Scientific instruments and measuring devices; watches and clocks	0.46	1.38	8.17	1.04	1.23	1.24	0.85	0.68	0.82
Optical, medical, and ophthalmic goods	1.42	2.91	10.12	2.82	2.03	2.05	1.62	1.60	1.87
Photographic equipment and supplies	0.95	3.51	14.06	2.08	3.96	3.97	1.66	1.85	2.08
Miscellaneous manufacturing and manufacturing not allocable	(*)	1.23	25.65	0.76	1.02	1.04	0.88	0.50	0.63
Transportation and public utilities									
Transportation	4.75	4.42	8.71	2.21	4.05	**	1.56	2.09	2.43
Railroad transportation	0.28	0.16	4.32	0.41	0.17	0.18	0.10	0.11	0.21
Local and interurban passenger transit	0.54	0.54	5.25	1.38	1.39	1.40	0.36	0.46	0.78
Trucking and warehousing	0.05	0.21	40.19	1.98	0.33	0.22	0.14	0.12	0.13
Water transportation	(*)	17.74	24.72	18.54	30.76	31.07	7.86	10.31	9.76
Transportation by air	0.02	2.81	6.74	2.50	5.89	6.09	1.38	1.84	2.00
Pipelines, except natural gas	1.87	4.83	15.27	5.67	7.00	7.29	1.58	2.34	3.27
Transportation services, not elsewhere classified	0.18	0.19	16.30	3.31	2.53	2.55	0.50	0.44	0.76
Communication	(*)	1.90	57.00	2.02	1.73	1.73	1.01	2.28	1.81
Telephone, telegraph, and other communication services	6.04	4.61	12.11	6.58	9.65	9.68	1.61	2.08	3.20
Radio and television broadcasting	0.03	0.17	11.15	0.52	0.21	0.21	0.17	0.18	0.19
Electric, gas, and sanitary services	(*)	0.13	15.19	0.32	0.06	0.06	0.13	0.14	0.15
Electric services	0.08	3.63	16.44	1.57	3.42	3.42	1.81	3.51	2.59
Gas production and distribution	0.01	0.11	6.68	0.35	0.09	0.10	0.07	0.07	0.17
Combination utility services	(*)	0.01	7.18	0.02	0.01	(*)	0.02	0.02	0.02
Water supply and other sanitary services	(*)	0.25	3.67	0.43	0.24	0.24	0.14	0.16	0.29
Wholesale and retail trade	0.16	0.02	8.21	0.19	0.02	0.02	0.04	0.04	0.04
Wholesale trade	(*)	4.42	19.76	5.94	8.44	8.46	2.44	2.91	4.99
Groceries and related products	0.82	0.75	1.77	0.60	1.22	0.93	0.36	0.64	0.63
Machinery, equipment, and supplies	0.71	1.27	2.39	1.01	1.47	0.98	0.49	0.80	0.89
Miscellaneous wholesale trade	28.54	3.11	6.85	2.93	4.73	4.78	1.71	2.33	2.60
Motor vehicles and automotive equipment	7.46	3.04	5.57	2.40	3.48	1.39	1.28	2.11	2.20
Furniture and home furnishings	0.68	1.58	2.87	1.22	1.54	1.34	0.58	0.96	1.06
Lumber and construction materials	0.03	5.83	9.01	3.20	1.88	1.87	1.82	2.57	3.28
Sporting, recreational, photographic, and hobby goods, toys, and supplies	3.39	14.98	21.50	11.34	36.55	36.80	6.43	7.99	10.72
Metals and minerals, except petroleum and scrap	(*)	6.57	8.41	4.95	10.62	10.68	3.12	4.66	5.29
Electrical goods	0.47	3.35	11.41	3.45	3.81	3.90	1.82	2.61	3.14
Hardware, plumbing, and heating equipment and supplies	47.25	5.36	8.92	3.68	3.78	3.37	2.08	3.62	4.49
Other durable goods	27.69	5.13	9.81	5.08	12.52	12.77	2.93	3.59	4.32
Paper and paper products	23.55	6.86	7.26	4.16	4.08	4.09	1.87	3.57	3.92
Drugs, drug proprietaries, and druggists' sundries	(*)	12.86	16.04	7.83	5.97	6.01	4.39	5.54	6.67
Apparel, piece goods, and notions	59.84	12.75	18.47	10.67	2.64	2.85	4.52	7.12	7.50
Farm-product raw materials	(*)	8.83	10.44	5.24	10.81	10.86	3.03	5.25	5.95
Chemicals and allied products	0.26	3.90	14.20	3.89	3.67	3.81	2.26	2.47	2.52
Petroleum and petroleum products	0.14	11.56	17.74	8.59	2.72	2.54	2.46	5.62	6.40
Alcoholic beverages	0.03	3.83	10.39	3.03	18.99	8.44	1.18	2.58	2.75
Miscellaneous nondurable goods; wholesale trade not allocable	91.22	8.21	13.81	5.32	13.93	13.72	3.82	5.57	6.19
	14.68	4.79	10.48	4.70	3.03	3.06	2.09	3.09	3.42

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Wholesale and retail trade — Continued									
Retail trade	1.25	0.94	2.52	0.75	2.14	1.87	0.61	0.93	0.90
Building materials, garden supplies, and mobile home dealers	(*)	4.93	6.18	3.48	11.49	11.66	2.77	3.60	4.49
Building materials dealers	(*)	5.75	7.35	3.88	12.83	12.98	3.50	4.48	5.91
Hardware stores	(*)	13.04	14.20	9.10	33.93	34.72	6.14	7.25	7.37
Garden supplies and mobile home dealers	(*)	14.10	18.63	14.40	34.63	36.08	6.42	9.05	8.89
General merchandise stores	(*)	0.51	6.38	0.64	0.70	0.69	0.40	0.40	0.43
Food stores	(*)	1.76	7.43	1.49	4.02	4.03	1.10	1.13	1.28
Grocery stores	(*)	1.74	7.65	1.43	3.97	3.96	1.09	1.09	1.24
Other food stores	(*)	17.35	31.33	19.50	37.33	37.33	8.79	9.50	9.44
Automotive dealers and service stations	(*)	3.09	3.92	3.06	9.08	9.27	1.53	1.95	2.28
Motor vehicle dealers	(*)	3.37	4.18	3.58	10.29	10.51	1.80	2.28	2.74
Gasoline service stations	(*)	9.52	19.64	9.93	26.06	26.81	4.90	5.73	5.97
Other automotive dealers	(*)	8.05	10.42	7.27	21.72	22.09	3.82	4.72	5.68
Apparel and accessory stores	39.90	4.27	8.84	3.47	9.34	9.41	2.53	2.92	3.28
Furniture and home furnishings stores	(*)	6.08	8.49	3.79	26.49	26.80	2.83	3.59	4.19
Eating and drinking places	21.61	2.59	7.87	2.58	9.49	9.53	3.71	4.16	4.42
Miscellaneous retail stores	0.01	3.69	5.78	1.83	8.43	8.52	1.90	2.54	2.47
Drug stores and proprietary stores	(*)	4.14	14.08	1.72	9.37	9.54	3.04	3.06	3.64
Liquor stores	(*)	30.02	25.29	14.83	73.39	47.68	24.01	29.16	25.24
Other retail stores	0.01	3.01	6.42	2.52	8.23	6.91	1.63	2.22	2.50
Wholesale and retail trade not allocable	—	36.69	38.76	49.72	93.72	93.72	18.52	23.11	24.82
Finance, insurance, and real estate	0.04	0.44	2.26	0.31	0.79	0.69	0.04	0.67	0.45
Banking	(*)	0.12	0.50	0.26	0.18	0.20	0.05	0.11	0.09
Mutual savings banks	(*)	0.10	0.04	0.06	—	—	0.05	0.06	0.06
Bank holding companies	(*)	0.05	0.45	0.16	0.12	0.13	0.03	0.04	0.04
Banks, except mutual savings banks and bank holding companies	0.05	0.58	0.75	0.56	0.56	0.63	0.19	0.36	0.41
Credit agencies other than banks	0.37	0.67	4.04	0.49	7.38	4.78	0.08	0.77	0.97
Savings and loan associations	(*)	0.20	0.16	0.16	0.16	0.16	0.05	0.05	0.05
Personal credit institutions	(*)	0.30	18.84	1.74	0.73	0.73	0.60	0.69	0.60
Business credit institutions	5.92	2.81	15.87	1.99	1.24	1.23	0.93	15.64	12.28
Other credit agencies, finance not allocable	(*)	5.15	13.58	2.60	15.38	12.36	0.42	3.56	3.22
Security, commodity brokers and services	2.05	2.60	16.44	3.97	3.01	3.19	0.36	2.88	2.36
Security brokers, dealers, and flotation companies	1.47	1.64	20.31	3.53	3.10	3.27	0.32	2.79	1.55
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	58.55	20.06	22.07	13.76	10.56	11.65	3.10	7.25	10.91
Insurance	(*)	0.34	5.40	0.15	0.23	0.23	0.04	0.29	0.20
Life insurance	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Mutual insurance, except life or marine and certain fire or flood insurance companies	(*)	0.74	9.98	0.69	0.36	0.36	0.15	0.47	0.43
Other insurance companies	(*)	6.22	12.05	2.76	7.27	7.45	2.25	4.42	4.48
Insurance agents, brokers, and service	2.04	4.17	9.61	2.19	8.00	8.04	1.04	1.40	1.51
Real estate	6.29	4.48	10.64	2.28	9.88	10.69	1.16	1.43	1.65
Lessors of mining, oil, and similar property	(*)	34.15	(*)	8.49	15.39	15.39	6.01	66.35	32.91
Lessors of railroad property, and of real property, not elsewhere classified	79.02	28.88	49.53	19.63	25.86	26.20	6.34	8.60	12.93
Condominium management and cooperative housing associations	—	78.40	62.86	22.31	87.61	87.61	5.95	6.49	7.85
Subdividers and developers	1.90	5.99	9.88	3.12	12.03	12.39	1.47	2.39	3.04
Other real estate	23.11	8.56	12.33	6.22	16.39	13.60	2.81	3.55	4.07
Holding and other investment companies, except bank holding companies	0.33	13.81	21.41	4.32	1.14	1.17	0.50	2.23	3.68
Regulated investment companies	—	—	—	85.06	0.66	0.69	0.49	6.74	26.53
Real estate investment trusts	—	—	—	(*)	0.65	1.04	0.50	1.02	1.23
Small business investment companies	—	60.28	84.70	20.06	11.17	12.21	9.80	43.18	45.62
Other holding and investment companies, except bank holding companies	0.33	13.93	21.68	4.39	5.03	5.23	1.25	4.56	6.07
Services	2.54	1.59	3.85	1.47	4.72	4.87	0.82	1.15	1.16
Hotels and other lodging places	29.02	3.28	9.89	2.58	9.89	10.02	2.07	2.72	2.91
Personal services	0.02	5.90	17.12	5.23	12.03	12.08	3.53	4.31	4.26
Business services	4.71	3.28	7.08	2.48	7.91	8.39	1.30	2.24	2.33
Advertising	0.31	8.70	13.16	4.40	10.03	10.75	4.66	15.82	10.59
Business services, except advertising	9.84	3.50	7.78	2.93	9.31	9.85	1.31	2.02	2.38
Auto repair, miscellaneous repair services	0.98	4.87	10.93	6.52	14.38	17.36	2.15	2.42	2.67
Auto repair and services	(*)	5.18	13.78	7.02	14.00	17.88	2.25	2.52	2.76
Miscellaneous repair services	80.49	13.87	17.61	14.13	32.80	36.20	7.29	8.35	9.06
Amusement and recreation services	1.61	2.34	11.70	3.69	7.79	7.09	1.54	3.22	2.25
Motion picture production, distribution, and services	0.95	1.90	37.39	8.10	4.10	4.14	1.81	10.86	2.93
Motion picture theaters	1.67	8.19	28.56	10.25	23.52	23.92	5.68	7.52	6.85
Amusement and recreation services, except motion pictures	17.93	6.83	13.10	4.46	13.68	12.73	2.54	3.48	3.94
Other services	5.18	3.85	6.37	3.57	11.64	11.90	2.44	3.01	3.13
Offices of physicians, including osteopathic physicians	—	10.03	14.74	10.31	23.24	24.43	5.07	6.02	6.06
Offices of dentists	—	17.35	19.63	21.89	55.53	57.80	9.15	9.43	9.86
Offices of other health practitioners	—	35.27	58.43	44.70	74.81	95.29	21.27	23.49	22.79
Nursing and personal care facilities	—	9.90	19.43	11.02	20.23	20.45	4.23	4.71	7.47
Hospitals	(*)	3.52	31.75	5.86	39.01	39.22	9.01	7.52	4.00
Medical laboratories	—	25.49	44.59	9.70	83.49	83.49	10.88	13.80	14.03
Other medical services	—	12.85	26.94	10.21	24.53	24.53	5.43	6.39	10.65
Legal services	—	18.45	24.92	24.70	43.30	43.30	9.74	11.39	11.78
Educational services	21.46	12.07	24.34	17.52	45.59	45.76	7.56	11.49	10.28
Social services	—	62.72	59.57	75.89	50.60	50.67	22.20	26.28	26.79
Membership organizations	80.49	17.65	31.54	16.37	46.73	48.07	6.70	11.99	11.45
Architectural and engineering services	7.60	9.28	13.28	7.45	11.29	11.46	4.22	5.93	8.31
Accounting, auditing, and bookkeeping services	—	24.31	34.04	35.59	48.28	50.87	14.78	16.81	17.32
Miscellaneous services (including veterinarians, not elsewhere classified)	14.23	11.83	18.21	8.56	23.27	24.06	7.84	12.75	11.75
Nature of business not allocable	(*)	15.09	19.20	12.53	34.90	35.40	7.47	9.79	11.95

¹Estimate should be used with caution because of the small number of sample returns on which it is based.²Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.³Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel and alcohol fuel credits.⁴Less than \$500 per return.⁵Coefficient of variation is less than .005 but greater than zero.⁶Estimate is based on returns sampled at a 100 percent rate and coefficient of variation is zero.

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."

RETURNS OF ACTIVE CORPORATIONS

Table 2 — Balance Sheets and Income Statements, by Major Industry

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	All industries	Agriculture, forestry, and fishing	Major industry				
			Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetallic minerals, except fuels
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns, total.....	2,710,538	80,883	25,576	672	3,698	17,393	3,812
Total assets.....	7,617,238,403	40,738,977	126,947,880	14,098,558	14,416,678	88,213,138	10,219,507
Cash.....	528,914,747	2,371,775	4,895,248	365,929	697,437	3,194,385	637,496
Notes and accounts receivable.....	1,984,601,790	3,288,254	25,167,578	1,001,889	1,969,026	20,716,792	1,479,671
Less: Allowance for bad debts.....	50,057,307	31,823	122,020	4,076	17,681	60,796	19,467
Inventories.....	534,806,547	4,243,601	5,543,183	977,503	782,663	2,752,819	1,030,199
Investments in Government obligations:							
United States.....	265,542,521	154,545	443,464	*34,925	113,041	260,206	35,292
State and local.....	206,517,216	22,786	107,365	*73	58,425	39,302	*9,566
Other current assets.....	310,177,180	1,401,590	7,221,677	2,620,655	953,050	3,373,105	274,868
Loans to stockholders.....	29,873,250	799,512	636,796	*55,908	53,704	479,627	47,557
Mortgage and real estate loans.....	894,323,489	605,601	444,502	9,144	10,339	388,257	36,761
Other investments.....	1,213,986,210	3,502,358	30,529,175	4,116,886	2,142,940	23,589,943	679,405
Depreciable assets.....	2,107,027,914	23,633,714	58,161,782	6,707,490	9,287,558	33,026,944	9,139,790
Less: Accumulated depreciation.....	767,841,763	10,592,781	22,582,187	2,799,123	3,814,470	11,825,136	4,143,457
Depletable assets.....	71,901,490	258,545	13,202,550	558,235	1,031,537	11,189,663	423,114
Less: Accumulated depletion.....	19,569,556	60,024	3,724,786	175,507	324,879	3,332,222	92,177
Land.....	92,931,935	9,238,733	1,630,619	110,069	334,178	775,769	410,602
Intangible assets (amortizable).....	45,480,694	80,181	3,147,292	118,790	88,253	2,914,774	25,475
Less: Accumulated amortization.....	18,393,037	22,325	1,036,159	42,213	27,180	958,343	8,423
Other assets.....	187,015,106	1,844,735	3,281,801	441,982	878,737	1,708,048	253,035
Total liabilities.....	7,617,238,403	40,738,977	126,947,880	14,098,558	14,416,678	88,213,138	10,219,507
Accounts payable.....	542,172,368	2,049,303	18,166,581	901,671	1,005,232	15,418,224	841,454
Mortgages, notes, and bonds payable in less than one year.....	504,802,288	7,647,603	6,287,075	437,543	930,969	4,371,609	546,953
Other current liabilities.....	2,706,796,360	2,026,290	12,083,296	1,082,946	1,943,372	8,311,406	745,573
Loans from stockholders.....	85,718,510	2,901,087	1,978,977	146,236	182,084	1,491,790	158,866
Mortgages, notes, and bonds payable in one year or more.....	986,663,932	13,363,285	26,898,761	2,524,460	3,415,146	18,764,241	2,194,914
Other liabilities.....	846,696,691	1,290,494	7,465,042	1,151,148	1,888,845	3,914,699	510,350
Capital stock.....	417,153,783	6,020,729	5,488,751	782,464	353,513	3,513,701	839,073
Paid-in or capital surplus.....	532,039,407	2,769,248	19,409,125	2,158,188	1,260,677	15,497,994	492,266
Retained earnings, appropriated.....	41,461,644	216,393	447,915	2,367	41,922	338,689	64,936
Retained earnings, unappropriated.....	1,027,902,049	2,842,937	29,494,093	4,958,129	3,486,334	16,995,350	4,054,281
Less: Cost of treasury stock.....	74,168,627	388,371	771,735	46,594	91,417	404,565	229,160
Total receipts.....	6,361,284,012	52,089,915	176,672,390	6,827,582	15,672,788	144,441,771	9,730,248
Business receipts.....	5,731,616,337	48,850,056	167,397,918	6,182,407	14,903,996	137,041,990	9,269,524
Interest on Government obligations:							
United States.....	25,440,716	21,900	59,373	*11,795	17,626	22,692	7,260
State and local.....	12,620,876	3,373	18,253	*46	1,589	15,259	1,359
Other interest.....	328,802,958	451,381	1,223,640	116,494	141,113	877,279	88,755
Rents.....	41,371,141	270,585	299,767	29,896	71,742	153,006	45,123
Royalties.....	12,450,250	112,778	1,194,115	18,766	17,885	1,129,604	28,550
Net short-term capital gain reduced by net long-term capital loss.....	2,013,510	24,551	81,017	*917	671	76,092	3,337
Net long-term capital gain reduced by net short-term capital loss.....	24,910,957	675,314	1,498,851	255,972	227,292	938,343	77,243
Net gain, noncapital assets.....	20,117,615	196,129	555,163	15,211	44,651	462,287	33,013
Dividends received from domestic corporations.....	18,654,800	36,045	234,830	55,492	36,754	129,418	13,166
Dividends received from foreign corporations.....	14,563,353	14,162	319,385	64,803	24,643	228,336	1,603
Other receipts.....	128,721,498	1,433,641	3,790,078	76,473	184,826	3,367,465	161,314
Total deductions.....	6,125,365,155	51,418,280	169,051,624	6,495,897	15,535,074	137,897,249	9,123,404
Cost of sales and operations.....	4,204,905,905	35,798,332	116,989,880	3,967,848	10,687,284	96,726,746	5,608,001
Compensation of officers.....	108,973,751	1,226,523	1,133,469	29,625	128,373	800,000	175,471
Repairs.....	42,407,967	1,042,050	999,513	41,894	317,166	352,490	287,963
Bad debts.....	18,769,771	54,493	130,651	2,432	41,432	63,612	23,174
Rent paid on business property.....	71,990,832	1,336,992	771,606	48,775	158,753	471,557	92,522
Taxes paid.....	163,003,622	1,111,701	20,248,994	357,328	715,089	18,903,058	273,519
Interest paid.....	344,612,542	2,184,441	3,440,080	286,933	504,498	2,347,540	301,108
Contributions or gifts.....	2,358,554	13,101	48,738	5,805	5,040	31,742	6,152
Amortization.....	1,374,658	5,749	25,771	10,000	4,535	10,214	1,022
Depreciation.....	157,345,828	2,180,968	4,779,495	446,242	856,696	2,807,479	669,079
Depletion.....	8,871,993	14,150	1,944,876	301,911	372,806	899,171	370,988
Advertising.....	52,266,004	158,242	121,058	1,687	4,313	82,896	32,161
Pension, profit-sharing, stock bonus, and annuity plans.....	51,529,310	144,946	728,306	95,258	92,843	475,054	65,150
Employee benefit programs.....	40,179,104	151,565	558,114	61,549	219,286	178,852	98,426
Net loss, noncapital assets.....	5,903,104	25,864	1,854,408	*266	6,037	1,841,383	6,722
Other deductions.....	850,872,216	5,969,164	15,276,666	838,342	1,420,924	11,905,454	1,111,945
Total receipts less total deductions.....	235,918,858	671,635	7,620,766	331,685	137,714	6,544,522	606,844
Constructive taxable income from related foreign corporations.....	15,708,560	*4,897	148,047	29,748	302	117,324	673
Net income (less deficit).....	239,006,542	673,158	7,750,561	361,388	136,428	6,646,587	606,158
Income subject to tax.....	246,598,486	1,693,307	9,073,598	468,006	383,578	7,479,368	742,646
Income tax, total.....	105,142,436	544,487	4,083,078	201,581	188,777	3,352,065	340,655
Regular and alternative tax.....	103,831,172	533,768	3,947,569	176,449	158,215	3,300,305	312,600
Tax from recomputing prior-year investment credit.....	867,571	9,168	28,770	782	3,639	21,809	2,740
Tax from recomputing prior-year work incentive (WIN) credit.....	4,873	*75	*178	—	—	*24	*154
Additional tax for tax preferences.....	438,820	1,476	106,561	24,350	26,923	30,127	25,161
Foreign tax credit.....	24,861,315	7,564	1,965,971	58,285	770	1,824,274	82,643
U.S. possessions tax credit.....	1,565,681	—	1,042	—	—	1,042	—
Investment credit.....	15,102,812	109,109	435,015	29,580	44,380	290,605	70,450
Work incentive (WIN) credit.....	36,483	697	39	—	5	29	6
Jobs credit.....	601,444	4,835	8,518	103	*614	6,392	1,409
Nonconventional source fuel credit.....	2	—	—	—	—	—	—
Alcohol fuel credit.....	4	—	—	—	—	—	—
Distributions to stockholders:							
Cash and property except in own stock.....	97,378,617	304,733	4,757,780	358,409	268,235	3,927,394	203,742
Corporation's own stock.....	3,525,549	*17,322	136,278	5,296	8,940	119,602	*2,440

Footnote at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Construction				Manufacturing				
	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Number of returns, total.....	272,432	110,443	21,112	140,877	242,550	14,845	113	5,259	15,521
Total assets.....	132,939,026	65,983,660	30,097,723	36,857,642	1,709,471,700	125,662,918	28,676,898	22,913,980	21,368,382
Cash.....	13,344,814	5,774,266	2,967,384	4,603,164	50,387,699	4,609,640	282,960	992,632	1,203,857
Notes and accounts receivable.....	36,383,931	15,325,505	8,348,010	12,710,416	393,935,336	24,370,849	4,402,232	6,008,179	6,057,128
Less: Allowance for bad debts.....	277,283	65,292	52,571	159,420	8,865,698	389,554	34,057	108,121	140,574
Inventories.....	22,055,863	15,276,689	2,040,487	4,738,687	268,446,932	24,250,988	5,274,470	5,823,919	7,469,988
Investments in Government obligations:									
United States.....	680,939	308,671	220,614	151,655	11,392,861	760,065	2,423	97,162	91,023
State and local.....	279,932	133,030	97,707	49,195	2,841,623	429,175	22,138	16,823	74,661
Other current assets.....	15,740,522	9,908,290	2,538,029	3,294,204	78,184,211	5,657,200	691,966	658,117	1,091,500
Loans to stockholders.....	2,020,284	930,293	291,953	798,038	5,993,618	837,213	37,231	53,422	161,980
Mortgage and real estate loans.....	1,867,758	1,607,211	114,765	145,783	3,609,338	301,595	3,634	10,594	42,036
Other investments.....	8,419,944	3,856,611	2,857,687	1,705,646	308,756,590	20,267,738	9,699,197	1,514,224	2,049,611
Depreciable assets.....	47,440,465	12,982,639	19,577,122	14,880,704	826,865,648	64,575,659	7,604,837	16,243,983	5,193,487
Less: Accumulated depreciation.....	24,028,215	5,658,189	10,652,510	7,717,516	366,493,573	26,863,796	1,414,836	9,077,454	2,500,516
Depletable assets.....	336,917	158,920	133,014	44,983	49,361,763	167,572	333,172	*36,451	*313
Less: Accumulated depletion.....	78,238	31,200	35,781	11,258	13,893,200	45,308	—	353	*1
Land.....	4,644,432	3,127,119	797,458	719,855	22,167,565	2,175,088	257,914	163,128	163,444
Intangible assets (amortizable).....	461,272	233,253	124,881	103,138	26,614,799	739,042	*258,977	89,706	80,889
Less: Accumulated amortization.....	113,798	46,870	27,697	39,231	12,004,453	195,078	*60,559	19,256	27,417
Other assets.....	3,759,466	2,162,715	757,172	839,599	62,170,643	4,014,931	1,315,001	411,427	356,971
Total liabilities.....	132,939,026	65,983,660	30,097,723	36,857,642	1,709,471,700	125,662,918	28,676,898	22,913,980	21,368,382
Accounts payable.....	26,870,363	13,782,198	5,294,133	7,794,032	208,744,589	16,409,376	1,754,345	3,078,336	3,780,941
Mortgages, notes, and bonds payable in less than one year.....	18,244,034	11,989,018	2,712,161	3,542,855	124,592,672	10,108,776	1,530,800	1,796,008	2,409,370
Other current liabilities.....	21,077,139	10,428,028	4,538,994	6,110,117	197,791,695	13,817,004	3,021,133	2,101,101	2,431,383
Loans from stockholders.....	4,314,746	2,469,434	456,178	1,389,135	18,082,973	1,892,271	*400,638	449,717	355,647
Mortgages, notes, and bonds payable in one year or more.....	19,076,627	10,673,272	4,451,786	3,951,589	305,689,825	20,771,628	5,998,653	3,767,008	2,646,280
Other liabilities.....	10,529,943	5,621,220	2,389,063	2,519,660	105,383,173	5,137,922	1,678,446	498,353	286,903
Capital stock.....	5,941,850	1,991,030	1,752,334	2,198,486	97,030,393	7,921,242	2,024,554	1,618,556	1,449,844
Paid-in or capital surplus.....	3,938,796	1,830,383	1,261,563	846,851	175,319,197	10,717,616	4,857,863	1,505,467	1,483,289
Retained earnings, appropriated.....	278,162	93,204	75,718	109,240	6,033,570	941,199	14,062	28,069	71,239
Retained earnings, unappropriated.....	24,707,176	7,887,919	7,681,613	9,137,644	485,324,792	39,506,707	7,510,633	8,429,015	6,885,099
Less: Cost of treasury stock.....	2,039,810	782,045	515,819	741,946	14,521,178	1,110,823	114,228	357,651	431,612
Total receipts.....	267,205,356	114,579,230	56,491,164	96,134,961	2,404,323,844	270,575,342	25,648,847	42,187,469	45,066,403
Business receipts.....	260,387,692	110,968,172	54,548,331	94,871,189	2,301,056,550	264,367,089	24,655,359	41,510,440	44,206,533
Interest on Government obligations:									
United States.....	103,051	53,967	31,819	17,265	1,205,133	78,114	2,181	26,112	6,114
State and local.....	29,626	16,119	9,121	4,386	415,086	22,140	11	889	4,937
Other interest.....	1,940,973	1,035,072	520,094	385,808	26,695,565	1,444,123	409,496	152,630	223,380
Rents.....	1,049,192	598,625	264,130	186,438	14,931,782	390,865	29,586	37,647	56,642
Royalties.....	16,311	5,980	6,179	4,152	8,694,942	423,011	100,673	22,450	110,973
Net short-term capital gain reduced by net long-term capital loss.....	41,735	26,531	12,160	3,045	260,607	14,564	88	408	3,043
Net long-term capital gain reduced by net short-term capital loss.....	525,477	359,981	111,665	53,831	9,865,782	813,581	26,726	25,639	21,197
Net gain, noncapital assets.....	572,900	266,581	213,072	93,247	2,603,001	288,540	60,871	53,111	14,852
Dividends received from domestic corporations.....	66,168	28,982	23,823	13,362	8,797,574	267,652	260,735	71,647	22,837
Dividends received from foreign corporations.....	96,965	30,596	58,843	6,526	12,383,365	621,624	48,115	54,489	59,340
Other receipts.....	2,375,265	1,188,626	690,927	495,712	17,414,455	1,824,039	55,006	232,007	336,554
Total deductions.....	262,116,275	112,812,409	55,120,770	94,183,096	2,290,593,808	261,140,616	23,362,154	40,900,851	43,361,586
Cost of sales and operations.....	208,064,925	94,742,766	43,386,542	69,935,617	1,707,143,900	202,726,636	14,443,998	32,315,119	32,404,770
Compensation of officers.....	9,352,554	3,139,965	1,231,275	4,981,315	19,568,503	1,526,188	65,672	469,648	1,145,612
Repairs.....	1,510,007	329,912	593,146	586,950	25,980,268	2,083,817	227,842	336,060	95,835
Bad debts.....	521,530	129,227	129,310	262,993	4,754,594	261,939	27,501	104,281	109,339
Rent paid on business property.....	1,813,529	455,801	498,344	859,384	18,106,444	1,730,348	142,964	292,410	506,169
Taxes paid.....	5,565,059	1,512,657	1,198,212	2,854,191	65,062,569	6,718,381	2,185,349	999,934	1,112,632
Interest paid.....	4,278,502	2,271,790	1,061,030	945,681	54,177,356	3,889,073	973,438	764,991	858,563
Contributions or gifts.....	85,734	39,220	18,181	28,333	1,186,931	117,006	18,389	22,578	33,317
Amortization.....	32,839	17,382	8,834	6,622	568,582	34,682	12,756	3,681	11,612
Depreciation.....	5,109,659	1,294,157	1,950,842	1,864,660	64,405,255	5,102,512	595,307	1,203,746	451,442
Depletion.....	64,283	18,003	38,922	7,358	6,028,038	29,277	50,340	*2,742	*1
Advertising.....	666,847	311,300	56,486	299,061	24,797,964	6,564,292	1,478,364	192,852	471,937
Pension, profit-sharing, stock bonus, and annuity plans.....	1,487,800	443,207	339,058	705,536	24,470,806	1,534,761	226,868	276,044	248,191
Employee benefit programs.....	1,526,456	302,890	340,046	883,519	23,042,683	1,754,917	217,009	260,301	279,349
Net loss, noncapital assets.....	70,950	27,801	15,314	27,835	566,818	43,569	4,229	10,333	21,709
Other deductions.....	21,965,602	7,776,333	4,255,227	9,934,042	250,735,098	27,023,217	2,691,727	3,646,131	5,611,107
Total receipts less total deductions.....	5,089,081	1,766,821	1,370,394	1,951,865	113,730,036	9,434,726	2,286,694	1,266,618	1,704,817
Constructive taxable income from related foreign corporations.....	211,755	17,797	193,089	869	12,352,864	526,394	55,055	39,470	47,870
Net income (less deficit).....	5,271,209	1,784,618	1,564,362	1,948,348	125,667,815	9,938,980	2,341,737	1,325,199	1,747,750
Income subject to tax.....	7,188,306	2,514,681	2,112,605	2,561,019	134,843,548	10,267,133	2,137,270	1,573,940	2,018,585
Income tax, total.....	2,557,976	888,138	871,004	798,834	60,184,725	4,556,945	980,259	697,861	858,143
Regular and alternative tax.....	2,521,507	874,451	859,187	787,869	59,577,413	4,487,260	977,509	692,590	855,672
Tax from recomputing prior-year investment credit.....	29,123	8,855	9,682	10,586	400,615	46,121	2,748	5,035	2,306
Tax from recomputing prior-year work incentive (WIN) credit.....	436	*18	*341	*77	1,703	*12	3	2	182
Additional tax for tax preferences.....	6,910	4,814	1,794	302	204,995	13,551	—	233	4
Foreign tax credit.....	150,887	38,237	109,827	2,822	19,164,141	653,076	59,486	40,340	64,425
U.S. possessions tax credit.....	1,328	732	517	78	1,448,303	80,472	14,033	6,533	37,258
Investment credit.....	351,376	89,209	151,833	110,335	6,670,911	509,377	159,142	108,566	39,458
Work incentive (WIN) credit.....	772	159	236	377	18,421	1,487	52	949	1,108
Jobs credit.....	80,000	32,513	9,171	38,315	183,084	20,689	*683	14,284	16,841
Nonconventional source fuel credit.....	—	—	—	—	—	—	—	—	—
Alcohol fuel credit.....	—	—	—	—	4	4	—	—	—
Distributions to stockholders:									
Cash and property except in own stock.....	793,764	354,169	216,433	223,161	37,306,509	2,904,322	761,456	278,105	383,361
Corporation's own stock.....	58,074	10,638	21,166	26,270	1,237,900	182,231	—	59,508	10,231

Footnote at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Manufacturing — Continued								
	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns, total.....	13,567	7,917	2,991	36,686	10,953	772	10,456	2,661	10,174
Total assets.....	43,232,185	9,894,199	45,706,908	48,503,366	152,277,816	381,122,154	26,087,914	6,812,991	39,581,003
Cash.....	1,431,731	576,869	1,396,727	2,447,655	3,725,112	8,296,095	1,095,614	432,035	1,313,710
Notes and accounts receivable.....	5,130,116	2,515,060	7,268,625	11,018,595	28,875,790	67,307,354	6,485,524	1,719,705	6,777,621
Less: Allowance for bad debts.....	121,445	57,539	154,863	684,808	595,880	623,318	139,459	40,402	191,249
Inventories.....	6,318,508	2,835,980	6,076,893	4,987,399	23,570,844	23,583,905	5,073,613	2,087,570	5,233,894
Investments in Government obligations:									
United States.....	203,935	46,411	333,646	355,618	627,513	1,790,563	102,736	24,201	271,631
State and local.....	17,277	*17,801	29,232	126,437	256,123	453,269	*72,347	*18,802	24,466
Other current assets.....	1,622,727	422,099	1,659,118	2,950,526	6,253,551	10,653,334	852,651	268,489	2,495,825
Loans to stockholders.....	100,121	51,234	142,547	343,831	681,667	371,674	65,608	29,433	143,543
Mortgage and real estate loans.....	1,350,095	12,159	60,373	156,877	61,612	100,195	76,213	*463	144,093
Other investments.....	5,441,794	674,356	5,299,822	6,233,927	29,368,882	111,048,938	3,156,518	1,073,416	4,949,515
Depreciable assets.....	27,445,227	4,545,739	33,733,288	23,451,133	89,623,834	169,112,447	16,498,014	1,855,541	26,937,882
Less: Accumulated depreciation.....	11,541,808	2,128,724	14,752,542	10,023,537	40,399,049	67,055,154	8,039,713	882,770	12,918,834
Depletable assets.....	3,850,371	*1,945	2,187,304	285,967	2,432,552	36,646,456	*14,350	*504	809,343
Less: Accumulated depletion.....	172,867	359	308,870	27,517	701,294	11,901,707	1,410	*426	128,660
Land.....	703,012	150,263	1,375,269	817,811	1,814,332	6,438,684	276,433	68,629	835,755
Intangible assets (amortizable).....	69,368	29,486	363,360	1,818,018	1,656,748	18,594,500	51,119	55,223	150,754
Less: Accumulated amortization.....	16,265	13,386	65,632	261,512	394,067	9,595,295	16,610	15,540	29,595
Other assets.....	1,400,289	214,808	1,062,611	4,386,946	5,419,645	17,900,213	463,366	118,117	761,508
Total liabilities.....	43,232,185	9,894,199	45,706,908	48,503,366	152,277,816	381,122,154	26,087,914	6,812,991	39,581,003
Accounts payable.....	3,708,710	1,285,657	3,713,443	4,701,703	18,539,717	53,793,048	3,528,961	1,044,649	3,850,483
Mortgages, notes, and bonds payable in less than one year.....	3,592,617	724,666	2,187,464	2,756,045	7,510,497	9,347,177	1,441,025	643,602	2,391,666
Other current liabilities.....	3,602,179	1,028,102	4,657,382	5,904,200	16,460,268	30,766,703	3,087,622	596,693	4,072,469
Loans from stockholders.....	539,027	217,988	143,046	917,500	1,464,256	767,767	408,747	43,278	430,182
Mortgages, notes, and bonds payable in one year or more.....	10,086,619	1,423,411	9,677,738	8,552,604	29,967,489	60,303,514	5,409,213	1,209,663	8,890,382
Other liabilities.....	1,685,160	128,208	1,412,764	3,014,788	4,889,422	47,256,360	902,818	149,772	1,323,601
Capital stock.....	2,659,210	796,244	3,471,549	2,736,256	9,136,333	17,670,870	1,278,928	788,857	2,460,299
Paid-in or capital surplus.....	4,285,369	801,922	4,608,386	3,487,073	18,301,743	49,762,560	2,107,216	520,183	3,494,006
Retained earnings, appropriated.....	153,830	70,230	107,870	85,606	171,349	717,181	228,441	49,154	199,080
Retained earnings, unappropriated.....	13,434,134	3,609,568	18,095,197	17,195,179	47,198,828	113,467,834	8,049,230	1,953,723	13,066,532
Less: Cost of treasury stock.....	514,670	191,787	367,931	847,597	1,362,084	2,730,859	354,286	186,584	397,717
Total receipts.....	54,263,309	20,207,895	60,980,158	70,999,318	186,349,573	633,680,701	41,976,136	13,219,406	48,942,080
Business receipts.....	50,568,423	19,821,630	57,815,805	68,182,322	178,438,695	612,199,722	40,945,534	12,962,100	47,197,468
Interest on Government obligations:									
United States.....	26,751	10,633	31,689	53,824	46,254	361,788	20,279	3,930	24,625
State and local.....	2,190	2,540	5,057	10,036	18,769	9,468	5,103	1,654	1,398
Other interest.....	562,507	90,897	452,064	580,425	1,755,201	5,552,480	230,624	81,122	394,669
Rents.....	126,139	15,772	74,388	211,290	189,211	1,323,808	71,779	13,166	80,895
Royalties.....	40,722	18,930	250,564	149,284	1,125,814	2,376,136	63,344	4,440	128,745
Net short-term capital gain reduced by net long-term capital loss.....	1,162	*3,926	4,098	9,923	16,101	29,714	1,154	*806	5,629
Net long-term capital gain reduced by net short-term capital loss.....	2,105,633	38,264	1,152,493	344,860	675,984	1,841,123	87,352	30,768	257,877
Net gain, noncapital assets.....	135,341	37,273	49,315	107,177	142,230	476,995	51,584	3,767	174,760
Dividends received from domestic corporations.....	108,363	8,594	172,809	552,707	696,022	2,091,907	55,423	60,880	118,349
Dividends received from foreign corporations.....	114,725	3,490	574,023	146,850	1,266,316	4,309,513	175,790	2,202	202,052
Other receipts.....	471,353	155,747	398,054	650,521	1,778,978	3,288,048	268,171	54,571	355,613
Total deductions.....	53,336,023	19,458,374	57,814,893	65,983,722	175,186,763	590,959,467	41,115,483	12,491,339	47,128,789
Cost of sales and operations.....	39,234,336	14,080,811	41,428,553	41,290,627	118,283,992	499,433,270	28,973,341	9,064,442	32,960,217
Compensation of officers.....	766,069	515,194	421,388	1,886,816	1,203,426	400,069	751,847	180,910	728,334
Repairs.....	647,036	74,148	1,480,955	447,682	2,712,084	4,891,486	119,832	42,292	1,004,589
Bad debts.....	101,623	76,658	90,000	457,559	256,352	510,808	168,293	43,895	117,104
Rent paid on business property.....	399,298	221,329	454,253	971,967	1,641,845	3,112,019	509,610	295,223	417,282
Taxes paid.....	1,254,466	524,961	1,354,861	2,025,201	3,305,173	21,131,979	1,070,274	317,922	1,277,838
Interest paid.....	1,369,767	314,098	1,181,478	1,324,068	4,239,805	7,413,481	909,192	259,553	1,318,958
Contributions or gifts.....	13,796	12,494	40,316	75,221	130,826	226,141	13,577	11,845	26,841
Amortization.....	13,220	2,479	13,284	48,432	40,640	104,712	4,601	793	9,038
Depreciation.....	2,166,104	352,373	2,491,198	2,147,997	6,947,565	9,842,866	1,126,861	152,511	2,173,697
Depletion.....	2,051,423	*406	471,118	105,651	383,793	1,743,897	*4,019	2,277	175,984
Advertising.....	217,969	235,059	532,921	681,911	4,815,964	1,227,017	408,683	179,712	267,415
Pension, profit-sharing, stock bonus, and annuity plans.....	306,208	148,870	690,923	822,680	2,517,146	2,232,348	468,301	55,696	617,417
Employee benefit programs.....	324,238	163,775	508,947	756,897	1,646,682	1,166,019	623,835	80,185	597,685
Net loss, noncapital assets.....	46,834	4,855	20,486	42,576	81,548	19,463	11,950	2,359	5,080
Other deductions.....	4,423,636	2,731,063	6,434,213	12,898,457	26,959,923	37,503,892	5,451,267	1,801,725	5,431,309
Total receipts less total deductions.....	927,286	749,321	3,365,265	5,015,596	11,182,810	42,901,234	860,653	728,066	1,813,292
Constructive taxable income from related foreign corporations.....	60,498	2,441	330,740	86,973	1,624,619	5,172,380	81,996	32,396	114,350
Net income (less deficit).....	985,593	749,222	3,690,947	5,092,533	12,788,681	48,064,146	937,546	758,808	1,926,243
Income subject to tax.....	1,526,547	967,167	3,733,496	4,850,223	13,241,396	46,191,894	1,373,015	737,270	2,111,903
Income tax, total.....	543,154	408,765	1,573,107	2,068,554	6,006,082	21,019,624	578,417	327,556	902,530
Regular and alternative tax.....	516,814	406,537	1,544,472	2,051,617	5,928,402	20,923,701	569,413	326,872	878,706
Tax from recomputing prior-year investment credit.....	14,401	1,760	9,717	13,912	36,932	86,380	8,004	684	9,227
Tax from recomputing prior-year work incentive (WIN) credit.....	*137	1	5	*512	—	3	*11	—	—
Additional tax for tax preferences.....	12,002	467	18,914	2,513	40,748	9,539	990	1	14,598
Foreign tax credit.....	67,648	2,512	373,699	101,771	1,721,857	11,027,536	86,045	4,892	134,757
U.S. possessions tax credit.....	—	290	764	2,636	756,341	28,883	9,407	8,478	3,280
Investment credit.....	127,577	28,008	290,370	253,942	677,748	1,783,048	65,971	13,371	186,800
Work incentive (WIN) credit.....	344	459	549	1,118	907	176	601	267	572
Jobs credit.....	9,849	7,835	3,296	5,991	5,127	1,335	5,522	3,598	5,641
Nonconventional source fuel credit.....	—	—	—	—	—	—	—	—	—
Alcohol fuel credit.....	—	—	—	—	—	—	—	—	—
Distributions to stockholders:									
Cash and property except in own stock.....	717,899	95,076	1,328,057	1,273,639	5,610,404	9,038,726	340,948	144,099	703,285
Corporation's own stock.....	*6,091	*8,593	*22,781	50,048	43,585	67,781	*19,471	1,390	*20,493

Footnote at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Manufacturing — Continued							
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing not allocable
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Number of returns, total	4,331	34,904	29,541	13,399	2,390	4,543	6,050	15,477
Total assets	129,742,777	76,124,201	158,939,729	144,217,377	138,436,597	56,297,541	31,892,991	21,979,773
Cash	2,260,907	3,745,281	4,868,283	4,795,834	1,935,747	3,081,950	891,991	1,003,070
Notes and accounts receivable	25,051,649	17,166,128	42,261,845	42,798,597	65,640,343	8,907,206	8,346,115	5,826,677
Less: Allowance for bad debts	401,909	364,101	1,593,254	1,920,893	890,840	128,129	118,851	186,351
Inventories	17,807,258	16,548,695	36,109,261	26,429,892	17,262,148	18,118,829	7,967,150	5,615,729
Investments in Government obligations:								
United States	503,262	377,726	686,568	738,626	3,102,305	378,550	855,958	42,937
State and local	290,107	152,108	256,768	161,514	246,781	*924	*145,389	*29,479
Other current assets	9,573,277	3,564,534	9,457,463	11,205,854	2,263,874	4,577,420	1,378,593	886,292
Loans to stockholders	244,786	506,406	842,315	809,245	398,719	36,995	46,905	88,742
Mortgage and real estate loans	193,639	159,638	476,376	167,518	178,115	34,706	*47,946	31,262
Other investments	21,355,800	11,319,780	23,511,158	23,160,145	16,720,855	6,338,094	2,808,082	2,764,738
Depreciable assets	80,744,112	36,033,218	67,425,449	51,219,860	56,679,972	23,688,083	14,671,927	7,581,555
Less: Accumulated depreciation	38,281,050	16,605,634	30,576,136	23,018,968	29,812,920	10,827,563	6,615,271	3,157,298
Depletable assets	874,952	242,426	289,291	972,063	*54,207	*131,917	*15,176	15,431
Less: Accumulated depletion	298,699	19,741	49,150	208,907	*5,912	20,375	443	*1,203
Land	1,113,789	1,051,043	1,270,450	1,122,109	984,123	674,511	409,884	301,784
Intangible assets (amortizable)	907,501	572,360	1,007,154	998,293	219,708	166,725	341,607	344,262
Less: Accumulated amortization	258,015	121,443	400,893	23,568	294,900	23,796	84,883	72,763
Other assets	8,061,401	1,795,776	3,096,780	5,081,496	3,496,939	1,161,496	785,594	865,428
Total liabilities	129,742,777	76,124,201	158,939,729	144,217,377	138,436,597	56,297,541	31,892,991	21,979,773
Accounts payable	12,626,085	9,760,019	17,263,010	16,833,160	13,613,544	12,925,515	4,080,306	2,653,478
Mortgages, notes, and bonds payable in less than one year	9,824,432	4,833,888	12,518,438	14,011,252	29,573,184	3,576,759	1,852,580	1,962,448
Other current liabilities	15,857,143	9,174,815	23,635,798	26,035,988	13,857,815	10,970,800	3,998,056	2,715,022
Loans from stockholders	494,521	1,624,178	4,467,546	1,435,051	976,540	281,291	312,124	461,658
Mortgages, notes, and bonds payable in one year or more	27,530,343	12,970,243	25,655,890	19,866,271	35,159,485	7,859,689	4,045,960	3,897,740
Other liabilities	9,237,924	2,649,404	4,714,290	12,241,762	3,838,664	2,463,843	905,324	967,437
Capital stock	8,686,230	4,666,317	10,751,048	6,869,227	4,671,545	3,824,564	2,164,031	1,384,091
Paid-in or capital surplus	12,985,133	7,518,262	16,733,638	14,154,102	8,751,810	3,219,454	3,731,805	2,292,299
Retained earnings, appropriated	572,231	507,944	389,128	452,412	1,012,850	62,228	127,022	72,446
Retained earnings, unappropriated	32,709,965	23,514,749	43,783,269	33,980,427	27,210,987	11,405,258	10,877,001	5,891,456
Less: Cost of treasury stock	781,231	1,095,619	972,326	1,662,276	229,828	291,861	201,797	318,303
Total receipts	143,933,058	114,424,640	179,809,302	159,608,230	144,549,157	69,929,955	43,456,217	34,336,846
Business receipts	137,524,705	111,460,887	159,050,094	151,435,651	137,494,054	66,385,668	41,474,115	33,360,256
Interest on Government obligations:								
United States	46,504	46,988	112,588	74,287	118,012	62,250	44,912	7,299
State and local	16,456	25,315	46,868	186,423	45,181	1,707	6,550	2,393
Other interest	2,933,443	782,757	3,050,327	2,781,730	3,665,655	857,404	334,714	359,918
Rents	267,134	180,067	9,985,671	971,048	18,717	123,972	89,911	74,076
Royalties	123,715	165,629	2,428,088	591,708	192,243	102,556	209,876	66,041
Net short-term capital gain reduced by net long-term capital loss	80,710	13,044	19,892	38,655	*2,075	*491	9,214	5,911
Net long-term capital gain reduced by net short-term capital loss	1,138,351	253,873	286,790	275,081	180,017	130,017	85,146	94,910
Net gain, noncapital assets	173,186	118,661	285,015	195,308	98,754	70,175	31,948	34,140
Dividends received from domestic corporations	366,861	169,186	852,204	936,681	495,519	828,243	375,293	65,863
Dividends received from foreign corporations	431,528	439,233	2,145,096	609,661	677,990	114,986	340,394	45,848
Other receipts	830,464	768,900	1,546,670	1,512,998	960,940	1,251,485	454,144	220,192
Total deductions	139,826,510	109,289,778	168,204,155	151,706,644	147,407,790	68,989,929	39,927,214	33,221,728
Cost of sales and operations	105,046,714	79,882,567	110,036,572	101,415,987	104,861,786	50,695,861	25,494,144	23,070,156
Compensation of officers	179,099	2,789,543	2,484,578	1,422,714	420,211	427,686	466,885	776,314
Repairs	5,270,434	1,046,951	1,391,915	956,929	1,232,014	633,971	579,906	204,392
Bad debts	242,944	321,693	503,236	493,373	528,607	74,725	98,266	166,396
Rent paid on business property	857,830	1,002,734	1,846,174	1,469,546	949,319	536,209	411,649	338,267
Taxes paid	3,094,349	2,786,143	4,847,648	4,030,093	3,556,688	1,545,453	1,055,119	868,108
Interest paid	4,810,744	2,513,021	5,606,067	5,559,997	7,584,838	1,503,240	776,563	1,006,425
Contributions or gifts	48,845	60,532	119,872	94,055	20,845	35,832	44,275	20,328
Amortization	43,199	20,392	77,988	71,690	8,949	14,749	10,986	10,986
Depreciation	5,037,056	2,880,605	6,672,215	5,297,019	6,366,916	1,454,162	1,191,933	751,168
Depletion	783,645	38,117	40,503	105,587	6,458	*29,434	*1,375	1,992
Advertising	430,263	884,972	1,244,832	1,859,707	1,261,879	307,720	894,315	640,181
Pension, profit-sharing, stock bonus, and annuity plans	2,623,421	1,115,577	2,629,265	2,222,218	3,314,481	1,492,795	678,354	249,260
Employee benefit programs	2,002,436	1,246,796	2,603,108	2,419,907	4,502,788	972,980	581,625	333,203
Net loss, noncapital assets	45,808	29,640	78,830	65,908	3,607	7,156	16,679	6,399
Other deductions	8,769,724	12,670,496	28,023,352	24,221,916	12,778,654	9,263,756	7,621,379	4,778,154
Total receipts less total deductions	4,106,549	5,134,862	11,605,147	7,902,586	-2,858,633	939,027	3,529,003	1,115,118
Constructive taxable income from related foreign corporations	438,094	303,665	1,993,108	548,859	317,705	123,822	390,302	64,128
Net income (less deficit)	4,526,186	5,413,212	13,551,387	8,265,022	-2,586,108	1,061,142	3,912,755	1,178,853
Income subject to tax	4,915,660	6,169,299	14,329,915	8,716,466	2,215,139	2,037,880	4,089,072	1,840,276
Income tax, total	2,194,220	2,631,130	6,449,299	3,921,551	1,004,712	915,048	1,850,727	697,040
Regular and alternative tax	2,102,566	2,611,948	6,383,616	3,896,807	979,334	899,998	1,841,911	691,869
Tax from recomputing prior-year investment credit	16,621	15,907	61,509	21,932	21,474	12,439	8,487	5,020
Tax from recomputing prior-year work incentive (WIN) credit	*736	42	71	6	1	—	—	—
Additional tax for tax preferences	74,297	3,233	4,104	2,806	3,904	2,610	328	152
Foreign tax credit	614,367	341,419	2,332,269	601,724	358,884	141,482	387,190	48,761
U.S. possessions tax credit	1,393	18,158	19,771	348,449	5,124	2,108	71,705	35,221
Investment credit	327,453	285,572	669,203	514,541	200,611	237,667	141,929	51,556
Work incentive (WIN) credit	588	494	1,287	2,640	384	802	602	1,035
Jobs credit	4,657	14,304	15,503	30,019	3,170	3,248	4,044	7,451
Nonconventional source fuel credit	—	—	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—
Distributions to stockholders:								
Cash and property except in own stock	1,729,276	1,112,577	4,236,228	2,498,717	1,861,830	958,526	1,036,046	293,932
Corporation's own stock	126,155	90,833	80,508	135,841	1,634	200,013	69,442	*41,470

Footnote at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2 — Balance Sheets and Income Statements, by Major Industry — Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Major industry — Continued								
	Transportation and public utilities				Wholesale and retail trade				
	Total	Transportation	Communication	Electric, gas, and sanitary services	Total	Total	Groceries and related products	Machinery, equipment, and supplies	Miscellaneous wholesale trade
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
Number of returns, total	111,324	90,609	10,409	10,306	799,828	281,062	27,148	63,231	190,683
Total assets	758,384,400	178,637,383	201,509,275	378,217,762	646,901,005	343,337,450	31,591,401	61,497,377	250,248,672
Cash	10,324,282	6,510,131	1,674,496	2,139,655	36,682,163	19,683,316	2,028,481	3,382,919	14,271,916
Notes and accounts receivable	66,913,627	26,142,809	13,725,132	27,045,687	173,135,873	114,548,079	9,831,071	19,757,394	84,959,615
Less: Allowance for bad debts	852,984	361,965	203,084	287,935	6,263,879	1,913,931	250,437	334,339	1,329,155
Inventories	29,070,462	6,363,550	6,768,659	15,938,253	188,789,045	93,595,007	7,777,108	20,650,136	64,967,762
Investments in Government obligations:									
United States	4,261,111	1,532,081	1,570,477	1,158,553	1,920,859	1,058,806	99,997	69,606	889,203
State and local	465,488	402,958	24,441	38,089	4,846,916	311,332	1,177	12,167	297,988
Other current assets	27,069,895	9,026,077	4,029,964	14,013,854	23,774,280	14,185,762	1,289,892	2,372,453	10,524,417
Loans to stockholders	883,243	654,940	175,940	52,363	9,594,741	7,070,856	418,998	343,576	6,310,281
Mortgage and real estate loans	2,594,760	520,798	305,452	1,768,509	8,486,821	1,811,878	96,036	91,443	1,624,399
Other investments	62,900,791	21,960,462	17,253,491	23,686,837	58,773,562	35,820,338	3,111,260	5,265,752	27,443,327
Depreciable assets	701,931,421	141,593,990	191,284,887	369,052,543	194,620,374	74,821,905	10,125,034	12,915,750	51,881,122
Less: Accumulated depreciation	175,398,871	46,589,579	40,197,730	88,611,562	80,112,022	31,627,522	4,478,457	5,465,103	21,682,962
Depletable assets	5,738,011	2,097,822	4,834	3,635,355	1,786,544	1,516,869	13,830	39,357	1,463,682
Less: Accumulated depletion	1,150,067	121,276	1,277	1,027,515	394,204	318,151	4,008	11,694	302,449
Land	4,697,286	2,085,553	672,723	2,139,009	12,814,054	4,589,518	426,727	652,524	3,510,267
Intangible assets (amortizable)	4,764,880	2,244,048	1,698,108	4,490,196	1,701,910	334,910	34,910	249,699	1,117,301
Less: Accumulated amortization	1,517,026	949,523	437,208	130,296	1,323,456	442,774	63,430	70,632	308,712
Other assets	15,467,993	5,524,484	2,959,969	6,983,540	15,279,237	6,824,253	637,214	1,576,770	4,610,670
Total liabilities	750,384,400	170,637,383	201,509,275	378,217,762	646,901,005	343,337,450	31,591,401	61,497,377	250,248,672
Accounts payable	43,620,191	15,530,332	6,378,812	21,711,047	126,474,092	82,730,743	8,439,558	11,558,145	62,733,040
Mortgages, notes, and bonds payable in less than one year	34,016,798	10,106,052	7,199,715	16,711,031	99,453,360	52,307,738	3,683,847	10,679,596	37,944,295
Other current liabilities	89,802,792	25,524,204	25,822,564	38,456,024	64,199,512	29,016,851	2,942,470	5,248,503	20,825,878
Loans from stockholders	6,407,209	2,382,588	907,496	3,117,125	20,880,945	9,070,587	829,208	1,482,037	6,759,342
Mortgages, notes, and bonds payable in one year or more	249,839,439	52,134,134	63,400,402	134,304,903	97,627,525	39,551,381	4,230,317	7,114,406	28,206,659
Other liabilities	44,022,276	11,026,939	11,760,035	21,235,303	15,875,884	6,510,302	920,816	1,314,218	4,275,268
Capital stock	103,436,042	10,253,928	22,586,433	70,595,681	39,790,578	19,791,775	1,651,347	2,930,321	15,210,107
Paid-in or capital surplus	72,653,078	18,753,843	25,346,020	28,553,215	31,142,073	16,128,597	2,059,125	2,549,360	11,520,111
Retained earnings, appropriated	1,539,713	534,242	247,286	758,185	3,218,146	2,045,203	85,161	160,055	1,799,987
Retained earnings, unappropriated	114,835,195	33,511,585	38,311,552	43,011,957	154,948,507	89,530,757	7,169,077	19,192,673	63,169,007
Less: Cost of treasury stock	1,808,335	1,120,584	451,041	236,709	6,809,617	3,346,483	419,525	731,937	2,195,022
Total receipts	523,807,396	206,721,578	103,336,474	213,749,344	1,955,523,778	1,123,082,167	162,311,277	123,226,433	837,544,456
Business receipts	507,372,820	188,032,692	101,207,639	208,132,490	1,919,347,689	1,104,360,477	160,453,421	119,521,712	824,385,344
Interest on Government obligations:									
United States	317,453	194,958	47,294	75,201	286,686	182,795	22,446	19,445	140,905
State and local	36,428	32,029	2,302	2,096	66,506	35,810	2,401	3,007	30,401
Other interest	5,406,191	1,972,169	770,185	2,663,837	10,150,797	5,621,188	429,781	1,117,500	4,073,807
Rents	2,617,579	1,717,891	379,583	520,106	4,676,876	1,675,541	188,913	692,359	794,269
Royalties	319,502	179,686	80,144	59,672	499,590	273,353	16,556	31,024	225,773
Net short-term capital gain reduced by net long-term capital loss	29,261	17,199	1,374	10,688	114,413	62,879	2,530	6,720	53,628
Net long-term capital gain reduced by net short-term capital loss	1,637,105	902,601	194,944	539,560	1,960,272	1,069,962	107,913	108,972	853,076
Net gain, noncapital assets	1,242,227	978,420	96,598	167,209	1,182,475	676,618	53,090	149,714	473,814
Dividends received from domestic corporations	337,101	105,994	119,914	111,193	1,058,004	686,402	34,683	575,256	575,256
Dividends received from foreign corporations	171,475	77,076	62,776	31,623	899,053	718,164	16,978	5,606	695,581
Other receipts	4,319,253	2,509,862	373,722	1,435,669	15,281,418	7,718,978	982,565	1,493,910	5,242,503
Total deductions	503,954,285	202,869,205	96,157,822	204,927,258	1,819,454,218	1,098,502,940	160,684,771	117,114,638	820,703,532
Cost of sales and operations	338,668,172	139,687,462	50,457,168	146,723,543	1,538,128,634	950,574,751	141,171,927	89,791,138	719,611,686
Compensation of officers	3,758,282	2,780,696	485,864	491,723	28,028,311	14,184,472	1,506,703	3,126,792	9,550,797
Repairs	1,058,766	537,700	164,920	356,145	6,541,556	2,422,770	441,107	389,220	1,582,443
Bad debts	1,648,939	384,705	763,868	500,366	3,894,466	2,106,125	282,362	385,471	1,438,293
Rent paid on business property	8,853,123	6,622,250	1,441,903	788,970	23,580,164	5,592,167	857,236	934,612	3,800,319
Taxes paid	24,159,562	7,255,366	6,326,468	10,577,728	23,984,339	9,490,607	1,063,375	1,359,557	7,067,675
Interest paid	27,638,581	6,035,142	6,370,037	15,233,412	25,645,855	12,601,026	1,038,808	2,267,962	9,294,256
Contributions or gifts	192,787	58,823	60,139	73,836	395,272	189,752	17,349	33,761	138,642
Amortization	231,755	91,277	25,638	114,840	151,879	56,603	9,099	9,050	38,454
Depreciation	37,310,506	9,752,837	14,075,823	13,481,846	18,668,488	7,542,769	960,862	1,672,873	4,909,035
Depletion	499,335	132,190	518	366,627	127,283	105,690	*182	5,837	99,671
Advertising	1,665,725	972,408	514,748	178,929	17,165,950	4,433,924	601,217	565,464	3,267,243
Pension, profit-sharing, stock bonus, and annuity plans	8,046,744	2,321,241	3,927,759	1,797,744	5,612,929	2,872,690	367,581	574,523	1,930,585
Employee benefit programs	4,906,025	2,149,926	1,794,817	961,282	5,072,225	1,965,959	314,717	397,761	1,253,481
Net loss, noncapital assets	294,519	221,183	15,407	57,929	433,987	157,516	27,305	14,092	116,119
Other deductions	46,821,444	23,866,359	9,732,745	13,222,340	222,022,881	84,206,122	12,024,942	15,586,527	56,594,653
Total receipts less total deductions	19,853,111	3,852,373	7,178,652	8,822,086	38,069,560	24,579,227	1,626,507	6,111,796	16,840,924
Constructive taxable income from related foreign corporations	229,471	83,266	100,328	45,878	2,306,616	2,172,338	94,671	4,804	2,072,863
Net income (less deficit)	20,046,155	3,903,610	7,276,677	8,865,868	38,309,671	26,715,755	1,718,776	6,113,592	18,883,387
Income subject to tax	23,916,654	6,696,821	7,488,359	9,731,474	35,034,547	20,048,541	1,703,242	3,119,054	15,226,245
Income tax, total	10,733,055	2,828,470	3,494,329	4,410,256	13,655,104	8,002,235	667,302	1,173,468	6,161,465
Regular and alternative tax	10,532,722	2,787,523	3,373,794	4,371,404	13,515,653	7,929,737	661,126	1,150,260	6,118,352
Tax from recomputing prior-year investment credit	180,854	31,522	119,649	29,682	122,301	61,980	5,586	22,928	33,466
Tax from recomputing prior-year work incentive (WIN) credit	*175	*12	—	163	299	81	*3	*2	75
Additional tax for tax preferences	19,304	9,412	886	9,006	16,851	10,437	587	277	9,572
Foreign tax credit	481,901	211,102	75,834	174,965	1,526,761	1,389,349	49,604	19,147	1,320,598
U.S. possessions tax credit	25,061	9	24,959	93	62,452	78,770	2,290	159	78,320
Investment credit	4,895,642	966,067	1,865,179	2,064,396	1,329,583	604,066	78,180	116,988	408,898
Work incentive (WIN) credit	2,003	313	383	1,307	5,872	2,359	247	690	1,423
Jobs credit	25,459	19,226	2,370	3,864	160,179	20,880	5,029	5,221	16,630
Nonconventional source fuel credit	—	—	—	—	2	—	—	—	—
Alcohol fuel credit	—	—	—	—	(1)	(1)	—	—	(1)
Distributions to stockholders:									
Cash and property except in own stock	17,329,807	1,896,408	5,175,840	10,257,559	10,343,087	6,976,694	294,538	2,017,889	4,664,267
Corporation's own stock	454,347	120,294	21,842	312,212	434,752	243,769	16,282	16,321	211,166

Footnote at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued									
	Wholesale and retail trade — Continued									
	Retail trade									
	Total	Building materials, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores	Wholesale and retail trade not allocable
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
Number of returns, total	514,835	38,381	9,655	37,580	81,814	44,853	40,453	113,517	148,582	3,731
Total assets	302,873,745	21,643,821	90,207,292	35,370,045	51,269,352	16,208,486	14,670,487	28,192,673	45,311,588	689,809
Cash	16,880,459	1,402,764	2,033,355	2,615,809	3,073,907	1,291,881	1,041,336	2,012,601	3,408,807	118,388
Notes and accounts receivable	58,389,148	4,920,073	28,904,631	2,081,022	7,427,838	2,574,654	3,630,296	1,575,343	7,275,290	198,646
Less: Allowance for bad debts	4,344,086	134,205	3,493,549	42,826	184,528	67,622	142,716	20,395	258,256	5,952
Inventories	95,012,097	8,078,755	18,538,080	10,642,210	25,548,422	6,429,611	6,213,064	1,491,994	18,068,962	181,942
Investments in Government obligations:										
United States	862,053	52,535	138,236	257,863	63,487	56,121	51,486	133,272	109,054	—
State and local	4,535,585	*2,024	4,441,242	*51,202	*9,759	*2,701	*15,672	*4,780	8,204	—
Other current assets	9,556,342	544,127	2,125,024	1,408,534	1,800,344	671,119	517,587	1,044,607	1,445,000	32,176
Loans to stockholders	2,512,026	146,759	177,003	165,649	447,257	277,082	590,801	488,244	659,250	*11,860
Mortgage and real estate loans	6,674,886	143,147	5,780,894	101,730	197,103	16,360	41,628	223,675	168,349	58
Other investments	22,912,969	1,369,404	10,408,324	2,612,481	1,527,696	1,203,370	596,174	2,362,332	2,833,186	40,255
Depreciable assets	119,519,229	6,929,788	27,435,193	22,576,965	15,854,857	4,843,180	3,453,546	22,082,113	16,343,606	179,240
Less: Accumulated depreciation	48,397,604	3,165,479	10,132,329	9,408,294	7,046,908	2,176,176	1,482,997	7,736,607	7,248,815	86,895
Depletable assets	269,675	13,891	157,535	*3,339	17,589	*18,217	*5,295	*22,364	31,447	—
Less: Accumulated depletion	76,053	*1,125	43,136	*150	*1,054	*7,056	*3,097	*6,183	14,253	—
Land	8,214,870	678,683	1,723,888	1,082,836	1,524,262	176,919	271,272	1,968,622	788,386	9,665
Intangible assets (amortizable)	2,786,401	256,829	246,024	466,756	220,399	153,254	41,622	811,028	590,488	*1,885
Less: Accumulated amortization	880,101	88,858	50,475	168,035	75,661	39,651	13,289	239,499	204,632	*581
Other assets	8,445,860	493,710	1,817,351	922,955	864,582	782,560	282,806	1,974,382	1,307,515	9,123
Total liabilities	302,873,745	21,643,821	90,207,292	35,370,045	51,269,352	16,208,486	14,670,487	28,192,673	45,311,588	689,809
Accounts payable	43,590,708	3,149,411	8,759,972	7,785,806	5,673,291	3,057,070	2,759,923	2,698,958	9,706,478	152,641
Mortgages, notes, and bonds payable in less than one year	47,085,875	2,747,480	14,856,754	1,355,420	19,328,475	1,065,840	1,515,199	1,846,251	4,570,455	59,747
Other current liabilities	35,140,412	1,516,381	16,538,950	3,813,848	3,638,175	1,447,912	1,505,308	2,616,180	3,865,568	42,249
Loans from stockholders	11,778,506	938,941	937,138	814,225	2,200,464	645,554	776,513	2,643,357	2,822,312	*31,852
Mortgages, notes, and bonds payable in one year or more	57,959,489	4,094,617	16,836,520	8,465,380	6,929,540	2,913,924	1,869,841	9,186,073	7,663,594	116,655
Other liabilities	9,485,125	1,170,151	3,177,197	1,090,397	768,976	416,226	639,819	1,269,192	933,168	*457
Capital stock	19,942,849	1,672,718	3,351,845	2,056,741	4,059,038	1,527,876	1,403,517	2,315,276	3,555,838	55,954
Paid-in or capital surplus	14,990,535	669,154	4,849,972	2,272,318	1,170,227	1,161,217	585,788	1,874,955	2,606,903	22,942
Retained earnings, appropriated	1,157,806	58,961	296,251	34,427	153,014	17,763	145,160	218,194	234,036	*15,138
Retained earnings, unappropriated	65,216,269	5,911,215	21,414,761	8,064,304	7,801,674	4,286,151	3,676,445	4,029,707	10,032,011	201,481
Less: Cost of treasury stock	3,453,827	285,008	412,068	382,619	651,523	331,048	207,027	505,469	678,865	*9,306
Total receipts	830,448,123	46,999,136	128,404,966	190,849,443	207,158,352	34,876,544	32,887,765	64,469,499	124,802,418	1,993,489
Business receipts	813,019,119	45,828,643	123,224,640	188,813,694	203,754,302	34,096,834	32,158,057	62,555,184	122,587,765	1,968,093
Interest on Government obligations:										
United States	103,815	4,113	20,578	28,848	14,216	6,441	5,847	8,076	15,695	*76
State and local	30,696	714	1,451	4,115	796	971	*640	*14,507	7,503	—
Other interest	4,518,914	281,879	2,075,868	305,240	792,984	207,389	216,927	213,689	424,938	10,696
Rents	2,997,958	162,894	777,967	334,791	506,345	105,691	102,716	674,435	333,120	3,377
Royalties	226,236	945	4,225	6,032	2,778	3,991	*3,119	143,973	61,173	—
Net short-term capital gain reduced by net long-term capital loss	51,501	*934	1,649	5,764	11,076	*1,158	*416	11,290	19,213	33
Net long-term capital gain reduced by net short-term capital loss	887,778	57,142	330,874	112,388	104,618	24,126	23,650	122,573	112,406	*2,532
Net gain, noncapital assets	504,570	111,006	33,498	88,013	104,635	9,206	8,680	53,709	95,823	*1,287
Dividends received from domestic corporations	370,759	37,092	191,330	26,435	19,694	65,503	8,464	9,596	12,645	*842
Dividends received from foreign corporations	180,789	*149	129,101	*32,878	*147	*432	4	11,242	6,637	100
Other receipts	7,555,987	513,625	1,613,785	1,091,245	1,846,761	354,802	359,243	651,226	1,125,299	6,453
Total deductions	818,003,738	46,024,123	125,614,112	188,781,475	206,955,402	33,890,205	32,148,969	63,369,841	122,219,610	1,947,540
Cost of sales and operations	586,148,691	33,085,023	79,338,815	147,454,700	172,818,184	20,050,230	20,609,494	26,830,345	85,461,901	1,405,192
Compensation of officers	13,748,139	1,299,645	464,471	1,261,532	2,845,391	1,077,350	1,281,511	2,028,418	3,389,820	95,701
Repairs	4,108,047	238,199	666,864	1,023,047	514,722	133,665	129,608	890,712	511,232	10,739
Bad debts	1,781,723	231,568	572,300	110,625	289,378	88,148	151,983	67,410	270,311	6,618
Rent paid on business property	17,963,479	646,184	3,119,919	2,671,367	1,935,721	2,068,157	1,050,826	3,392,798	3,078,506	24,517
Taxes paid	14,452,448	843,658	2,935,570	2,416,313	2,179,219	762,713	664,195	2,428,724	2,222,056	41,285
Interest paid	13,028,083	872,251	4,541,623	809,003	3,313,035	516,121	465,157	1,115,227	1,393,666	18,746
Contributions or gifts	205,331	13,992	68,869	24,706	15,653	15,212	10,471	18,744	37,683	*190
Amortization	95,123	4,033	6,543	10,209	9,441	5,770	2,071	36,277	20,779	*153
Depreciation	11,109,649	623,496	2,157,007	1,931,658	1,924,498	459,749	335,361	1,986,448	1,691,433	16,070
Depletion	21,593	1,931	2,223	1,827	1,176	*46	*8,643	*3,545	2,202	—
Advertising	12,723,800	671,516	3,302,504	1,850,141	1,582,644	807,439	1,204,945	1,340,926	1,963,686	8,226
Pension, profit-sharing, stock bonus, and annuity plans	2,735,788	188,326	727,749	685,661	252,394	152,449	109,627	182,421	437,159	4,451
Employee benefit programs	3,103,891	163,229	554,707	917,643	589,750	101,548	104,988	248,639	423,388	2,375
Net loss, noncapital assets	276,229	6,616	62,326	26,732	64,665	10,080	6,916	65,167	33,727	*242
Other deductions	137,503,725	7,134,456	26,592,623	27,586,311	18,519,529	7,641,530	6,013,175	22,734,041	21,282,060	313,034
Total receipts less total deductions	11,444,384	975,013	2,790,854	2,067,968	202,951	986,338	738,795	1,099,658	2,582,808	45,949
Constructive taxable income from related foreign corporations	134,278	—	101,566	22,663	217	184	—	2,545	7,104	—
Net income (less deficit)	11,547,966	974,300	2,890,969	2,086,516	202,372	985,552	738,155	1,087,695	2,582,408	45,949
Income subject to tax	14,925,653	1,176,438	3,006,640	2,213,326	1,614,272	1,200,575	922,695	1,764,151	3,027,556	60,353
Income tax, total	5,635,317	404,289	1,318,765	929,105	509,994	438,857	322,012	644,858	1,067,437	17,553
Regular and alternative tax	5,568,373	400,004	1,300,466	919,585	495,304	437,294	320,618	638,381	1,056,722	17,542
Tax from recomputing prior-year investment credit	60,310	4,080	13,963	9,125	13,855	1,426	1,375	5,989	10,499	*11
Tax from recomputing prior-year work incentive (WIN) credit	*218	—	—	12	*200	1	—	—	—	*6
Additional tax for tax preferences	6,415	206	4,337	383	635	136	19	489	*210	—
Foreign tax credit	137,412	*65	90,201	25,796	*148	1,805	*1,758	10,669	6,972	—
U.S. possessions tax credit	3,682	—	241	1,591	—	279	—	1,505	66	—
Investment credit	724,522	30,925	167,191	193,245	60,687	28,900	14,996	102,365	126,713	995
Work incentive (WIN) credit	3,231	495	308	354	192	*49	*10	1,038	785	*283
Jobs credit	132,883	3,346	16,877	27,230	8,165	4,816	2,773	56,177	13,499	*417
Nonconventional source fuel credit	2	—	—	2	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—	—	—
Distributions to stockholders:										
Cash and property except in own stock	3,363,079	105,676	1,487,664	406,657	181,738	225,684	68,945	277,836	608,879	*3,314
Corporation's own stock	180,983	*12,874	24,877	42,150	*5,030	18,225	*10,176	43,423	34,228	—

Footnote at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Finance, insurance, and real estate							
	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Number of returns, total	493,426	13,924	62,315	6,168	10,620	47,498	292,475	60,427
Total assets	4,022,206,073	2,101,002,731	747,401,345	92,181,508	716,427,974	15,348,653	128,177,396	221,666,466
Cash	393,811,864	328,580,355	19,949,070	5,522,207	9,528,664	2,824,896	6,823,920	20,582,751
Notes and accounts receivable	1,255,446,363	1,092,001,344	72,578,345	46,438,153	18,785,917	4,972,823	11,968,739	8,701,042
Less: Allowance for bad debts	32,621,021	12,831,539	16,496,830	88,451	2,525,996	151,961	338,211	188,034
Inventories	7,833,458	856,432	1,214,659	230,526	1,251,963	14,781	3,594,517	670,581
Investments in Government obligations:								
United States	245,664,233	166,038,308	25,807,694	6,201,315	35,927,332	379,528	669,862	10,640,194
State and local	197,462,628	123,868,375	3,398,423	763,816	64,734,135	185,216	308,121	4,204,541
Other current assets	144,101,320	55,695,511	13,144,127	23,941,295	25,884,869	666,676	12,586,811	12,182,032
Loans to stockholders	6,965,677	1,807,742	1,636,576	78,527	274,525	265,461	1,925,725	977,122
Mortgage and real estate loans	874,013,563	155,501,612	572,950,612	65,146	133,170,449	90,498	7,290,399	4,944,846
Other investments	718,965,318	118,937,905	36,181,533	6,671,523	391,210,677	3,643,603	13,606,722	148,513,355
Depreciable assets	144,849,081	39,479,002	13,191,622	1,386,144	13,015,019	2,029,331	68,317,669	7,430,093
Less: Accumulated depreciation	44,739,937	10,014,615	3,794,367	533,739	3,131,800	842,390	24,355,433	2,067,594
Depletable assets	1,020,207	15,994	33,965	*14,537	19,735	*228	368,547	567,201
Less: Accumulated depletion	223,475	3,042	1,984	*1,998	5,838	57	73,181	137,376
Land	30,699,968	3,192,821	3,172,850	38,989	1,074,554	107,481	20,366,530	2,746,743
Intangible assets (amortizable)	2,323,084	431,624	328,325	147,084	298,828	307,439	536,108	335,576
Less: Accumulated amortization	742,247	112,690	93,675	27,839	54,945	111,401	215,579	126,119
Other assets	77,375,988	37,557,591	4,200,400	1,334,273	27,031,784	966,501	4,595,929	1,689,511
Total liabilities	4,022,206,073	2,101,002,731	747,401,345	92,181,508	716,427,974	15,348,653	128,177,396	221,666,466
Accounts payable	99,631,111	14,309,799	6,737,907	47,308,555	17,566,436	5,752,014	4,353,577	3,602,524
Mortgages, notes, and bonds payable in less than one year	195,406,029	70,581,150	86,438,978	9,577,022	7,330,914	870,078	15,645,733	4,962,153
Other current liabilities	2,296,641,537	1,663,942,870	497,332,602	21,582,352	99,037,712	1,527,328	7,088,456	6,130,607
Loans from stockholders	23,329,828	8,875,812	3,046,390	279,930	1,570,442	286,107	7,348,439	1,922,707
Mortgages, notes, and bonds payable in one year or more	223,214,607	39,219,907	100,317,412	2,550,220	10,611,428	1,409,330	55,352,040	13,754,270
Other liabilities	653,441,644	156,489,445	16,180,324	3,698,993	463,253,752	615,448	6,870,226	6,333,455
Capital stock	147,124,623	26,009,596	8,647,780	898,703	6,679,852	930,830	11,259,954	92,697,909
Paid-in or capital surplus	210,448,578	45,890,890	8,101,545	2,553,698	21,866,716	938,246	12,125,902	118,971,580
Retained earnings, appropriated	28,983,649	3,504,609	4,777,880	90,977	16,577,340	57,863	603,763	3,371,417
Retained earnings, unappropriated	188,696,388	72,923,647	16,283,539	3,775,201	72,952,399	3,287,424	9,272,478	10,201,700
Less: Cost of treasury stock	44,712,121	744,604	463,012	134,445	1,019,017	326,017	1,743,171	40,281,855
Total receipts	697,460,846	220,353,530	78,643,297	26,153,942	282,753,356	14,056,668	45,725,081	29,774,971
Business receipts	256,892,475	21,006,693	9,623,250	13,020,302	167,515,129	13,185,277	26,972,229	5,569,596
Interest on Government obligations:								
United States	23,303,550	14,811,963	3,172,806	1,065,435	2,612,669	40,885	101,591	1,498,201
State and local	12,017,319	7,340,915	166,307	89,114	4,107,967	23,144	30,881	258,991
Other interest	279,825,246	164,212,536	62,670,659	4,034,927	34,597,819	437,455	2,192,798	11,679,050
Rents	15,509,484	2,450,869	512,931	52,073	2,943,448	43,093	8,671,091	835,978
Royalties	705,662	29,970	10,654	3,085	62,101	5,277	153,618	440,957
Net short-term capital gain reduced by net long-term capital loss	1,382,749	90,246	19,694	105,542	268,789	5,663	65,934	826,882
Net long-term capital gain reduced by net short-term capital loss	7,763,171	710,187	433,734	178,109	1,021,307	50,843	1,358,217	4,010,775
Net gain, noncapital assets	12,876,107	497,113	426,759	6,600,089	1,225,304	8,281	3,989,374	129,208
Dividends received from domestic corporations	7,803,149	450,284	89,121	122,155	4,237,605	54,143	156,983	2,692,658
Dividends received from foreign corporations	545,086	103,073	43,952	12,352	69,130	15,269	5,643	295,667
Other receipts	78,836,848	8,649,681	1,473,431	870,779	64,091,887	187,339	2,026,721	1,537,009
Total deductions	652,637,787	208,537,389	80,727,531	24,249,541	269,214,610	13,046,742	44,077,747	12,784,028
Cost of sales and operations	129,644,330	3,974,630	2,630,137	307,336	107,671,531	2,573,100	8,972,412	5,155,185
Compensation of officers	14,952,865	5,733,507	1,447,248	1,553,819	1,014,941	2,073,771	2,571,377	558,202
Repairs	2,523,329	872,251	250,491	35,922	112,149	47,763	1,102,976	101,776
Bad debts	6,722,601	4,733,640	1,014,193	112,117	463,558	103,267	213,791	82,034
Rent paid on business property	7,187,752	2,773,169	568,097	477,219	1,431,091	437,169	1,347,370	153,636
Taxes paid	13,405,720	3,505,149	901,190	513,587	4,521,877	427,051	3,113,141	423,725
Interest paid	219,167,684	139,926,972	59,935,111	4,243,663	5,891,850	243,089	6,807,644	2,119,356
Contributions or gifts	319,530	135,452	18,882	15,310	79,798	11,765	39,439	18,884
Amortization	162,400	52,597	15,925	10,948	20,421	7,727	41,632	13,151
Depreciation	11,404,545	4,810,105	902,357	230,729	1,685,630	283,932	3,092,968	398,884
Depletion	171,059	3,476	2,479	3,573	27,943	*372	39,358	93,857
Advertising	4,285,186	1,460,024	765,531	169,461	833,986	208,687	794,466	53,031
Pension, profit-sharing, stock bonus, and annuity plans	4,772,588	1,647,150	344,084	307,709	1,772,041	293,075	242,907	165,622
Employee benefit programs	2,602,491	1,214,504	249,953	111,766	657,890	167,922	152,679	47,777
Net loss, noncapital assets	2,348,367	1,041,935	898,061	59,564	75,662	3,594	206,467	63,084
Other deductions	232,967,343	36,652,829	10,783,793	16,096,817	142,954,444	6,164,458	15,339,117	4,975,885
Total receipts less total deductions	44,823,059	11,816,141	-2,084,233	1,904,401	13,538,546	1,009,926	1,647,335	16,990,943
Constructive taxable income from related foreign corporations	317,051	101,555	52,796	5,853	61,855	15,129	180	79,682
Net income (less deficit)	33,122,792	4,576,782	-2,197,745	1,821,141	9,492,435	1,001,911	1,616,634	16,811,634
Income subject to tax	24,319,609	7,087,288	1,326,176	1,765,990	7,340,762	1,023,761	3,692,429	2,083,202
Income tax, total	9,804,884	3,044,016	495,460	766,993	3,239,797	385,172	1,126,750	746,966
Regular and alternative tax	9,680,755	2,997,221	469,296	765,756	3,216,260	383,206	1,113,933	735,083
Tax from recomputing prior-year investment credit	46,997	17,947	6,440	751	9,790	1,963	5,481	4,626
Tax from recomputing prior-year work incentive (WIN) credit	936	113	99	—	80	—	*116	*528
Additional tax for tax preferences	76,196	28,736	19,625	*487	13,666	3	7,221	6,458
Foreign tax credit	1,398,775	1,060,948	17,471	26,618	190,064	15,276	2,321	66,076
U.S. possessions tax credit	3,941	—	2,375	74	—	—	943	548
Investment credit	674,956	341,006	21,439	34,205	166,476	18,550	62,543	30,736
Work incentive (WIN) credit	942	397	59	*29	250	29	*89	*90
Jobs credit	28,137	13,371	1,728	934	3,191	1,714	5,332	1,867
Nonconventional source fuel credit	—	—	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—
Distributions to stockholders:								
Cash and property except in own stock	24,692,146	4,741,627	677,499	246,441	3,305,840	386,141	763,647	14,570,950
Corporation's own stock	1,083,204	634,503	62,273	42,835	54,047	*16,025	29,334	244,186

Footnote at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							Nature of business not allocable	
	Services								
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair; miscellaneous repair services	Amusement and recreation services	Other services		
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	
Number of returns, total	671,338	19,114	44,835	176,647	76,123	46,708	307,910	13,384	
Total assets	178,163,737	20,825,235	8,074,759	57,631,352	20,903,917	29,040,120	41,688,356	1,505,605	
Cash	16,963,540	1,221,597	845,956	5,222,009	1,331,403	2,164,688	6,177,887	133,362	
Notes and accounts receivable	30,023,334	1,288,632	1,403,592	14,014,132	3,047,360	3,374,715	6,894,903	307,493	
Less: Allowance for bad debts	1,016,653	95,711	33,722	308,683	71,858	151,189	355,489	5,847	
Inventories	8,502,383	261,494	617,830	2,295,134	1,521,109	2,416,577	1,390,239	321,619	
Investments in Government obligations:									
United States	1,020,868	40,589	*25,619	480,190	*139,990	154,953	179,527	*3,642	
State and local	490,477	*12,863	*31,395	315,143	*15,310	*39,050	76,716	—	
Other current assets	12,591,413	754,462	401,769	4,943,764	746,215	3,019,794	2,725,410	92,251	
Loans to stockholders	2,935,993	231,105	120,475	777,269	202,015	277,712	1,327,416	43,386	
Mortgage and real estate loans	2,876,080	442,787	38,659	832,321	82,329	1,061,584	218,401	*25,066	
Other investments	22,070,016	3,614,426	647,497	9,104,494	821,110	3,699,215	4,183,274	68,456	
Depreciable assets	108,858,665	16,047,028	6,039,836	27,664,148	18,868,073	16,870,757	23,368,823	666,765	
Less: Accumulated depreciation	43,542,388	5,609,513	3,043,973	11,630,541	7,103,354	7,251,480	8,903,528	351,789	
Depletable assets	189,942	*15,663	*5,483	58,263	*30,940	3,962	75,632	*7,011	
Less: Accumulated depletion	44,861	*662	*378	12,634	*4,403	—	26,784	*701	
Land	6,798,297	1,798,293	413,490	968,104	607,060	1,537,329	1,473,031	40,982	
Intangible assets (amortizable)	3,506,113	176,873	159,370	1,014,534	330,163	1,258,098	567,075	92,777	
Less: Accumulated amortization	1,621,047	67,026	60,932	322,059	38,131	946,445	186,454	12,525	
Other assets	7,761,564	691,343	462,794	2,215,763	378,588	1,510,798	2,502,278	73,658	
Total liabilities	178,163,737	20,825,235	8,074,759	57,631,352	20,903,917	29,040,120	41,688,356	1,505,605	
Accounts payable	16,353,124	956,833	656,648	7,045,767	1,607,087	2,761,813	3,324,975	263,014	
Mortgages, notes, and bonds payable in less than one year	18,974,279	1,343,410	625,467	7,866,403	3,593,741	2,297,316	3,247,943	180,439	
Other current liabilities	23,038,786	1,402,089	896,904	6,653,628	2,070,692	5,404,249	6,811,223	135,313	
Loans from stockholders	7,741,277	1,082,160	344,845	1,982,201	887,725	1,374,791	2,069,555	81,487	
Mortgages, notes, and bonds payable in one year or more	50,637,921	9,639,330	1,813,824	14,627,143	6,917,406	7,046,940	10,593,278	315,943	
Other liabilities	8,552,839	761,186	441,221	3,422,236	804,139	1,344,706	1,779,350	35,395	
Capital stock	12,186,041	1,890,728	852,942	3,115,112	964,400	2,626,423	2,936,796	134,776	
Paid-in or capital surplus	16,259,727	2,112,948	371,855	6,092,365	845,603	2,591,279	4,245,676	99,584	
Retained earnings, appropriated	743,895	16,175	120,466	146,882	52,521	218,615	189,234	*2	
Retained earnings, unappropriated	26,731,857	2,181,221	2,297,692	7,576,067	3,328,902	3,904,038	7,443,937	321,105	
Less: Cost of treasury stock	3,056,007	360,845	347,106	896,455	167,941	530,050	753,610	61,453	
Total receipts	279,883,187	18,258,904	13,973,287	84,444,691	28,924,237	31,306,888	102,975,181	4,317,300	
Business receipts	266,088,619	16,965,951	13,538,212	79,917,494	27,641,404	28,493,707	99,531,851	4,222,517	
Interest on Government obligations:									
United States	142,296	5,075	2,014	58,493	12,268	26,094	36,353	*1,274	
State and local	34,167	2,878	3,331	16,600	*698	3,114	7,346	*119	
Other interest	3,082,949	234,531	114,430	1,173,037	310,517	539,544	720,890	16,214	
Rents	2,007,236	243,078	87,078	761,913	232,024	316,161	366,982	8,639	
Royalties	897,099	143,508	*25,256	149,018	5,683	526,902	46,731	*10,252	
Net short-term capital gain reduced by net long-term capital loss	79,176	5,520	*413	49,982	2,876	8,927	11,458	—	
Net long-term capital gain reduced by net short-term capital loss	982,756	130,899	31,892	276,184	57,817	281,098	204,866	*2,229	
Net gain, noncapital assets	870,125	41,808	31,372	384,711	249,749	88,046	74,439	18,488	
Dividends received from domestic corporations	313,400	27,812	16,461	139,066	16,760	57,978	55,524	8,530	
Dividends received from foreign corporations	133,862	*234	7,225	84,897	240	22,926	18,339	—	
Other receipts	5,241,501	457,813	115,602	1,433,295	394,000	940,389	1,900,403	29,039	
Total deductions	271,792,974	17,532,787	13,449,725	82,172,512	28,453,055	30,196,578	99,988,316	4,345,904	
Cost of sales and operations	129,352,692	8,951,301	6,647,705	43,542,513	15,055,265	14,396,931	40,758,978	2,915,040	
Compensation of officers	30,721,666	332,900	5,542,079	1,631,580	1,543,959	20,745,907	23,157,907	231,578	
Repairs	2,728,320	443,118	194,943	612,569	406,055	444,547	627,088	24,157	
Bad debts	1,035,649	62,689	55,672	373,144	109,585	113,106	321,453	6,849	
Rent paid on business property	10,247,133	887,030	661,284	2,644,164	872,155	1,123,730	4,058,769	94,088	
Taxes paid	9,360,526	868,347	539,319	2,710,676	905,204	1,059,148	3,277,833	105,152	
Interest paid	8,033,612	1,046,710	268,985	2,608,033	1,489,082	1,111,305	1,506,497	46,421	
Contributions or gifts	115,564	8,139	6,236	6,779	6,779	22,522	41,310	886	
Amortization	192,504	5,494	6,227	56,755	3,426	85,561	35,040	5,179	
Depreciation	13,423,898	978,114	615,427	4,099,066	3,215,340	2,239,422	2,276,529	63,016	
Depletion	20,599	2,102	*10	3,890	*146	1,207	13,244	*2,372	
Advertising	3,385,451	377,877	288,097	958,895	278,491	966,679	495,413	19,582	
Pension, profit-sharing, stock bonus, and annuity plans	6,229,660	49,318	64,859	960,820	102,533	381,023	4,671,308	35,532	
Employee benefit programs	2,288,156	135,797	80,698	673,744	159,464	171,029	1,067,423	31,390	
Net loss, noncapital assets	301,090	74,649	4,590	79,551	39,088	41,575	61,637	*7,099	
Other deductions	54,356,454	3,307,202	3,086,631	17,279,036	4,178,861	6,474,834	20,029,889	757,565	
Total receipts less total deductions	8,090,213	726,117	523,562	2,272,179	471,182	1,110,308	2,986,865	- 28,603	
Constructive taxable income from related foreign corporations	137,858	1,340	6,308	83,511	852	26,968	18,879	—	
Net income (less deficit)	8,193,903	724,579	526,538	2,339,090	471,136	1,134,162	2,998,397	- 28,722	
Income subject to tax	10,450,378	931,647	563,001	3,255,256	735,184	1,532,026	3,433,265	78,539	
Income tax, total	3,554,144	372,777	194,052	1,159,832	221,860	608,658	997,165	24,983	
Regular and alternative tax	3,497,265	368,763	191,125	1,136,837	213,965	602,084	984,480	24,521	
Tax from recomputing prior-year investment credit	49,554	2,506	2,903	20,976	7,685	4,521	10,962	189	
Tax from recomputing prior-year work incentive (WIN) credit	*1,045	—	—	*744	3	6	*292	*26	
Additional tax for tax preferences	6,280	1,507	—	1,075	*206	2,036	1,431	*247	
Foreign tax credit	185,308	7,484	*6,471	93,536	76	57,908	19,832	8	
U.S. possessions tax credit	2,671	347	—	1,727	38	196	363	884	
Investment credit	632,976	54,960	35,423	196,380	53,420	125,493	167,321	3,243	
Work incentive (WIN) credit	8,726	397	578	5,069	*1,190	115	2,378	*11	
Jobs credit	109,574	6,381	3,875	31,460	9,525	2,243	56,091	*1,658	
Nonconventional source fuel credit	—	—	—	—	—	—	—	—	
Alcohol fuel credit	—	—	—	—	—	—	—	—	
Distributions to stockholders:									
Cash and property except in own stock	1,841,945	225,687	117,136	578,123	138,630	311,507	470,861	8,848	
Corporation's own stock	100,869	*10,040	84	18,523	12,789	*43,963	15,470	*2,902	

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

†Less than \$500 per return.

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."

RETURNS WITH NET INCOME

Table 3 — Balance Sheets and Income Statements, by Major Industry

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

Item	All industries	Major industry					
		Agriculture, forestry, and fishing	Mining				
			Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetallic minerals, except fuels
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns with net income	1,596,632	43,827	12,698	89	1,583	9,130	1,896
Total assets	5,938,367,150	26,482,131	95,244,213	12,519,917	8,897,270	65,267,060	8,559,966
Cash	453,638,837	1,890,210	3,807,187	320,491	516,340	2,396,377	573,979
Notes and accounts receivable	1,658,699,504	2,260,282	13,602,357	892,360	1,332,772	10,134,545	1,242,680
Less: Allowance for bad debts	34,682,516	26,736	87,582	4,076	6,593	61,622	15,291
Inventories	427,979,821	2,628,173	4,618,212	894,749	467,135	2,361,649	894,679
Investments in Government obligations:							
United States	196,341,233	147,625	398,702	*33,846	99,425	230,339	35,092
State and local	165,894,438	21,856	96,061	*73	53,119	38,429	*4,439
Other current assets	245,249,269	899,880	6,002,347	2,517,932	552,014	2,704,442	227,959
Loans to stockholders	23,514,438	514,918	393,533	*55,787	31,911	273,944	31,892
Mortgage and real estate loans	385,977,819	366,878	137,729	8,597	*6,661	96,554	25,916
Other investments	1,038,999,805	2,728,914	26,850,345	3,866,505	789,734	21,628,605	565,501
Depreciable assets	1,720,556,567	14,633,078	46,276,467	5,448,849	6,098,121	27,170,933	7,558,565
Less: Accumulated depreciation	630,562,006	6,901,888	18,241,103	2,302,626	2,496,902	10,120,948	3,320,627
Depletable assets	63,647,692	194,430	8,780,800	439,303	810,076	7,229,053	302,367
Less: Accumulated depletion	17,868,222	35,927	2,652,834	156,605	103,236	2,326,597	66,396
Land	64,716,434	5,903,884	1,112,967	76,427	160,259	575,427	300,854
Intangible assets (amortizable)	37,930,375	45,995	2,695,878	86,382	39,190	2,546,698	23,608
Less: Accumulated amortization	16,132,610	15,020	945,468	36,700	22,676	878,204	7,888
Other assets	154,464,274	1,225,576	2,398,616	378,625	569,921	1,267,434	182,636
Total liabilities	5,938,367,150	26,482,131	95,244,213	12,519,917	8,897,270	65,267,060	8,559,966
Accounts payable	434,013,874	1,237,944	8,203,770	810,426	551,793	6,152,563	688,988
Mortgages, notes, and bonds payable in less than one year	333,030,567	3,935,594	3,794,126	229,225	460,915	2,796,335	307,651
Other current liabilities	1,950,054,561	1,542,727	9,353,192	952,434	1,205,765	6,588,559	606,435
Loans from stockholders	53,276,723	1,120,038	677,633	*75,152	40,463	509,656	52,362
Mortgages, notes, and bonds payable in one year or more	691,609,327	6,845,631	20,592,385	1,840,879	2,477,454	14,662,166	1,611,886
Other liabilities	753,137,457	781,257	5,083,932	1,079,091	756,999	2,756,994	490,847
Capital stock	336,756,107	4,093,895	4,019,754	677,790	164,024	2,481,711	696,229
Paid-in or capital surplus	437,186,450	1,748,784	15,487,453	1,660,753	373,336	13,159,068	294,296
Retained earnings, appropriated	32,596,290	177,200	416,085	2,367	30,111	336,620	46,987
Retained earnings, unappropriated	985,016,289	5,302,334	28,294,994	5,237,416	2,901,746	16,175,144	3,980,687
Less: Cost of treasury stock	68,310,492	303,272	679,110	45,616	65,336	351,756	216,402
Total receipts	5,173,865,707	36,089,052	74,147,861	6,163,321	9,433,484	50,220,864	8,330,191
Business receipts	4,683,868,683	33,596,334	67,940,595	5,562,996	8,831,811	45,622,124	7,923,664
Interest on Government obligations:							
United States	18,251,309	19,821	53,673	*11,795	14,478	20,678	6,722
State and local	9,647,553	3,182	16,845	*46	1,285	15,080	435
Other interest	233,207,519	359,525	1,036,717	107,957	99,982	750,947	77,831
Rents	33,770,536	194,275	229,224	8,040	54,063	133,847	33,274
Royalties	11,012,532	97,127	383,794	15,306	11,912	329,518	27,059
Net short-term capital gain reduced by net long-term capital loss	1,723,246	17,347	53,692	*784	*626	50,058	*2,224
Net long-term capital gain reduced by net short-term capital loss	21,973,062	552,390	1,261,086	253,691	209,926	725,776	71,693
Net gain, noncapital assets	16,255,998	136,292	451,632	11,269	33,752	378,797	27,815
Dividends received from domestic corporations	16,676,572	33,568	224,624	52,695	30,495	128,688	12,747
Dividends received from foreign corporations	14,040,527	13,982	303,155	64,803	23,938	212,810	1,603
Other receipts	113,438,170	1,065,208	2,192,823	73,940	121,216	1,852,542	145,125
Total deductions	4,682,925,018	33,626,385	64,139,828	5,590,364	8,888,713	42,110,131	7,550,621
Cost of sales and operations	3,408,923,959	23,797,161	41,752,703	3,557,842	5,891,487	27,577,783	4,725,591
Compensation of officers	84,620,714	852,118	830,395	25,224	78,699	604,925	121,547
Repairs	34,566,478	649,608	726,485	33,514	180,784	287,737	224,450
Bad debts	14,099,056	32,277	77,829	2,277	16,789	40,051	18,712
Rent paid on business property	54,393,318	845,497	626,342	42,201	123,142	386,421	74,578
Taxes paid	123,681,346	789,980	2,668,237	323,777	482,474	1,646,439	215,547
Interest paid	231,567,544	1,122,162	2,508,350	228,750	310,212	1,752,357	217,032
Contributions or gifts	2,330,932	13,011	48,014	5,805	5,024	31,033	6,152
Amortization	1,028,510	2,693	20,340	9,324	2,125	8,426	465
Depreciation	127,500,296	1,336,881	3,555,395	324,737	563,131	2,128,404	539,124
Depletion	8,246,336	13,289	1,720,298	294,849	285,335	782,169	357,945
Advertising	42,317,803	106,733	103,775	1,254	2,417	70,493	29,620
Pension, profit-sharing, stock bonus, and annuity plans	44,337,267	122,644	483,928	86,457	51,955	286,286	59,230
Employee benefit programs	32,382,734	112,336	407,548	48,441	134,999	137,562	86,545
Net loss, noncapital assets	1,376,194	9,653	19,772	*124	1,068	17,761	818
Other deductions	671,552,533	3,820,342	8,590,418	605,787	759,072	6,352,295	873,265
Total receipts less total deductions	290,940,689	2,462,667	10,008,034	572,958	544,771	8,110,734	779,571
Constructive taxable income from related foreign corporations	15,494,065	*4,897	142,497	29,748	265	111,811	673
Net income	296,787,201	2,464,381	10,133,685	602,661	543,751	8,207,465	779,809
Income subject to tax	246,575,420	1,693,307	9,073,598	468,006	383,578	7,479,368	742,646
Income tax, total	105,011,784	542,728	4,070,852	201,235	179,839	3,350,013	339,766
Regular and alternative tax	103,821,684	533,768	3,947,569	176,449	158,215	3,300,305	312,600
Tax from recomputing prior-year investment credit	774,923	7,418	24,427	710	1,761	19,563	2,393
Tax from recomputing prior-year work incentive (WIN) credit	4,809	*75	*178	—	—	*24	*154
Additional tax for tax preferences	410,368	1,466	98,678	24,076	19,863	30,121	24,619
Foreign tax credit	24,861,186	7,564	1,965,971	58,285	770	1,824,274	82,643
U.S. possessions tax credit	1,565,681	—	1,042	—	—	1,042	—
Investment credit	15,100,723	109,109	435,015	29,580	44,380	290,605	70,450
Work incentive (WIN) credit	36,474	697	39	—	5	29	6
Jobs credit	601,353	4,835	8,518	103	*614	6,392	1,409
Nonconventional source fuel credit	2	—	—	—	—	—	—
Alcohol fuel credit	4	—	—	—	—	—	—
Distributions to stockholders:							
Cash and property except in own stock	88,520,209	289,996	2,155,875	358,340	209,613	1,385,941	201,981
Corporation's own stock	3,151,523	*5,023	125,570	4,617	8,740	109,774	*2,440

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Construction				Manufacturing				
	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Number of returns with net income	150,368	58,282	13,052	79,034	153,640	9,840	98	4,167	8,901
Total assets	95,111,276	45,977,365	21,818,450	27,315,461	1,490,108,282	114,966,781	28,420,679	19,509,308	17,557,193
Cash	11,011,967	4,661,581	2,469,278	3,881,109	45,406,763	4,338,705	274,405	919,770	1,036,136
Notes and accounts receivable	27,368,120	11,563,775	6,299,048	9,505,297	332,578,436	22,203,927	4,363,032	5,265,787	5,079,752
Less: Allowance for bad debts	201,065	43,185	38,130	119,750	7,579,060	337,314	31,056	78,376	98,099
Inventories	14,066,077	9,233,594	1,357,824	3,494,659	225,085,564	21,488,028	5,160,431	4,790,684	6,082,454
Investments in Government obligations:									
United States	547,955	204,700	204,783	138,473	10,992,816	749,325	2,423	67,360	74,941
State and local	237,345	107,399	81,270	48,676	2,675,538	416,725	22,138	16,805	74,661
Other current assets	10,876,188	6,967,593	1,615,894	2,292,701	67,094,807	5,160,932	682,437	527,635	832,109
Loans to stockholders	1,360,032	623,046	179,211	557,775	4,912,825	750,855	37,231	49,645	149,072
Mortgage and real estate loans	1,174,757	1,008,843	81,936	83,978	3,352,449	286,970	5,834	5,017	34,956
Other investments	6,304,218	2,876,939	2,155,240	1,272,039	282,313,294	19,206,907	9,672,971	1,285,370	1,724,658
Depreciable assets	33,793,675	9,267,506	13,980,893	10,545,276	717,049,152	58,681,530	7,506,568	14,136,164	4,122,908
Less: Accumulated depreciation	17,338,967	4,137,302	7,723,333	5,478,331	315,868,125	24,105,438	1,364,541	333,172	*36,451
Depletable assets	278,664	148,491	111,245	18,927	47,356,298	135,649	333,172	—	*310
Less: Accumulated depletion	69,587	30,389	31,818	7,380	13,664,723	33,337	—	353	—
Land	3,139,984	2,053,440	557,894	528,650	19,220,126	1,889,856	251,274	116,296	113,454
Intangible assets (amortizable)	280,552	150,116	61,920	68,515	24,593,614	656,313	255,217	70,493	67,216
Less: Accumulated amortization	81,491	30,711	19,352	31,428	11,474,711	157,126	57,639	14,642	19,732
Other assets	2,342,852	1,351,930	474,648	516,274	56,063,219	3,636,473	1,308,782	336,766	272,940
Total liabilities	95,111,276	45,977,365	21,818,450	27,315,461	1,490,108,282	114,966,781	28,420,679	19,509,308	17,557,193
Accounts payable	19,350,685	10,223,773	3,677,413	5,449,498	177,411,840	14,610,530	1,720,955	2,365,950	2,998,247
Mortgages, notes, and bonds payable in less than one year	10,021,825	6,416,783	1,554,047	2,050,995	92,830,219	7,563,577	1,506,773	1,358,895	1,695,923
Other current liabilities	15,503,972	7,800,667	3,228,763	4,474,542	173,380,387	12,892,788	2,993,114	1,810,108	1,969,579
Loans from stockholders	2,113,719	1,200,885	231,638	681,196	13,163,912	1,646,047	393,533	388,536	207,705
Mortgages, notes, and bonds payable in one year or more	11,047,602	6,040,039	2,511,758	2,495,805	246,283,618	17,994,188	5,901,024	2,691,213	1,766,014
Other liabilities	7,461,824	3,734,469	1,924,346	1,803,009	99,382,399	4,957,082	1,672,961	383,749	238,612
Capital stock	3,979,266	1,257,001	1,241,658	1,480,607	81,497,196	6,751,509	2,016,604	1,261,152	1,083,346
Paid-in or capital surplus	2,573,704	1,193,935	875,398	504,371	149,216,560	9,885,137	4,821,413	1,182,717	1,042,852
Retained earnings, appropriated	205,169	49,336	70,104	85,729	4,623,183	924,466	14,062	28,069	69,038
Retained earnings, unappropriated	24,437,641	8,710,263	6,842,875	8,884,503	465,213,062	38,728,735	7,492,909	8,345,989	6,854,895
Less: Cost of treasury stock	1,584,130	649,786	339,550	594,794	12,894,094	985,278	112,668	307,071	369,012
Total receipts	204,522,775	88,218,199	43,510,957	72,793,619	2,115,131,672	241,688,373	25,146,735	35,293,703	37,387,995
Business receipts	199,297,328	85,450,364	42,027,765	71,819,199	2,022,565,617	235,900,877	24,156,902	34,718,033	36,692,787
Interest on Government obligations:									
United States	90,246	47,477	28,128	14,641	1,151,647	76,220	2,181	22,261	4,182
State and local	24,436	13,945	6,545	3,946	399,952	20,622	11	880	4,935
Other interest	1,508,871	808,125	377,698	323,047	21,888,774	1,393,195	408,812	132,547	195,801
Rents	724,135	406,492	196,779	120,863	14,067,955	357,764	28,042	30,172	39,269
Royalties	8,825	2,892	3,393	2,541	8,351,181	421,962	100,406	20,514	99,679
Net short-term capital gain reduced by net long-term capital loss	29,172	22,303	5,222	1,647	239,726	13,886	82	279	*382
Net long-term capital gain reduced by net short-term capital loss	421,811	307,667	72,371	41,774	9,179,184	791,076	26,722	20,695	15,688
Net gain, noncapital assets	407,654	203,807	140,019	63,828	2,260,099	227,407	60,869	48,800	8,335
Dividends received from domestic corporations	59,013	25,140	22,486	11,387	8,080,204	265,378	280,735	66,370	20,007
Dividends received from foreign corporations	91,808	30,595	55,543	5,669	11,943,062	616,885	47,743	51,361	59,338
Other receipts	1,859,476	899,392	575,008	385,077	15,004,273	1,643,100	54,230	181,792	247,591
Total deductions	195,797,981	84,899,882	41,342,860	69,555,438	1,985,410,305	231,513,686	22,848,752	33,650,652	35,252,044
Cost of sales and operations	157,205,786	72,009,626	33,115,857	52,080,303	1,484,983,944	178,061,275	14,045,510	26,799,384	26,552,649
Compensation of officers	7,086,885	2,436,855	940,706	3,709,323	16,253,245	1,301,478	63,377	392,739	963,935
Repairs	1,065,192	233,903	419,576	411,713	22,549,014	1,935,853	226,502	291,541	77,348
Bad debts	318,262	76,391	63,373	178,499	3,659,637	218,961	26,341	77,477	74,547
Rent paid on business property	1,181,070	303,257	331,277	546,537	15,485,626	1,565,334	139,158	221,293	376,833
Taxes paid	4,174,713	1,113,365	910,648	2,150,700	59,020,321	6,300,729	2,173,518	862,484	893,311
Interest paid	2,527,402	1,368,816	575,001	583,586	42,482,633	3,205,247	955,016	527,466	580,660
Contributions or gifts	84,381	38,497	18,014	27,869	1,185,799	116,986	18,388	3,328	10,061
Amortization	14,647	5,935	3,850	4,861	484,130	31,878	12,475	1,039,359	352,234
Depreciation	3,610,578	942,163	1,363,340	1,305,076	55,384,329	4,616,117	590,023	1,039,359	352,234
Depletion	54,867	15,677	33,627	5,563	5,740,960	29,234	50,290	*2,742	*1
Advertising	425,722	198,258	42,787	184,677	22,085,233	6,274,228	1,469,718	165,389	376,452
Pension, profit-sharing, stock bonus, and annuity plans	1,281,239	380,360	288,220	612,658	21,667,138	1,457,968	225,568	280,743	228,493
Employee benefit programs	1,184,956	222,437	264,693	697,827	18,969,077	1,592,708	209,701	212,017	235,850
Net loss, noncapital assets	40,901	15,023	5,442	20,435	314,588	34,350	1,484	5,296	3,656
Other deductions	15,541,380	5,539,319	2,966,249	7,035,812	215,184,631	24,771,338	2,639,681	2,766,872	4,492,579
Total receipts less total deductions	8,724,794	3,318,317	2,168,296	3,238,181	129,721,367	10,184,687	2,299,982	1,843,051	2,135,951
Constructive taxable income from related foreign corporations	210,785	17,479	192,468	838	12,226,094	510,408	54,764	39,294	45,981
Net income	8,911,143	3,321,851	2,354,219	3,235,073	141,547,510	10,674,471	2,354,735	1,681,465	2,176,997
Income subject to tax	7,188,284	2,514,681	2,112,605	2,560,977	134,843,548	10,267,133	2,137,270	1,573,940	2,018,585
Income tax, total	2,550,981	886,401	868,612	795,968	60,140,690	4,553,226	980,259	697,195	857,197
Regular and alternative tax	2,521,496	874,451	859,187	787,586	59,577,413	4,497,260	977,509	692,590	855,672
Tax from recomputing prior-year investment credit	22,768	7,303	7,584	7,881	367,669	42,535	2,748	4,428	1,363
Tax from recomputing prior-year work incentive (WIN) credit	424	*7	*341	*77	1,683	*12	3	—	162
Additional tax for tax preferences	6,293	4,640	1,501	*152	193,926	13,419	—	177	—
Foreign tax credit	150,887	38,237	109,827	2,822	19,164,141	653,076	59,486	40,340	64,425
U.S. possessions tax credit	1,328	732	517	78	1,448,303	80,472	14,033	6,533	37,258
Investment credit	351,369	89,209	151,833	110,328	6,670,911	509,377	159,142	108,566	38,458
Work incentive (WIN) credit	772	159	236	377	16,421	1,487	52	949	1,108
Jobs credit	80,000	32,513	9,171	38,315	183,084	20,689	*683	14,284	16,841
Nonconventional source fuel credit	—	—	—	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—	—
Distributions to stockholders:									
Cash and property except in own stock	744,415	337,091	203,938	203,386	35,721,786	2,856,688	753,117	273,837	247,210
Corporation's own stock	56,351	10,583	19,499	26,270	1,193,332	181,324	—	59,508	*8,460

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

Corporation Returns/1980

RETURNS WITH NET INCOME

Table 3 — Balance Sheets and Income Statements, by Major Industry — Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Major industry — Continued								
	Manufacturing — Continued								
	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns with net income	7,232	4,960	2,667	23,828	6,300	472	6,186	1,458	6,588
Total assets	31,483,857	7,935,946	43,039,837	42,197,273	134,321,420	377,537,293	16,901,242	6,203,641	32,219,160
Cash	1,153,534	511,047	1,354,916	2,210,346	3,467,667	8,121,017	860,967	420,176	1,166,331
Notes and accounts receivable	3,511,995	2,042,457	6,718,761	9,483,657	25,903,149	66,101,032	4,312,530	1,532,436	5,707,766
Less: Allowance for bad debts	93,052	40,582	145,024	554,841	524,999	602,610	97,690	30,781	145,842
Inventories	4,373,898	2,201,743	5,625,844	4,204,103	20,414,465	22,993,352	3,356,727	1,842,666	4,005,482
Investments in Government obligations:									
United States	189,567	40,687	332,511	342,328	625,305	1,781,144	102,444	*24,099	231,141
State and local	17,198	*17,801	23,517	108,582	256,123	453,269	*72,086	*18,340	24,412
Other current assets	1,211,504	334,854	1,527,262	2,247,986	5,776,640	10,502,318	660,782	255,278	2,216,847
Loans to stockholders	56,702	46,491	128,493	287,835	568,323	360,591	56,637	23,319	123,871
Mortgage and real estate loans	1,313,565	*4,097	38,849	113,546	53,605	99,695	58,249	196	124,072
Other investments	4,293,495	553,783	5,164,558	5,537,425	25,661,408	110,733,497	1,787,231	1,056,001	4,484,915
Depreciable assets	18,766,142	3,512,976	31,526,789	20,561,653	79,117,433	187,987,503	10,370,255	1,613,428	23,052,457
Less: Accumulated depreciation	8,373,904	1,593,711	13,709,589	8,774,166	35,882,703	66,839,099	5,202,779	754,482	10,447,733
Depletable assets	2,690,568	*1,396	2,131,481	279,757	2,207,093	36,593,293	*14,350	*504	514,585
Less: Accumulated depletion	113,532	—	304,276	*24,080	611,199	11,883,173	1,410	*426	1,170,835
Land	420,743	106,596	1,314,502	750,671	1,447,814	6,385,287	207,014	50,318	630,409
Intangible assets (amortizable)	31,433	15,519	356,375	1,692,151	1,383,647	16,537,485	28,578	54,593	83,923
Less: Accumulated amortization	10,861	5,506	62,434	207,770	340,585	9,581,667	11,856	15,293	19,268
Other assets	1,024,862	186,299	1,017,292	3,938,093	4,798,233	17,794,358	327,128	113,268	603,527
Total liabilities	31,463,857	7,935,946	43,039,837	42,197,273	134,321,420	377,537,293	16,901,242	6,203,641	32,219,160
Accounts payable	2,693,610	956,052	3,331,888	3,849,579	16,434,216	52,291,433	2,360,445	930,777	2,978,665
Mortgages, notes, and bonds payable in less than one year	2,557,356	403,213	1,717,316	1,690,320	6,153,645	9,003,211	961,478	480,797	1,793,707
Other current liabilities	2,750,554	853,355	4,461,749	5,244,472	15,057,628	30,376,482	1,903,052	554,001	3,312,490
Loans from stockholders	220,810	122,656	123,742	661,115	894,628	746,771	188,631	11,466	240,752
Mortgages, notes, and bonds payable in one year or more	6,761,685	970,355	8,992,857	6,798,255	25,331,820	59,453,906	2,672,380	1,008,242	6,921,819
Other liabilities	674,583	98,054	1,337,915	2,648,069	4,533,422	47,160,408	778,620	137,487	963,980
Capital stock	1,578,554	598,379	3,271,524	2,216,197	7,544,632	17,601,361	678,586	717,189	1,921,343
Paid-in or capital surplus	3,536,256	642,502	4,331,557	2,507,739	14,038,656	49,333,140	1,135,381	476,509	2,398,869
Retained earnings, appropriated	117,582	59,197	106,969	67,423	153,905	717,181	57,960	*48,584	195,351
Retained earnings, unappropriated	10,657,550	3,344,868	15,677,627	17,268,681	45,441,299	113,568,058	6,412,870	1,998,726	11,820,017
Less: Cost of treasury stock	284,683	112,685	313,307	754,576	1,262,431	2,715,658	248,571	160,158	327,834
Total receipts	39,247,292	16,156,635	56,436,960	61,730,401	167,379,960	622,546,971	28,583,951	12,005,801	40,782,014
Business receipts	36,125,586	15,833,596	53,386,017	59,236,851	159,900,883	601,010,170	27,927,097	11,766,841	39,251,112
Interest on Government obligations:									
United States	25,180	9,782	31,446	51,341	43,562	358,736	20,227	3,930	20,995
State and local	2,128	2,505	9,958	9,296	18,752	9,468	4,983	1,654	1,389
Other interest	475,359	80,403	427,368	485,236	1,628,095	5,522,223	146,286	77,318	343,460
Rents	89,602	9,931	52,038	184,777	170,082	1,320,189	43,361	12,151	63,491
Royalties	33,076	16,892	249,298	127,171	1,093,520	2,374,951	32,374	4,382	121,239
Net short-term capital gain reduced by net long-term capital loss	509	*3,908	4,096	8,226	14,296	29,714	892	*806	4,366
Net long-term capital gain reduced by net short-term capital loss	1,853,731	29,371	1,115,311	335,325	642,916	1,822,140	66,821	27,582	241,222
Net gain, noncapital assets	100,894	28,668	46,821	97,791	129,399	471,534	38,150	3,663	167,223
Dividends received from domestic corporations	74,630	7,637	164,349	549,133	859,834	2,091,627	35,754	60,126	104,918
Dividends received from foreign corporations	113,976	*1,720	573,382	131,906	1,246,542	4,309,308	81,498	2,202	197,521
Other receipts	352,621	132,022	362,875	513,348	1,632,079	3,226,910	186,508	45,147	275,078
Total deductions	37,720,155	15,142,244	52,900,450	56,147,282	155,515,462	579,385,268	27,193,754	11,190,348	38,592,903
Cost of sales and operations	27,597,105	10,984,964	37,816,710	34,916,826	105,289,758	488,546,847	19,055,908	8,113,498	27,068,042
Compensation of officers	549,820	378,903	378,768	1,592,288	1,008,956	374,400	604,171	158,584	589,239
Repairs	398,322	62,210	1,388,648	397,016	2,485,351	4,873,850	405,875	38,867	865,241
Bad debts	60,243	51,269	83,441	366,366	203,023	496,600	109,425	27,521	93,162
Rent paid on business property	280,547	176,292	409,698	803,061	1,406,847	3,093,848	302,698	282,738	333,878
Taxes paid	928,294	412,492	1,264,962	1,804,856	2,949,144	21,089,872	697,933	282,763	1,057,908
Interest paid	877,314	205,651	1,042,750	995,231	3,570,215	7,297,828	510,694	206,543	993,212
Contributions or gifts	13,786	12,494	40,302	75,221	130,305	226,141	13,572	11,826	26,841
Amortization	1,219	1,722	12,358	48,319	34,018	103,661	2,810	682	5,988
Depreciation	1,508,111	275,465	2,323,627	1,866,084	6,191,631	9,753,464	785,070	137,182	1,720,896
Depletion	1,913,915	*47	470,918	100,809	365,199	1,737,772	*3,926	2,277	152,661
Advertising	142,517	188,667	522,279	587,809	4,459,566	1,217,288	262,373	168,569	228,551
Pension, profit-sharing, stock bonus, and annuity plans	237,031	136,737	662,869	779,122	2,347,699	2,225,349	301,853	54,345	527,439
Employee benefit programs	175,097	125,500	473,080	668,133	1,420,058	1,160,081	438,683	68,387	464,372
Net loss, noncapital assets	37,064	4,444	12,238	37,463	46,371	18,580	3,625	2,307	3,366
Other deductions	2,999,771	2,125,389	5,997,800	11,110,680	23,597,320	37,170,048	3,695,138	1,634,259	4,442,087
Total receipts less total deductions	1,527,137	1,014,391	3,536,510	5,583,119	11,864,498	43,161,703	1,390,197	815,453	2,199,112
Constructive taxable income from related foreign corporations	60,316	1,976	330,483	75,030	1,613,314	5,172,370	67,989	32,396	110,171
Net income	1,585,324	1,013,862	3,863,035	5,648,853	13,459,060	48,324,605	1,453,204	846,194	2,307,894
Income subject to tax	1,526,547	967,167	3,733,496	4,850,223	13,241,396	46,191,894	1,373,015	737,270	2,111,903
Income tax, total	539,968	408,306	1,572,331	2,066,221	5,999,868	21,019,400	575,186	327,537	900,145
Regular and alternative tax	516,614	406,537	1,544,472	2,051,617	5,928,402	20,923,701	569,413	326,872	878,706
Tax from recomputing prior-year investment credit	11,405	1,311	8,990	11,665	34,055	86,167	4,919	665	8,449
Tax from recomputing prior-year work incentive (WIN) credit	*137	1	5	—	—	—	—	—	—
Additional tax for tax preferences	11,813	457	18,864	*512	—	3	—	—	—
Foreign tax credit	67,648	2,512	373,699	101,771	1,721,857	11,027,536	86,045	4,892	134,757
U.S. possessions tax credit	—	290	764	2,636	756,341	28,883	9,407	8,478	3,280
Investment credit	127,577	28,008	290,370	253,942	677,748	1,783,048	65,971	13,371	186,800
Work incentive (WIN) credit	344	459	549	1,118	907	176	601	267	572
Jobs credit	9,849	7,835	3,296	5,991	5,127	1,335	5,522	3,598	5,641
Nonconventional source fuel credit	—	—	—	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—	—
Distributions to stockholders:									
Cash and property except in own stock	602,212	90,536	1,279,805	1,256,482	5,522,732	9,031,319	287,624	143,331	641,594
Corporation's own stock	*5,756	*8,593	*22,781	50,048	41,324	67,097	*15,599	1,102	*18,192

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 3 — Balance Sheets and Income Statements, by Major Industry — Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Major industry — Continued							
	Manufacturing — Continued							
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Number of returns with net income	2,838	22,572	19,850	8,533	1,373	3,047	4,288	8,642
Total assets	109,558,984	63,740,404	142,199,393	134,201,945	81,739,430	40,210,946	28,050,428	18,131,124
Cash	1,950,196	3,329,830	4,183,483	4,494,481	1,069,698	2,933,819	735,065	855,195
Notes and accounts receivable	21,356,675	14,301,450	37,564,303	40,221,184	38,078,869	6,419,143	7,406,790	5,003,740
Less: Allowance for bad debts	345,082	296,837	1,461,761	1,837,144	541,891	82,450	93,923	139,705
Inventories	14,095,535	13,750,284	31,729,734	23,838,547	9,741,246	13,919,819	6,924,197	4,546,327
Investments in Government obligations:								
United States	381,813	368,974	642,157	738,443	3,031,567	373,725	853,728	39,136
State and local	290,008	142,701	255,240	161,453	*147,212	*527	*129,250	*27,488
Other current assets	8,627,546	2,749,807	8,553,575	10,702,412	911,779	1,930,925	1,024,472	657,706
Loans to stockholders	188,900	390,178	628,987	743,013	203,967	11,436	40,254	67,125
Mortgage and real estate loans	188,749	145,413	472,590	163,926	143,293	*34,510	*46,960	20,358
Other investments	19,906,286	10,015,517	21,366,817	21,862,530	9,679,137	3,532,115	2,335,244	2,473,428
Depreciable assets	64,422,374	29,806,313	61,927,557	47,808,326	33,002,365	18,422,761	13,587,954	6,105,685
Less: Accumulated depreciation	31,278,137	13,821,654	28,196,843	21,665,015	16,626,934	8,453,732	6,154,217	2,609,340
Depletable assets	866,574	201,040	284,854	964,018	*37,603	*34,378	*15,176	*14,046
Less: Accumulated depletion	297,704	16,999	48,286	208,904	*1,710	—	443	*1,056
Land	984,939	849,122	1,114,089	1,009,732	522,464	451,596	365,609	236,339
Intangible assets (amortizable)	827,720	418,235	736,422	648,230	192,345	27,264	197,714	312,741
Less: Accumulated amortization	242,963	83,033	295,956	193,348	24,290	9,945	55,530	65,269
Other assets	7,635,554	1,490,062	2,742,432	4,750,080	2,152,708	665,054	682,127	587,181
Total liabilities	109,558,984	63,740,404	142,199,393	134,201,945	81,739,430	40,210,946	28,050,428	18,131,124
Accounts payable	10,301,568	7,936,723	14,626,691	15,623,282	5,591,378	10,297,524	3,389,967	2,122,360
Mortgages, notes, and bonds payable in less than one year	8,693,067	2,927,064	10,354,784	12,922,843	16,499,978	2,180,194	1,112,622	1,253,455
Other current liabilities	13,019,490	7,940,290	20,882,353	24,532,825	9,370,207	7,407,508	3,717,825	2,330,521
Loans from stockholders	426,258	800,125	4,103,154	1,080,907	418,631	144,543	144,543	199,202
Mortgages, notes, and bonds payable in one year or more	21,569,559	9,689,312	21,459,377	17,644,254	17,132,878	5,607,897	3,119,300	2,797,283
Other liabilities	8,546,440	2,390,898	4,343,252	11,917,271	3,141,584	1,885,322	794,921	777,769
Capital stock	7,480,930	3,574,886	9,509,032	5,731,071	2,057,282	3,204,424	1,624,937	1,073,258
Paid-in or capital surplus	11,223,508	6,162,076	13,731,085	11,532,875	4,435,901	1,875,457	2,997,141	1,925,789
Retained earnings, appropriated	522,092	405,665	384,770	451,456	*87,781	35,922	117,436	58,273
Retained earnings, unappropriated	28,504,170	22,851,527	43,646,484	34,361,504	23,180,633	7,811,225	11,219,279	5,825,607
Less: Cost of treasury stock	728,098	938,163	841,589	1,596,343	239,208	187,543	187,543	232,394
Total receipts	112,922,451	96,965,383	161,634,428	148,265,928	87,608,713	54,942,958	38,968,050	29,396,973
Business receipts	107,061,625	94,377,078	141,579,947	140,541,944	85,288,071	51,949,856	37,242,717	28,617,825
Interest on Government obligations:								
United States	39,480	45,023	110,221	73,721	101,226	61,643	43,459	6,833
State and local	16,425	21,173	46,507	186,321	38,804	1,446	6,546	2,150
Other interest	2,744,403	679,815	2,786,595	2,650,746	533,431	660,208	233,363	314,109
Rents	237,541	150,639	9,931,260	949,700	170,291	94,574	75,439	57,642
Royalties	106,308	154,527	2,387,036	529,894	148,082	95,554	201,597	32,720
Net short-term capital gain reduced by net long-term capital loss	80,679	11,495	15,146	36,097	*2,025	*310	9,022	3,509
Net long-term capital gain reduced by net short-term capital loss	1,049,093	233,566	256,251	254,390	137,185	101,333	73,893	84,874
Net gain, noncapital assets	153,183	91,227	244,538	186,863	73,350	43,188	24,554	13,442
Dividends received from domestic corporations	297,326	159,058	802,992	902,477	302,008	645,023	362,810	48,012
Dividends received from foreign corporations	409,367	431,842	2,140,541	604,980	430,581	114,623	337,445	40,301
Other receipts	727,021	609,940	1,333,395	1,348,795	383,658	1,175,400	377,205	175,557
Total deductions	108,087,756	90,683,375	148,918,049	139,418,005	85,571,665	52,900,529	35,096,788	27,683,138
Cost of sales and operations	80,219,759	66,644,004	97,081,831	93,380,117	61,265,830	39,602,696	22,359,218	19,581,812
Compensation of officers	580,184	2,334,338	2,095,357	1,235,238	321,930	321,695	380,608	627,597
Repairs	4,258,335	919,240	1,294,147	894,451	407,623	583,885	564,618	170,091
Bad debts	200,739	232,739	426,232	435,385	256,113	50,442	68,623	100,985
Rent paid on business property	701,233	811,887	1,614,413	1,308,066	614,373	421,838	348,025	253,563
Taxes paid	2,506,958	2,350,412	4,437,096	3,791,207	2,277,029	1,249,380	961,344	728,630
Interest paid	3,973,963	1,818,457	4,673,294	5,046,397	3,685,099	1,034,930	525,007	757,640
Contributions or gifts	48,705	60,496	119,843	94,052	20,829	35,736	44,221	20,323
Amortization	36,778	16,903	68,423	55,189	12,496	5,276	13,147	9,400
Depreciation	4,091,914	2,376,917	6,193,783	4,947,824	3,904,638	1,033,332	1,094,192	562,466
Depletion	709,622	37,402	39,692	105,586	1,124	*14,558	*1,342	*1,842
Advertising	368,061	778,068	1,091,683	1,702,901	575,890	225,296	800,365	481,563
Pension, profit-sharing, stock bonus, and annuity plans	2,068,762	988,947	2,534,748	2,142,160	2,524,433	1,080,030	655,887	226,955
Employee benefit programs	1,448,230	1,027,578	2,335,482	2,275,176	3,027,621	785,182	527,674	278,466
Net loss, noncapital assets	37,656	15,577	22,437	18,887	638	2,141	4,042	2,945
Other deductions	6,838,856	10,270,410	24,889,588	21,985,369	6,676,000	6,454,112	6,748,473	3,878,861
Total receipts less total deductions	4,834,696	6,282,008	12,716,377	8,847,923	2,037,048	2,042,428	3,891,261	1,713,835
Constructive taxable income from related foreign corporations	424,104	301,179	1,991,332	543,307	284,329	119,858	388,200	59,294
Net income	5,242,374	6,562,013	14,661,202	9,204,909	2,282,573	2,160,840	4,272,915	1,770,979
Income subject to tax	4,915,660	6,169,299	14,329,915	8,716,466	2,215,139	2,037,880	4,089,072	1,640,276
Income tax, total	2,190,581	2,628,506	6,444,698	3,920,550	999,752	914,167	1,849,987	695,610
Regular and alternative tax	2,102,566	2,611,948	6,383,616	3,896,807	979,334	899,998	1,841,911	691,869
Tax from recomputing prior-year investment credit	15,172	13,424	56,923	21,053	19,059	11,927	7,794	3,617
Tax from recomputing prior-year work incentive (WIN) credit	*736	35	71	6	—	—	—	—
Additional tax for tax preferences	72,106	3,099	4,088	2,684	1,359	2,242	282	124
Foreign tax credit	614,367	341,419	2,332,269	601,724	358,884	141,482	387,190	48,781
U.S. possessions tax credit	1,393	18,158	19,771	346,449	5,124	2,108	71,705	35,221
Investment credit	327,453	285,572	669,203	514,541	200,611	237,667	141,929	51,556
Work incentive (WIN) credit	588	494	1,287	2,640	384	802	802	1,035
Jobs credit	4,657	14,304	15,503	30,019	3,170	3,248	4,044	7,451
Nonconventional source fuel credit	—	—	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—
Distributions to stockholders:								
Cash and property except in own stock	1,565,470	1,068,459	4,180,014	2,468,726	1,403,294	743,072	1,024,610	281,656
Corporation's own stock	126,155	89,149	67,670	130,305	930	189,842	68,027	*41,470

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

Corporation Returns/1980

RETURNS WITH NET INCOME

Table 3 — Balance Sheets and Income Statements, by Major Industry — Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Major industry — Continued							
	Transportation and public utilities				Wholesale and retail trade			
	Total	Transportation	Communication	Electric, gas, and sanitary services	Total	Wholesale trade		
						Total	Groceries and related products	Machinery, equipment, and supplies
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
Number of returns with net income	62,232	50,339	6,925	4,968	487,300	189,641	17,316	41,910
Total assets	623,228,703	111,387,521	196,384,653	315,496,530	521,748,498	278,476,014	25,436,536	49,661,137
Cash	8,263,702	4,967,198	1,528,048	1,768,456	31,727,824	17,232,980	1,824,252	2,930,676
Notes and accounts receivable	55,507,932	17,592,246	13,249,971	24,665,715	144,617,565	93,918,160	7,748,543	16,447,265
Less: Allowance for bad debts	655,431	207,533	179,995	267,904	5,473,771	1,453,134	203,207	241,034
Inventories	25,088,204	4,239,785	6,692,248	14,156,171	145,175,628	74,217,393	6,609,316	16,037,783
Investments in Government obligations:								
United States	3,706,901	1,110,547	1,569,369	1,026,985	1,737,934	925,568	80,100	65,561
State and local	138,397	76,013	24,305	38,079	4,771,402	245,349	7,744	11,907
Other current assets	20,448,467	6,020,117	3,819,430	10,608,920	17,701,850	10,461,318	762,347	1,953,377
Loans to stockholders	702,497	530,267	134,760	37,470	8,573,392	6,833,812	309,578	285,484
Mortgage and real estate loans	2,303,523	262,779	275,081	1,765,663	8,040,449	1,668,964	52,631	76,109
Other investments	47,744,639	10,403,198	16,558,384	20,783,057	50,784,668	30,727,022	2,625,199	4,604,161
Depreciable assets	583,519,556	88,678,398	187,782,916	307,048,242	151,784,292	58,686,140	6,221,540	9,685,006
Less: Accumulated depreciation	145,492,144	29,164,988	39,311,129	77,016,027	62,784,096	25,399,617	3,705,428	4,139,348
Depletable assets	5,280,970	2,022,552	4,834	3,253,584	1,144,948	897,279	4,560	28,088
Less: Accumulated depletion	1,051,729	107,776	1,277	942,676	230,952	159,609	871	10,350
Land	3,730,309	1,390,875	565,094	1,774,339	10,020,172	3,556,071	337,344	519,424
Intangible assets (amortizable)	3,156,799	1,105,045	1,448,653	602,100	3,384,278	1,301,090	303,390	143,139
Less: Accumulated amortization	1,019,235	556,741	337,713	124,782	1,041,898	341,306	54,099	45,997
Other assets	11,855,346	3,005,537	2,530,672	6,319,138	11,814,812	5,358,534	520,597	1,309,885
Total liabilities	623,228,703	111,387,521	196,384,653	315,496,530	521,748,498	278,476,014	25,436,536	49,661,137
Accounts payable	36,406,161	10,648,898	6,092,370	19,664,893	97,620,931	64,146,838	6,536,673	9,130,071
Mortgages, notes, and bonds payable in less than one year	25,107,757	5,383,752	6,685,347	13,038,658	67,434,760	35,515,396	2,156,810	7,124,367
Other current liabilities	74,853,140	16,333,385	25,412,577	33,107,178	54,443,722	23,966,157	2,564,439	4,464,279
Loans from stockholders	4,608,413	968,026	601,379	3,039,007	12,427,395	6,141,239	530,834	1,011,980
Mortgages, notes, and bonds payable in one year or more	198,608,973	28,587,331	60,773,232	109,248,410	70,518,454	27,843,438	3,087,233	4,655,491
Other liabilities	35,820,133	6,001,466	11,594,337	18,224,330	12,897,798	4,807,089	719,629	987,410
Capital stock	85,976,207	6,512,946	22,333,648	57,129,864	28,466,258	14,969,657	1,302,861	2,043,248
Paid-in or capital surplus	55,574,796	7,731,455	24,486,898	23,356,443	24,205,107	12,679,056	1,808,962	1,905,661
Retained earnings, appropriated	1,071,574	251,345	241,583	578,646	2,948,089	1,894,001	70,462	136,609
Retained earnings, unappropriated	106,679,034	29,840,715	38,551,158	38,287,161	156,212,764	89,272,427	7,012,134	18,770,359
Less: Cost of treasury stock	1,477,485	891,545	407,879	178,060	5,426,780	2,759,284	383,465	568,339
Total receipts	430,307,390	139,475,594	100,429,792	190,402,005	1,565,559,155	918,071,833	133,800,818	103,261,163
Business receipts	418,105,775	134,438,646	98,516,871	185,150,257	1,535,353,502	902,187,138	132,207,243	100,254,829
Interest on Government obligations:								
United States	226,350	112,022	45,722	68,606	240,277	150,450	9,701	11,255
State and local	15,798	11,708	2,302	1,788	53,209	22,857	2,183	2,920
Other interest	4,646,363	1,408,387	705,878	2,532,098	8,891,915	5,008,561	365,288	988,069
Rents	1,840,152	1,009,956	360,577	469,619	3,727,660	1,254,876	152,332	477,261
Royalties	295,929	161,280	78,436	56,212	405,125	242,942	9,789	23,288
Net short-term capital gain reduced by net long-term capital loss	22,402	14,303	1,361	6,739	90,583	49,277	1,248	6,648
Net long-term capital gain reduced by net short-term capital loss	1,208,392	589,840	163,918	454,635	1,681,723	931,133	85,884	92,596
Net gain, noncapital assets	783,004	563,756	82,893	136,354	952,496	543,787	35,210	108,205
Dividends received from domestic corporations	294,621	77,137	116,969	100,515	932,253	579,125	65,884	485,864
Dividends received from foreign corporations	159,823	65,898	62,776	31,150	875,786	696,885	15,235	4,273
Other receipts	2,708,783	1,022,661	292,090	1,394,031	12,354,627	6,404,800	889,328	1,225,934
Total deductions	405,592,576	132,243,294	92,845,010	180,504,271	1,518,347,359	888,296,491	131,772,426	96,280,476
Cost of sales and operations	273,400,075	93,087,975	49,144,206	131,157,894	1,220,722,283	770,976,563	115,771,996	75,397,068
Compensation of officers	2,826,691	1,997,035	395,114	434,541	22,187,828	11,805,307	1,224,628	2,563,104
Repairs	785,934	281,059	160,942	343,933	5,164,553	1,978,013	369,895	318,473
Bad debts	1,388,299	220,912	730,842	436,545	2,806,908	1,480,059	186,529	273,030
Rent paid on business property	5,829,921	3,897,395	1,234,099	698,427	17,923,901	4,315,770	696,679	661,263
Taxes paid	20,045,851	4,860,626	6,164,244	9,020,981	19,448,877	8,007,321	903,612	1,081,702
Interest paid	22,113,249	3,544,964	6,036,723	12,531,562	18,240,457	8,940,631	740,346	1,491,884
Contributions or gifts	192,017	58,564	60,107	73,346	389,905	187,131	17,258	33,000
Amortization	176,158	60,067	18,877	97,213	96,450	35,389	3,434	5,754
Depreciation	31,325,833	6,054,631	13,768,881	11,502,320	14,381,366	5,884,138	794,441	1,226,716
Depletion	483,674	127,207	518	355,948	100,758	83,466	71	5,645
Advertising	1,109,797	475,634	467,354	166,808	13,221,342	3,384,120	500,111	414,645
Pension, profit-sharing, stock bonus, and annuity plans	6,762,577	1,255,033	3,919,567	1,587,977	5,133,399	2,600,551	326,958	522,636
Employee benefit programs	3,913,541	1,284,128	1,775,679	853,734	3,986,559	1,592,258	264,463	305,624
Net loss, noncapital assets	75,676	28,273	14,064	33,339	126,853	55,615	5,582	4,552
Other deductions	35,163,283	14,999,791	8,953,792	11,209,701	174,417,823	66,970,158	9,966,323	11,975,399
Total receipts less total deductions	24,714,815	7,232,300	7,584,782	9,897,733	47,211,796	29,775,342	2,028,392	6,980,687
Constructive taxable income from related foreign corporations	218,276	73,951	100,328	43,997	2,267,912	2,136,200	93,295	4,008
Net income	24,917,293	7,294,543	7,682,807	9,939,942	49,426,500	31,888,684	2,119,504	6,981,775
Income subject to tax	23,916,654	6,696,821	7,488,359	9,731,474	35,034,547	20,048,541	1,703,242	3,119,054
Income tax, total	10,722,269	2,821,831	3,494,144	4,406,295	13,634,822	7,991,431	668,890	1,169,140
Regular and alternative tax	10,532,722	2,787,523	3,373,794	4,371,404	13,515,653	7,929,737	661,126	1,150,260
Tax from recomputing prior-year investment credit	171,517	25,048	119,476	26,994	103,215	51,859	5,191	18,608
Tax from recomputing prior-year work incentive (WIN) credit	165	2	—	163	291	81	3	75
Additional tax for tax preferences	17,865	9,257	874	7,734	15,663	9,754	570	270
Foreign tax credit	461,901	211,102	75,834	174,965	1,526,761	1,389,349	49,604	19,147
U.S. possessions tax credit	25,061	9	24,959	93	62,452	78,770	2,290	159
Investment credit	4,895,642	966,067	1,865,179	2,064,396	1,329,593	604,066	78,180	116,988
Work incentive (WIN) credit	2,003	313	383	1,307	5,872	2,359	247	690
Jobs credit	25,459	19,226	2,370	3,864	160,179	26,880	5,029	5,221
Nonconventional source fuel credit	—	—	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—
Distributions to stockholders:								
Cash and property except in own stock	15,429,720	1,621,073	5,147,576	8,661,070	10,137,185	6,878,318	290,516	2,002,081
Corporation's own stock	393,181	68,614	19,355	305,212	366,955	201,149	15,909	15,466

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued									
	Wholesale and retail trade — Continued									
	Retail trade									
	Total	Building materials, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores	Wholesale and retail trade not allocable
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
Number of returns with net income	294,733	23,795	6,685	20,592	46,052	28,118	24,944	52,054	92,493	2,926
Total assets	242,708,484	17,291,183	84,736,263	30,108,185	29,243,782	13,435,666	11,212,245	20,544,856	36,136,305	564,000
Cash	14,381,932	1,231,042	1,891,572	2,319,257	2,273,479	1,102,274	892,153	1,681,612	2,990,542	112,912
Notes and accounts receivable	50,537,114	3,995,372	28,062,009	1,749,493	4,462,870	2,221,480	2,781,609	1,264,957	5,999,314	162,291
Less: Allowance for bad debts	4,017,774	97,320	3,470,097	36,606	105,444	56,530	66,583	17,146	138,048	*2,863
Inventories	70,821,850	6,244,225	16,693,775	8,821,554	13,903,261	5,152,839	4,613,805	1,069,694	14,322,896	136,386
Investments in Government obligations:										
United States	812,366	42,457	121,966	254,944	52,938	55,869	50,309	128,793	105,092	—
State and local	4,526,053	*190	4,441,172	*50,565	*9,755	*2,701	*9,040	*4,780	7,850	—
Other current assets	7,216,290	394,635	1,970,700	1,092,482	973,559	565,850	424,632	703,088	1,093,344	22,243
Loans to stockholders	1,929,744	115,040	162,885	142,607	292,740	216,471	103,757	374,019	522,225	*9,836
Mortgage and real estate loans	6,371,427	108,868	5,760,583	55,277	115,448	13,849	22,541	150,391	144,470	58
Other investments	20,022,721	1,263,343	9,963,067	2,413,079	1,008,469	1,037,861	500,264	1,937,171	1,899,466	*34,926
Depreciable assets	92,952,107	5,320,230	24,955,469	19,346,314	8,570,376	3,916,416	2,552,559	15,187,593	13,103,151	146,044
Less: Accumulated depreciation	37,307,913	2,425,450	9,192,645	8,062,468	3,744,812	1,742,808	1,066,572	5,253,285	5,819,874	76,566
Depletable assets	247,669	13,891	157,535	*3,339	*14,351	*15,228	*13,689	*28,257	*13,506	—
Less: Accumulated depletion	71,343	*1,125	43,136	*150	*6,248	*1,659	*4,906	*13,506	*13,506	—
Land	6,455,419	540,670	1,521,300	950,537	859,445	146,377	199,795	1,561,817	675,478	*8,682
Intangible assets (amortizable)	2,081,304	236,296	153,823	419,887	145,764	99,190	31,565	506,326	488,454	*1,885
Less: Accumulated amortization	700,012	83,991	39,052	159,054	50,699	31,662	10,475	155,664	169,416	*581
Other assets	6,447,531	392,811	1,625,336	747,128	462,893	726,499	202,016	1,394,238	896,610	8,747
Total liabilities	242,708,484	17,291,183	84,736,263	30,108,185	29,243,782	13,435,666	11,212,245	20,544,856	36,136,305	564,000
Accounts payable	33,361,252	2,345,894	7,713,711	6,463,716	3,452,740	2,472,537	1,875,364	1,682,952	7,354,337	112,841
Mortgages, notes, and bonds payable in less than one year	31,883,836	1,894,972	14,169,555	959,308	9,159,999	662,289	908,849	947,303	3,181,563	35,528
Other current liabilities	30,445,918	1,296,159	16,134,347	3,234,026	2,270,908	1,211,559	1,223,505	1,965,111	3,110,302	31,647
Loans from stockholders	6,268,313	601,844	728,518	404,116	945,714	319,974	438,030	1,142,755	1,687,364	*17,842
Mortgages, notes, and bonds payable in one year or more	42,587,840	2,884,680	14,980,424	6,764,787	3,205,067	2,330,368	1,218,149	5,878,199	5,326,166	87,176
Other liabilities	8,090,251	1,066,493	3,024,737	992,402	426,079	331,375	496,865	1,028,967	703,333	*457
Capital stock	13,461,058	1,209,301	2,927,743	1,603,200	2,060,112	1,058,690	953,738	1,137,486	2,510,788	35,543
Paid-in or capital surplus	11,503,635	525,074	4,261,007	1,820,959	520,039	824,624	427,961	1,323,136	2,000,834	*22,417
Retained earnings, appropriated	1,038,951	34,867	291,763	32,462	103,230	13,053	135,902	212,655	215,019	*15,138
Retained earnings, unappropriated	66,726,651	5,606,479	20,868,940	8,383,144	7,503,714	4,440,123	3,866,408	5,607,426	10,630,418	213,688
Less: Cost of treasury stock	2,659,221	194,580	364,484	349,935	403,820	228,925	152,525	381,133	563,819	*8,275
Total receipts	645,870,393	38,128,404	117,167,158	160,303,119	125,137,644	29,517,860	25,067,373	46,255,235	104,293,599	1,616,929
Business receipts	631,572,487	37,132,287	112,326,801	158,483,105	123,105,615	28,871,681	24,504,184	44,595,639	102,553,174	1,593,877
Interest on Government obligations:										
United States	89,751	3,106	19,255	25,537	7,496	6,308	5,842	7,132	15,074	*76
State and local	30,351	598	1,408	4,102	787	878	*640	*14,507	7,432	—
Other interest	3,873,684	232,265	1,976,956	266,657	492,947	178,368	161,933	192,109	372,449	9,670
Rents	2,469,759	137,395	672,490	292,792	297,918	92,975	84,373	615,533	276,282	3,025
Royalties	162,183	*838	4,189	5,971	2,114	3,805	*2,095	117,872	25,298	—
Net short-term capital gain reduced by net long-term capital loss	41,273	*799	1,649	5,755	2,890	*1,075	*396	10,894	17,815	33
Net long-term capital gain reduced by net short-term capital loss	748,115	50,509	303,559	108,470	67,152	18,969	14,589	97,796	87,072	*2,475
Net gain, noncapital assets	408,013	99,486	25,905	82,139	71,403	6,880	5,476	38,646	78,077	*696
Dividends received from domestic corporations	352,285	34,992	190,314	20,048	14,690	65,055	7,793	8,264	11,130	*842
Dividends received from foreign corporations	178,801	*149	128,631	*32,878	*147	*371	4	11,242	5,380	100
Other receipts	5,943,693	435,982	1,516,000	975,667	1,074,484	271,496	280,047	545,601	844,417	6,133
Total deductions	628,501,886	36,760,773	113,996,710	157,791,115	123,220,705	28,106,800	23,937,040	44,002,003	100,686,739	1,548,982
Cost of sales and operations	448,623,154	26,621,705	72,077,349	123,474,062	103,356,954	16,935,218	15,496,171	18,852,715	71,808,980	1,122,566
Compensation of officers	10,294,850	1,061,301	386,009	963,677	2,016,396	820,437	1,002,424	1,361,841	2,682,764	87,671
Repairs	3,176,594	181,429	603,551	889,300	292,837	103,447	92,414	603,017	1,410,599	9,946
Bad debts	1,321,899	179,430	490,114	79,878	148,247	67,893	119,261	31,425	205,651	4,950
Rent paid on business property	13,587,833	483,152	2,813,403	2,174,326	1,052,988	1,682,006	752,801	2,325,433	2,303,724	20,298
Taxes paid	11,404,837	682,005	2,732,743	2,019,288	1,384,008	626,707	499,909	1,642,193	1,817,985	34,818
Interest paid	9,288,504	602,162	4,227,732	619,524	1,493,359	391,924	272,081	734,027	947,694	11,321
Contributions or gifts	202,584	13,887	68,801	24,666	15,280	15,143	10,352	17,564	36,891	*190
Amortization	60,950	2,889	3,796	7,338	5,539	3,489	1,407	22,071	14,421	*111
Depreciation	8,484,078	477,449	2,001,735	1,646,839	1,068,874	365,682	242,802	1,393,698	1,287,000	13,149
Depletion	17,292	*803	1,125	*289	1,156	*29	*8,595	*3,545	1,750	—
Advertising	9,832,484	550,730	3,000,183	1,508,413	866,636	658,783	893,614	950,831	1,403,294	4,738
Pension, profit-sharing, stock bonus, and annuity plans	2,529,095	174,626	698,494	632,629	201,558	136,230	101,266	169,754	414,538	*3,753
Employee benefit programs	2,392,728	136,251	489,364	748,147	309,484	87,783	78,395	166,513	356,791	*1,573
Net loss, noncapital assets	70,998	1,613	5,447	13,145	21,802	3,095	3,328	11,968	10,600	*240
Other deductions	107,214,005	5,591,341	24,396,862	22,989,595	10,985,588	6,208,935	4,362,221	15,695,407	16,984,057	233,659
Total receipts less total deductions	17,368,508	1,367,631	3,170,448	2,512,005	1,916,938	1,411,060	1,130,333	2,253,232	3,606,860	67,947
Constructive taxable income from related foreign corporations	131,712	—	100,128	22,518	(¹)	184	—	2,545	6,338	—
Net income	17,469,869	1,367,034	3,269,169	2,530,420	1,916,152	1,410,366	1,129,692	2,241,269	3,605,766	67,947
Income subject to tax	14,925,653	1,176,438	3,006,640	2,213,326	1,614,272	1,200,575	922,695	1,764,151	3,027,556	60,353
Income tax, total	5,625,845	404,051	1,317,048	928,380	506,034	321,832	321,832	644,425	1,065,582	17,542
Regular and alternative tax	5,568,373	400,004	1,300,486	919,585	495,304	437,294	320,618	638,381	1,056,722	17,542
Tax from recomputing prior-year investment credit	51,352	3,844	12,507	8,425	9,966	1,081	1,197	5,656	8,677	*4
Tax from recomputing prior-year work incentive (WIN) credit	*210	—	—	12	*197	1	—	—	—	—
Additional tax for tax preferences	5,909	*203	4,075	359	567	118	16	388	*184	—
Foreign tax credit	137,412	*65	90,201	25,796	*148	1,805	*1,758	10,669	6,972	—
U.S. possessions tax credit	3,682	—	241	1,591	—	279	—	1,505	66	—
Investment credit	724,522	30,925	167,191	193,245	60,687	28,900	14,496	102,365	126,713	995
Work incentive (WIN) credit	3,231	495	308	354	192	*49	*10	1,038	785	*283
Jobs credit	132,883	3,346	16,877	27,230	8,165	4,816	2,773	56,177	13,499	*417
Nonconventional source fuel credit	2	—	—	2	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—	—	—
Distributions to stockholders:										
Cash and property except in own stock	3,255,552	102,792	1,463,491	400,170	134,576	222,950	58,286	275,336	597,952	*3,314
Corporation's own stock	165,806	*12,374	21,437	42,150	*4,502	15,308	*9,918	43,423	16,694	—

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

Corporation Returns/1980

RETURNS WITH NET INCOME

Table 3 — Balance Sheets and Income Statements, by Major Industry — Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Major industry — Continued							
	Finance, insurance, and real estate							
	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Number of returns with net income	273,853	11,178	32,822	2,960	6,607	29,380	155,263	35,644
Total assets	2,957,631,242	1,687,244,269	261,495,368	81,126,485	657,713,146	12,717,138	71,664,342	185,670,494
Cash	337,914,438	289,168,095	9,527,878	5,147,059	7,903,215	2,356,102	4,701,589	19,110,500
Notes and accounts receivable	1,059,671,813	933,502,652	48,836,889	42,234,085	17,567,165	4,138,191	6,985,884	6,406,947
Less: Allowance for bad debts	19,919,946	9,896,394	7,074,857	87,096	2,451,393	134,746	180,951	94,510
Inventories	4,875,236	802,374	832,866	221,979	1,115,183	13,711	1,571,712	317,412
Investments in Government obligations:								
United States	178,021,024	123,592,828	9,364,701	5,881,715	28,892,076	342,917	546,239	9,400,548
State and local	157,539,245	93,093,522	693,184	748,449	59,934,776	176,556	258,984	2,635,775
Other current assets	113,467,808	48,761,385	5,989,846	19,902,859	22,214,818	553,932	6,431,991	9,613,076
Loans to stockholders	4,811,013	1,432,619	949,850	46,954	256,034	186,879	1,143,270	795,408
Mortgage and real estate loans	368,422,005	66,548,450	167,508,705	15,657	126,976,325	35,585	4,272,764	3,064,520
Other investments	606,167,447	82,052,015	18,640,586	4,988,245	361,163,243	3,204,560	7,791,715	128,327,084
Depreciable assets	96,847,833	31,143,761	5,049,245	1,227,830	11,886,721	1,521,423	41,414,350	4,604,504
Less: Accumulated depreciation	31,907,991	7,954,643	1,609,386	485,565	2,895,621	628,236	16,882,436	1,452,103
Depletable assets	513,743	14,629	17,429	*11,959	18,718	*226	230,166	219,617
Less: Accumulated depletion	137,366	2,676	*1,913	*1,998	5,836	57	54,053	70,833
Land	17,101,071	2,431,182	931,735	34,350	870,144	87,053	11,149,535	1,597,073
Intangible assets (amortizable)	1,345,085	296,371	98,344	142,136	178,807	203,453	291,375	134,800
Less: Accumulated amortization	433,891	75,976	30,943	25,570	39,525	82,377	134,762	44,738
Other assets	63,332,574	32,334,075	1,771,209	1,125,437	24,127,298	741,968	2,126,970	1,105,616
Total liabilities	2,957,631,242	1,687,244,269	261,495,368	81,126,485	657,713,146	12,717,138	71,664,342	185,670,494
Accounts payable	81,786,310	9,517,168	3,464,080	42,411,813	16,824,307	4,605,491	2,264,840	2,698,610
Mortgages, notes, and bonds payable in less than one year	119,073,310	59,498,938	34,193,231	8,322,225	7,014,459	526,531	7,094,302	2,423,623
Other current liabilities	1,602,708,430	1,318,486,542	167,547,698	18,221,442	88,220,040	1,259,871	4,098,480	4,874,356
Loans from stockholders	15,812,126	8,743,773	1,470,890	221,678	1,496,032	168,131	2,852,758	858,863
Mortgages, notes, and bonds payable in one year or more	107,746,803	33,987,266	28,482,819	2,252,015	9,229,602	914,084	26,492,825	6,388,192
Other liabilities	586,474,118	138,849,049	6,658,254	3,270,784	428,309,606	503,544	4,062,338	4,820,543
Capital stock	120,663,506	21,322,729	5,071,778	685,431	5,617,075	723,881	6,726,317	80,516,294
Paid-in or capital surplus	177,266,125	36,886,210	3,726,845	2,174,373	19,106,781	816,553	5,248,242	109,307,121
Retained earnings, appropriated	22,524,125	2,045,440	1,288,403	89,383	15,539,090	46,888	377,732	3,137,189
Retained earnings, unappropriated	166,978,643	58,490,423	9,895,595	3,578,594	67,307,099	3,383,880	13,608,567	10,714,488
Less: Cost of treasury stock	43,402,254	583,270	304,226	101,253	950,945	231,716	1,162,060	40,068,784
Total receipts	530,311,416	171,085,251	32,037,103	17,229,458	244,787,887	11,456,721	28,761,135	24,973,860
Business receipts	199,565,979	17,262,415	6,565,642	5,879,689	139,873,576	10,689,455	15,634,463	3,660,639
Interest on Government obligations:								
United States	16,359,953	11,075,820	917,870	738,984	2,119,214	33,562	86,761	1,387,741
State and local	9,106,727	5,347,489	50,564	72,787	3,466,922	21,616	27,774	119,594
Other interest	192,562,872	126,183,310	22,848,849	3,409,461	28,231,757	385,440	1,356,602	10,147,453
Rents	11,508,856	1,987,358	238,577	43,383	2,331,310	36,180	6,297,871	574,178
Royalties	601,870	28,117	5,688	*2,217	49,269	*4,764	135,318	376,496
Net short-term capital gain reduced by net long-term capital loss	1,224,822	69,618	7,634	101,879	227,302	3,942	45,247	769,199
Net long-term capital gain reduced by net short-term capital loss	6,830,307	523,420	332,975	158,156	917,384	46,891	1,094,412	3,757,070
Net gain, noncapital assets	10,578,762	388,203	210,574	5,911,661	1,222,115	6,652	2,738,440	99,117
Dividends received from domestic corporations	6,765,493	230,620	56,776	110,457	3,627,567	51,547	139,795	2,548,731
Dividends received from foreign corporations	523,882	88,262	43,848	11,020	67,524	15,269	5,148	292,810
Other receipts	74,683,994	7,900,618	758,104	789,785	62,633,947	161,403	1,199,303	1,240,633
Total deductions	475,474,832	158,313,189	30,360,675	15,049,270	230,750,018	10,200,783	23,837,508	6,963,388
Cost of sales and operations	105,901,624	3,494,062	2,006,651	287,157	90,605,358	2,062,636	5,295,568	2,150,192
Compensation of officers	11,216,531	4,328,256	718,388	1,395,984	846,744	1,582,623	1,724,416	410,118
Repairs	1,633,746	687,284	108,820	31,720	104,287	35,152	620,531	65,952
Bad debts	5,073,550	3,687,488	737,156	89,561	409,643	73,129	61,430	35,144
Rent paid on business property	5,264,776	2,214,932	270,522	410,614	1,304,048	330,762	628,248	105,650
Taxes paid	10,367,171	2,727,727	435,653	473,840	4,183,505	344,882	1,876,843	324,721
Interest paid	137,794,748	104,139,749	20,567,696	3,231,764	5,486,346	151,147	3,239,575	978,471
Contributions or gifts	305,191	133,041	15,654	15,224	79,176	11,765	33,260	17,071
Amortization	98,691	40,551	6,049	9,815	14,785	5,680	14,080	7,731
Depreciation	8,440,659	3,962,917	449,123	213,380	1,498,264	211,914	1,869,741	235,321
Depletion	112,696	2,793	2,209	3,447	15,332	*147	26,362	62,405
Advertising	2,849,230	1,017,841	302,745	159,004	776,437	163,908	396,974	32,322
Pension, profit-sharing, stock bonus, and annuity plans	4,016,434	1,338,636	180,601	259,816	1,669,269	276,389	176,993	114,732
Employee benefit programs	2,025,696	955,356	101,631	106,085	603,824	143,690	91,527	23,582
Net loss, noncapital assets	678,315	512,862	24,636	44,207	18,561	1,798	67,236	9,014
Other deductions	179,895,774	28,899,693	4,433,140	8,317,652	123,134,440	4,805,161	7,714,725	2,390,962
Total receipts less total deductions	54,836,583	12,772,062	1,676,428	2,180,188	14,017,869	1,255,938	4,923,627	18,010,471
Constructive taxable income from related foreign corporations	310,534	101,466	52,777	5,853	61,055	15,129	179	74,074
Net income	46,040,390	7,526,039	1,678,641	2,113,274	10,612,002	1,249,451	4,896,032	17,964,951
Income subject to tax	24,296,585	7,078,501	1,326,176	1,765,990	7,326,525	1,023,761	3,692,429	2,083,202
Income tax, total	9,781,155	3,034,526	491,761	766,971	3,232,615	384,794	1,125,151	745,338
Regular and alternative tax	9,671,278	2,994,093	469,296	765,756	3,209,912	383,206	1,113,933	735,083
Tax from recomputing prior-year investment credit	38,349	14,929	4,527	729	9,087	1,585	4,204	3,289
Tax from recomputing prior-year work incentive (WIN) credit	924	108	92	—	—	—	—	—
Additional tax for tax preferences	70,603	25,396	17,846	*486	80	—	*116	*528
Foreign tax credit	1,398,646	1,060,846	17,471	26,618	130,037	15,276	6,899	6,438
U.S. possessions tax credit	3,941	—	—	74	—	—	2,321	86,076
Investment credit	672,874	339,712	21,439	34,205	165,689	18,550	943	548
Work incentive (WIN) credit	933	386	59	*29	250	29	62,543	30,736
Jobs credit	28,046	13,298	1,728	934	3,174	1,714	5,332	1,867
Nonconventional source fuel credit	—	—	—	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—
Distributions to stockholders:								
Cash and property except in own stock	22,316,323	4,047,171	445,588	202,468	2,997,567	370,114	636,529	13,616,886
Corporation's own stock	913,757	520,968	26,250	42,835	42,074	*16,025	24,885	240,720

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							Nature of business and not allocable
	Services							
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair; miscellaneous repair services	Amusement and recreation services	Other services	
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)
Number of returns with net income.....	408,716	11,176	25,221	103,420	44,431	27,147	197,320	3,999
Total assets.....	127,861,179	14,766,902	6,443,991	37,542,460	14,388,083	22,410,149	32,309,595	951,826
Cash.....	13,520,868	1,008,999	712,591	3,841,671	1,070,371	1,859,052	5,028,184	95,878
Notes and accounts receivable.....	22,892,534	903,143	1,175,065	10,512,791	2,343,117	2,597,501	5,360,916	200,465
Less: Allowance for bad debts.....	736,137	57,046	28,452	197,408	56,438	115,064	281,729	2,787
Inventories.....	6,189,959	167,845	505,482	1,371,050	1,052,748	2,013,924	1,078,911	232,768
Investments in Government obligations:								
United States.....	788,183	35,573	*22,924	335,736	*123,218	106,207	164,526	*92
State and local.....	414,593	*12,823	*31,395	240,037	*15,301	*39,032	76,005	—
Other current assets.....	8,706,229	547,072	334,303	2,780,821	485,931	2,523,349	2,034,753	51,592
Loans to stockholders.....	2,215,824	172,168	96,449	596,156	139,209	210,536	1,001,307	30,403
Mortgage and real estate loans.....	2,179,801	353,128	36,042	579,856	46,962	1,019,182	144,630	227
Other investments.....	16,065,189	2,923,915	531,027	5,419,980	620,494	3,209,200	3,360,571	41,090
Depreciable assets.....	76,239,308	11,127,895	4,678,317	18,405,212	12,365,431	11,788,674	17,873,778	415,206
Less: Accumulated depreciation.....	31,826,008	4,228,218	2,417,383	8,553,692	4,645,497	5,215,853	6,765,366	201,685
Depletable assets.....	96,346	*251	*4,665	18,214	*12,117	2,437	*58,663	*1,492
Less: Accumulated depletion.....	24,408	*73	*378	6,071	*1,897	—	*15,988	*696
Land.....	4,465,026	1,149,343	323,024	601,356	347,384	1,031,281	1,012,639	22,895
Intangible assets (amortizable).....	2,417,375	131,469	108,653	629,732	274,957	892,112	380,453	*10,798
Less: Accumulated amortization.....	1,120,065	54,217	46,254	186,737	24,011	688,974	119,872	*831
Other assets.....	5,376,561	572,833	376,522	1,153,755	218,686	1,137,553	1,917,213	54,718
Total liabilities.....	127,861,179	14,766,902	6,443,991	37,542,460	14,388,083	22,410,149	32,309,595	951,826
Accounts payable.....	11,813,128	636,010	436,193	5,112,971	1,145,562	2,077,985	2,404,407	183,107
Mortgages, notes, and bonds payable in less than one year.....	10,720,198	781,926	491,065	3,837,672	2,196,003	1,245,449	2,168,083	112,777
Other current liabilities.....	18,179,909	1,049,551	779,663	4,808,841	1,671,992	4,732,799	5,136,663	89,081
Loans from stockholders.....	3,335,506	507,521	134,453	933,775	304,478	390,956	1,064,322	17,982
Mortgages, notes, and bonds payable in one year or more.....	29,824,090	6,216,290	1,223,990	6,069,971	4,457,512	4,456,479	7,399,847	141,771
Other liabilities.....	5,220,043	519,066	328,712	1,956,954	394,220	869,707	1,151,383	15,953
Capital stock.....	7,990,064	1,132,567	591,229	1,877,441	624,660	1,918,024	1,846,144	69,962
Paid-in or capital surplus.....	11,093,175	1,179,284	272,366	4,089,916	549,843	1,726,073	3,275,692	20,746
Retained earnings, appropriated.....	630,864	*7,429	87,498	126,823	51,451	217,178	140,485	—
Retained earnings, unappropriated.....	31,546,381	3,027,333	2,392,879	9,493,134	3,085,327	5,228,436	8,319,272	351,436
Less: Cost of treasury stock.....	2,492,178	290,077	294,258	765,038	92,964	452,937	596,904	51,189
Total receipts.....	214,873,368	14,469,034	11,303,739	64,874,626	20,288,604	25,098,144	78,839,219	2,923,019
Business receipts.....	204,593,177	13,413,091	10,922,665	61,610,320	19,512,871	22,643,063	76,491,166	2,850,478
Interest on Government obligations:								
United States.....	109,322	3,626	1,583	39,929	10,324	23,327	30,532	*21
State and local.....	27,287	2,845	2,107	11,965	*841	3,039	6,490	*119
Other interest.....	2,302,506	192,791	100,681	755,805	159,076	477,104	617,048	9,976
Rents.....	1,474,002	166,184	82,194	555,188	133,101	243,665	293,670	4,279
Royalties.....	858,428	142,144	*25,256	123,044	*3,555	520,016	44,413	*10,252
Net short-term capital gain reduced by net long-term capital loss.....	45,500	2,451	*413	21,233	*2,746	8,202	10,455	—
Net long-term capital gain reduced by net short-term capital loss.....	837,641	109,652	26,246	215,364	40,078	254,916	191,385	*528
Net gain, noncapital assets.....	674,336	35,323	26,752	303,175	178,977	74,306	55,804	13,722
Dividends received from domestic corporations.....	278,274	25,334	14,431	125,241	4,011	57,426	51,830	*8,523
Dividends received from foreign corporations.....	129,028	*205	7,028	80,795	237	22,919	17,845	—
Other receipts.....	3,543,866	375,387	94,383	1,032,568	242,785	770,162	1,028,581	25,121
Total deductions.....	201,712,549	13,294,585	10,584,549	60,851,274	19,321,983	23,204,297	74,455,880	2,823,203
Cost of sales and operations.....	99,198,041	7,051,861	5,340,389	33,911,592	10,652,004	11,195,416	31,046,779	1,962,343
Compensation of officers.....	23,229,255	275,538	709,994	4,195,896	1,144,600	1,128,178	15,775,050	137,767
Repairs.....	1,974,399	345,856	160,531	470,836	224,029	311,164	461,981	17,547
Bad debts.....	737,836	38,507	44,740	270,153	69,929	82,973	231,534	4,456
Rent paid on business property.....	7,201,413	673,667	477,932	1,841,991	560,380	810,288	2,837,156	54,771
Taxes paid.....	7,100,884	674,147	429,953	2,107,341	628,157	804,142	2,457,143	67,214
Interest paid.....	4,752,971	660,013	189,864	1,232,408	835,740	736,962	1,097,985	25,571
Contributions or gifts.....	111,729	8,098	8,952	27,229	6,685	22,477	38,287	885
Amortization.....	135,352	3,388	3,982	34,315	2,059	67,299	24,310	*50
Depreciation.....	9,443,869	700,314	473,887	2,579,340	2,104,168	1,847,955	1,738,206	41,386
Depletion.....	17,422	1,969	*2	2,754	*146	*304	12,247	*2,372
Advertising.....	2,404,126	256,191	226,360	635,924	160,129	771,487	354,033	11,845
Pension, profit-sharing, stock bonus, and annuity plans.....	4,849,516	44,858	62,321	783,827	96,466	248,579	3,613,466	20,392
Employee benefit programs.....	1,759,037	106,669	61,253	503,976	117,776	134,147	835,214	23,984
Net loss, noncapital assets.....	109,256	3,156	3,351	44,874	4,010	35,602	18,263	*1,181
Other deductions.....	38,687,444	2,450,354	2,391,039	12,208,818	2,715,704	5,007,324	13,914,204	451,439
Total receipts less total deductions.....	13,160,817	1,174,449	719,190	4,023,351	966,621	1,893,846	4,383,359	99,816
Constructive taxable income from related foreign corporations.....	113,070	1,340	6,308	58,728	852	28,968	18,874	—
Net income.....	13,246,601	1,172,945	723,391	4,070,115	966,631	1,917,776	4,395,743	99,698
Income subject to tax.....	10,450,379	931,647	563,001	3,255,256	735,184	1,532,026	3,433,265	78,539
Income tax, total.....	3,543,401	371,328	193,702	1,156,861	220,459	606,468	994,582	24,886
Regular and alternative tax.....	3,497,265	368,763	191,125	1,136,837	213,965	602,094	984,480	24,521
Tax from recomputing prior-year investment credit.....	39,466	1,167	2,553	18,251	6,445	2,475	8,574	94
Tax from recomputing prior-year work incentive (WIN) credit.....	*1,042	—	—	*744	—	6	*292	*26
Additional tax for tax preferences.....	5,628	1,397	*24	1,029	*49	1,893	1,236	*245
Foreign tax credit.....	185,308	7,484	*6,471	93,536	76	57,908	19,832	8
U.S. possessions tax credit.....	2,671	347	—	1,727	38	196	363	884
Investment credit.....	632,976	54,960	35,423	196,360	53,420	125,493	167,321	3,243
Work incentive (WIN) credit.....	9,726	397	578	5,069	*1,190	115	2,378	*11
Jobs credit.....	109,574	6,381	3,875	31,460	9,525	2,243	56,091	*1,658
Nonconventional source fuel credit.....	—	—	—	—	—	—	—	—
Alcohol fuel credit.....	—	—	—	—	—	—	—	—
Distributions to stockholders:								
Cash and property except in own stock.....	1,716,457	220,743	116,520	496,448	128,645	303,284	450,817	8,451
Corporation's own stock.....	94,550	*10,040	84	18,523	10,369	*41,349	14,186	*2,802

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

*Less than \$500 per return.

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."

RETURNS OF ACTIVE CORPORATIONS

Table 4. — Balance Sheets and Income Statements, by Size of Total Assets

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

Item	Total returns of active corporations	Size of total assets				
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	2,710,538	78,248	1,436,373	496,743	286,640	185,471
Total assets	7,617,238,403	—	49,321,041	80,290,729	101,421,848	129,560,641
Cash	528,914,747	—	8,390,612	10,338,419	11,874,341	12,891,764
Notes and accounts receivable	1,984,601,790	—	6,742,627	13,240,171	19,933,594	27,014,311
Less: Allowance for bad debts	50,057,307	—	91,730	155,598	305,927	542,972
Inventories	534,806,547	—	6,697,040	13,739,637	18,763,469	27,121,109
Investments in Government obligations:						
United States	265,542,521	—	114,112	298,821	440,189	548,888
State and local	206,517,216	—	26,527	63,372	113,886	171,328
Other current assets	310,177,160	—	2,424,438	4,147,476	4,816,052	6,215,154
Loans to stockholders	29,873,250	—	2,349,389	2,767,923	2,258,263	2,058,161
Mortgage and real estate loans	894,323,489	—	432,536	1,005,579	1,669,307	1,873,282
Other investments	1,213,986,210	—	1,906,717	4,387,978	5,650,106	7,534,327
Depreciable assets	2,107,027,914	—	33,385,691	42,507,404	50,204,858	60,452,514
Less: Accumulated depreciation	767,841,763	—	17,405,513	20,202,659	24,038,676	28,095,747
Depletable assets	71,901,490	—	113,459	230,738	240,394	376,777
Less: Accumulated depletion	19,569,556	—	52,348	70,211	64,937	57,041
Land	92,931,935	—	2,040,963	4,718,055	6,592,074	8,071,281
Intangible assets (amortizable)	45,480,694	—	695,341	790,461	842,511	783,150
Less: Accumulated amortization	18,393,037	—	383,913	342,661	313,339	286,084
Other assets	187,015,106	—	1,935,093	2,825,824	2,746,082	3,430,439
Total liabilities	7,617,238,403	—	49,321,041	80,290,729	101,421,848	129,560,641
Accounts payable	542,172,368	—	7,382,386	11,389,196	15,009,014	19,872,020
Mortgages, notes, and bonds payable in less than one year	504,802,288	—	5,930,200	8,780,974	12,388,663	18,525,891
Other current liabilities	2,706,796,360	—	5,485,003	6,236,436	7,698,087	10,421,374
Loans from stockholders	85,718,510	—	10,466,871	8,787,678	7,699,458	7,541,092
Mortgages, notes, and bonds payable in one year or more	986,663,932	—	9,449,378	15,769,641	20,536,073	25,172,005
Other liabilities	846,696,691	—	1,567,385	2,278,526	3,033,268	3,610,044
Capital stock	417,153,783	—	11,750,480	10,511,319	11,169,624	11,441,872
Paid-in or capital surplus	532,039,407	—	3,671,449	3,549,294	3,710,573	5,706,449
Retained earnings, appropriated	41,461,644	—	151,324	367,791	366,616	730,239
Retained earnings, unappropriated	1,027,902,048	—	—	14,571,331	22,082,959	29,345,577
Less: Cost of treasury stock	74,168,627	—	1,425,685	1,951,459	2,272,487	2,805,921
Total receipts	6,361,284,012	56,310,774	192,685,807	218,011,597	232,911,597	292,548,685
Business receipts	5,731,616,337	37,004,409	187,404,287	211,859,490	225,799,800	284,076,938
Interest on Government obligations:						
United States	25,440,716	405,022	30,128	43,858	78,856	94,872
State and local	12,620,876	95,333	3,128	5,379	17,877	15,080
Other interest	328,802,958	15,583,820	568,774	907,533	1,308,069	1,539,050
Rents	41,371,141	484,513	1,121,374	1,615,837	1,856,312	1,857,370
Royalties	12,450,250	72,188	315,298	119,986	94,672	126,961
Net short-term capital gain reduced by net long-term capital loss	2,013,510	43,713	36,580	35,060	42,667	60,084
Net long-term capital gain reduced by net short-term capital loss	24,910,957	348,986	511,617	379,735	530,354	759,358
Net gain, noncapital assets	20,117,615	1,005,113	668,399	578,171	617,001	820,343
Dividends received from domestic corporations	18,654,800	126,913	38,688	101,731	102,378	139,130
Dividends received from foreign corporations	14,563,353	24,811	*1,240	*639	6,598	9,922
Other receipts	128,721,498	1,115,953	1,986,294	2,364,179	2,457,377	3,049,578
Total deductions	6,125,365,155	57,074,271	192,392,394	214,484,534	228,504,591	286,428,383
Cost of sales and operations	4,204,905,905	27,955,613	98,753,213	130,712,558	156,037,905	208,106,183
Compensation of officers	108,973,751	777,670	25,754,734	15,661,442	12,161,725	11,060,709
Repairs	42,407,967	232,447	1,455,201	1,503,897	1,585,268	1,806,750
Bad debts	18,769,771	448,832	421,697	526,719	636,629	793,586
Rent paid on business property	71,990,832	685,930	6,985,278	5,241,729	4,507,688	4,365,790
Taxes paid	163,003,622	1,061,549	5,508,907	5,776,092	5,458,697	6,414,378
Interest paid	344,612,542	16,287,024	1,952,527	2,816,795	3,798,138	4,966,518
Contributions or gifts	2,358,554	10,366	47,608	47,755	57,339	71,615
Amortization	1,374,658	11,797	64,806	45,258	32,044	31,020
Depreciation	157,345,828	1,230,395	3,964,388	4,525,771	5,017,349	5,695,244
Depletion	8,871,993	40,253	21,263	29,786	49,424	47,718
Advertising	52,266,004	456,872	1,904,462	1,813,822	1,929,559	2,057,916
Pension, profit-sharing, stock bonus, and annuity plans	51,529,310	165,979	3,489,398	1,923,029	1,467,309	1,643,950
Employee benefit programs	40,179,104	236,550	965,918	836,891	1,046,731	1,270,418
Net loss, noncapital assets	5,903,104	214,365	199,037	86,873	113,848	102,332
Other deductions	850,872,216	7,258,631	40,903,957	42,936,118	34,604,937	37,994,255
Total receipts less total deductions	235,918,858	-763,498	293,413	3,527,063	4,407,368	6,120,302
Constructive taxable income from related foreign corporations	15,708,560	20,772	1,641	—	—	*14
Net income (less deficit), total	239,006,542	-838,058	291,925	3,521,684	4,389,492	6,105,235
Income subject to tax, total	246,598,486	1,782,921	3,470,331	5,236,715	6,151,702	7,493,285
Income tax, total	105,142,436	740,616	640,971	1,059,706	1,449,812	2,132,790
Regular and alternative tax	103,831,172	712,740	628,202	1,040,833	1,425,581	2,099,418
Tax from recomputing prior-year investment credit	867,571	20,245	12,594	17,941	21,051	31,458
Tax from recomputing prior-year work incentive (WIN) credit	4,873	*734	—	*49	*7	*76
Additional tax for tax preferences	438,820	6,897	*175	*882	3,173	1,838
Foreign tax credit	24,861,315	49,808	*2,360	*4,751	*2,342	2,394
U.S. possessions tax credit	1,565,681	24,806	99	114	885	6,831
Investment credit	15,102,812	77,406	129,643	207,838	265,326	332,071
Work incentive (WIN) credit	36,483	78	*792	*1,942	4,094	2,857
Jobs credit	601,444	6,383	49,291	56,857	55,326	71,022
Nonconventional source fuel credit	2	—	—	—	—	—
Alcohol fuel credit	4	—	—	—	—	—
Travel, entertainment and gift expense	23,157,358	186,343	1,070,185	834,670	753,029	890,476
Distributions to stockholders:						
Cash and property except in own stock	97,378,617	1,387,479	1,071,881	798,172	757,814	930,284
Corporation's own stock	3,525,549	33,307	*9,124	14,508	26,685	36,490

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 4. — Balance Sheets and Income Statements, by Size of Total Assets — Continued

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

Item	Size of total assets—Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns	169,074	22,726	16,557	7,783	4,803	3,203	2,877
Total assets	342,335,164	159,077,875	261,538,470	277,363,532	344,251,763	514,080,355	5,357,996,264
Cash.....	27,880,212	11,538,877	17,798,126	17,476,874	17,774,315	23,330,418	369,620,121
Notes and accounts receivable.....	78,489,709	42,188,526	79,764,682	90,368,862	97,938,265	116,959,155	1,411,961,889
Less: Allowance for bad debts.....	1,626,757	878,343	1,587,715	2,235,164	3,318,766	5,172,868	34,141,467
Inventories.....	73,669,742	29,068,160	32,200,731	21,854,607	25,305,937	36,775,303	249,611,157
Investments in Government obligations:							
United States.....	2,765,964	4,799,180	16,093,523	20,404,060	21,009,437	26,258,308	172,810,038
State and local.....	908,155	1,694,143	7,854,541	14,141,626	15,461,450	18,218,883	147,863,299
Other current assets.....	18,685,009	9,132,440	12,499,979	10,809,572	14,143,664	20,155,117	207,148,260
Loans to stockholders.....	3,136,769	884,808	821,833	689,609	715,890	1,411,290	12,779,315
Mortgage and real estate loans.....	5,429,937	4,235,331	15,882,115	33,414,052	65,939,051	123,722,661	640,719,638
Other investments.....	24,826,009	13,223,069	26,037,379	27,407,988	38,522,487	69,962,840	994,527,308
Depreciable assets.....	145,633,731	58,948,991	70,139,224	52,096,929	59,815,177	95,763,305	1,438,080,290
Less: Accumulated depreciation.....	64,997,790	26,068,480	28,995,751	20,437,690	22,966,121	35,075,557	479,556,579
Depletable assets.....	1,276,507	903,781	1,509,294	1,705,594	1,852,475	3,210,088	60,482,383
Less: Accumulated depletion.....	314,172	210,767	301,378	430,890	447,446	770,184	16,850,182
Land.....	17,512,334	5,544,987	5,750,389	4,089,822	4,135,770	5,940,399	28,535,861
Intangible assets (amortizable).....	2,423,666	1,049,303	1,595,155	1,176,796	1,416,087	2,882,599	31,825,625
Less: Accumulated amortization.....	997,338	423,873	538,454	302,123	425,225	681,426	13,698,602
Other assets.....	7,633,480	3,448,742	5,014,798	5,133,009	7,379,658	11,190,024	136,277,910
Total liabilities	342,335,164	159,077,875	261,538,470	277,363,532	344,251,763	514,080,355	5,357,996,264
Accounts payable.....	56,291,783	22,959,013	25,854,258	17,920,970	20,983,034	30,004,637	314,506,056
Mortgages, notes, and bonds payable in less than one year.....	52,275,664	20,717,738	23,882,184	19,209,864	23,637,212	28,403,825	291,050,075
Other current liabilities.....	32,948,474	28,626,914	92,253,037	134,532,640	168,966,073	242,508,849	1,977,119,429
Loans from stockholders.....	11,122,572	2,605,106	2,275,617	1,758,289	1,876,023	2,012,075	29,573,730
Mortgages, notes, and bonds payable in one year or more.....	67,313,645	27,649,516	34,721,866	28,602,608	35,340,473	57,143,436	664,965,294
Other liabilities.....	11,318,995	6,583,154	10,732,399	11,242,055	16,385,025	32,982,537	746,963,081
Capital stock.....	23,870,927	9,579,752	15,445,873	12,148,450	12,567,209	17,715,823	280,952,282
Paid-in or capital surplus.....	16,264,689	8,770,005	15,229,869	17,691,242	24,317,724	41,213,986	391,913,955
Retained earnings, appropriated.....	1,995,575	734,364	1,537,085	1,311,767	1,689,722	3,624,129	28,953,026
Retained earnings, unappropriated.....	74,874,538	32,887,880	41,717,006	34,645,109	40,280,576	60,929,766	681,675,472
Less: Cost of treasury stock.....	5,941,696	2,035,567	2,110,724	1,699,459	1,790,788	2,458,705	49,676,136
Total receipts	728,478,973	269,543,912	307,370,706	214,453,988	246,376,156	370,982,273	3,229,486,655
Business receipts.....	706,478,162	258,833,650	287,636,767	192,746,605	218,866,083	329,842,756	2,789,042,484
Interest on Government obligations:							
United States.....	823,412	468,278	1,412,523	1,769,958	1,866,838	2,323,940	16,121,404
State and local.....	97,199	107,156	409,831	744,876	824,585	1,032,443	9,267,729
Other interest.....	4,558,451	3,727,929	9,257,950	12,839,160	16,878,727	25,598,487	236,006,364
Rents.....	3,968,189	1,474,695	1,799,320	1,237,241	1,469,932	1,657,105	22,821,496
Royalties.....	368,444	207,822	291,327	211,938	283,841	556,948	9,797,986
Net short-term capital gain reduced by net long-term capital loss.....	160,561	42,467	107,898	114,304	201,761	257,740	910,401
Net long-term capital gain reduced by net short-term capital loss.....	1,769,662	716,855	1,121,976	990,907	1,060,064	2,073,016	14,627,811
Net gain, noncapital assets.....	1,891,153	799,958	1,008,258	688,219	833,663	1,161,394	10,041,150
Dividends received from domestic corporations.....	579,518	357,272	580,738	629,819	911,255	1,149,076	13,931,983
Dividends received from foreign corporations.....	29,311	18,864	68,873	112,686	225,337	524,561	13,526,347
Other receipts.....	7,754,910	2,789,638	3,675,245	2,368,274	2,954,070	4,804,806	93,391,501
Total deductions	712,282,273	261,865,551	296,752,904	205,384,009	235,950,060	355,503,645	3,076,789,108
Cost of sales and operations.....	543,645,232	199,202,520	223,352,203	146,271,094	167,324,742	248,732,457	2,053,464,929
Compensation of officers.....	18,068,254	4,415,527	4,033,439	2,396,882	2,175,504	2,459,560	9,994,999
Repairs.....	3,581,619	1,204,023	1,312,489	984,577	1,249,248	2,169,228	25,311,513
Bad debts.....	1,843,512	698,298	904,630	790,338	798,791	1,098,163	9,805,820
Rent paid on business property.....	7,327,816	2,528,803	2,905,109	2,142,892	2,241,672	3,967,827	29,048,988
Taxes paid.....	13,229,694	4,975,519	5,359,876	4,163,464	4,715,696	6,725,526	99,552,790
Interest paid.....	13,624,218	6,260,646	11,083,907	12,872,257	16,908,334	24,747,250	229,229,804
Contributions or gifts.....	202,498	97,643	121,487	101,574	96,724	138,063	1,364,283
Amortization.....	76,132	111,297	60,347	54,214	45,377	84,534	757,879
Depreciation.....	13,177,050	5,078,254	6,063,524	4,259,134	4,698,851	7,390,215	95,991,266
Depletion.....	330,143	165,063	224,476	209,381	255,822	381,689	7,116,851
Advertising.....	4,708,937	1,796,091	2,138,905	1,676,304	2,286,496	3,788,712	27,649,183
Pension, profit-sharing, stock bonus, and annuity plans.....	3,646,296	1,236,630	1,411,372	1,039,891	1,276,614	2,146,910	32,063,627
Employee benefit programs.....	3,194,482	1,336,880	1,520,560	1,175,003	1,468,600	2,203,415	24,911,782
Net loss, noncapital assets.....	294,843	156,219	169,104	168,784	284,434	327,375	3,780,292
Other deductions.....	85,331,549	32,602,137	36,091,478	27,078,220	29,923,155	49,142,899	426,745,101
Total receipts less total deductions	16,196,700	7,678,362	10,617,802	9,069,979	10,426,096	15,478,628	152,697,547
Constructive taxable income from related foreign corporations.....	8,219	17,562	50,141	69,323	176,411	387,102	14,965,439
Net income (less deficit), total.....	16,107,719	7,588,768	10,567,643	8,999,302	10,602,507	15,865,730	167,662,986
Income subject to tax, total.....	19,579,386	8,754,693	10,928,459	8,451,667	9,087,615	14,147,384	151,323,210
Income tax, total.....	7,473,667	3,770,977	4,793,749	3,750,274	4,091,622	6,388,446	68,764,490
Regular and alternative tax.....	7,378,956	3,733,349	4,742,536	3,708,436	4,045,001	6,302,281	67,929,258
Tax from recomputing prior-year investment credit.....	75,365	27,065	31,385	24,267	25,983	51,997	527,489
Tax from recomputing prior-year work incentive (WIN) credit.....	190	866	471	1,066	132	68	1,215
Additional tax for tax preferences.....	19,155	9,697	19,358	16,504	20,506	34,099	306,528
Foreign tax credit.....	29,442	27,112	67,746	97,741	203,700	573,407	23,788,653
U.S. possessions tax credit.....	51,928	79,661	171,668	239,239	248,342	320,600	427,507
Investment credit.....	847,965	344,101	439,762	330,062	384,504	714,875	11,021,147
Work incentive (WIN) credit.....	6,018	2,094	2,141	1,570	1,472	2,131	9,287
Jobs credit.....	114,507	34,595	30,114	26,421	19,211	40,268	96,967
Nonconventional source fuel credit.....	—	—	—	—	2	—	—
Alcohol fuel credit.....	—	—	(1)	—	—	—	4
Travel, entertainment and gift expense.....	2,272,370	970,084	1,119,574	872,905	1,042,220	1,386,654	11,748,821
Distributions to stockholders:							
Cash and property except in own stock.....	2,658,218	1,303,503	2,251,335	2,373,034	3,304,064	5,683,962	74,794,374
Corporation's own stock.....	176,903	117,638	160,878	204,732	269,487	442,236	2,031,559

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

†Less than \$500 per return.

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

RETURNS WITH NET INCOME

Table 5 — Balance Sheets and Income Statements, by Size of Total Assets

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

Item	Total returns with net income	Size of total assets				
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	1,596,632	28,042	738,711	327,448	199,505	137,827
Total assets	5,938,367,150	—	28,079,420	53,196,116	70,711,929	96,051,008
Cash	453,638,837	—	5,906,787	8,236,401	9,770,709	11,143,845
Notes and accounts receivable	1,658,699,504	—	3,858,917	9,194,398	14,698,282	21,736,880
Less: Allowance for bad debts	34,682,516	—	40,823	103,774	208,689	381,753
Inventories	427,979,821	—	3,560,258	8,761,020	12,649,754	19,849,206
Investments in Government obligations:						
United States	196,341,233	—	94,086	230,900	359,269	443,208
State and local	165,894,438	—	26,064	58,598	94,509	163,337
Other current assets	245,249,269	—	1,253,206	2,550,441	3,125,092	4,117,774
Loans to stockholders	23,514,438	—	1,512,279	1,944,993	1,666,097	1,621,698
Mortgage and real estate loans	385,977,819	—	265,794	632,025	1,222,311	1,358,131
Other investments	1,038,999,805	—	1,123,949	2,970,097	4,174,281	5,702,755
Depreciable assets	1,720,558,567	—	18,231,291	27,734,524	33,921,561	43,075,670
Less: Accumulated depreciation	630,562,006	—	9,830,153	13,969,251	16,966,709	21,038,427
Depletable assets	63,647,692	—	42,375	165,054	146,992	195,696
Less: Accumulated depletion	17,868,222	—	16,306	51,792	47,851	39,672
Land	64,716,434	—	996,199	2,863,576	4,157,842	5,492,290
Intangible assets (amortizable)	37,930,375	—	328,172	476,556	481,428	522,263
Less: Accumulated amortization	16,132,610	—	190,165	224,427	209,339	205,262
Other assets	154,464,274	—	957,492	1,726,778	1,676,388	2,293,369
Total liabilities	5,938,367,150	—	28,079,420	53,196,116	70,711,929	96,051,008
Accounts payable	434,013,874	—	3,430,332	6,608,833	9,806,481	14,814,181
Mortgages, notes, and bonds payable in less than one year	333,030,567	—	2,509,871	4,236,408	6,540,504	10,741,290
Other current liabilities	1,950,054,561	—	2,994,998	4,249,216	5,584,434	8,195,839
Loans from stockholders	53,276,723	—	3,250,148	4,043,037	3,885,689	4,302,022
Mortgages, notes, and bonds payable in one year or more	691,609,327	—	3,629,084	7,965,096	10,944,363	14,619,365
Other liabilities	753,137,457	—	683,520	1,393,490	1,868,545	2,691,631
Capital stock	336,756,107	—	5,088,795	6,503,719	7,018,226	8,312,448
Paid-in or capital surplus	437,186,450	—	1,523,053	2,084,125	2,135,041	2,798,964
Retained earnings, appropriated	32,596,290	—	115,916	264,454	272,460	637,125
Retained earnings, unappropriated	985,016,289	—	5,669,677	17,312,829	24,403,467	31,145,968
Less: Cost of treasury stock	68,310,492	—	815,973	1,465,090	1,747,280	2,207,825
Total receipts	5,173,865,707	28,441,584	119,407,832	152,869,389	176,082,119	235,078,690
Business receipts	4,683,868,683	19,601,829	115,815,407	148,480,037	170,765,254	228,426,134
Interest on Government obligations:						
United States	18,251,309	204,691	12,949	33,354	71,069	60,530
State and local	9,647,553	69,904	2,295	4,299	13,771	14,524
Other interest	233,207,519	6,378,658	406,553	725,083	1,071,535	1,239,578
Rents	33,770,536	139,350	683,862	1,221,112	1,450,339	1,425,153
Royalties	11,012,532	56,464	270,527	106,736	82,160	117,244
Net short-term capital gain reduced by net long-term capital loss	1,723,246	39,438	20,218	24,760	34,677	35,714
Net long-term capital gain reduced by net short-term capital loss	21,973,062	274,460	427,526	341,565	428,379	628,006
Net gain, noncapital assets	16,255,998	932,133	376,269	437,176	439,050	611,064
Dividends received from domestic corporations	16,676,572	93,896	34,384	74,402	94,156	119,223
Dividends received from foreign corporations	14,040,527	24,619	1,240	639	6,598	9,695
Other receipts	113,438,170	628,140	1,356,502	1,420,226	1,625,131	2,391,627
Total deductions	4,882,925,018	26,254,083	112,913,454	145,455,652	167,946,597	225,537,170
Cost of sales and operations	3,408,923,959	14,091,301	57,737,490	92,771,612	115,859,434	165,681,754
Compensation of officers	84,620,714	411,694	17,278,885	12,155,367	9,850,162	9,396,029
Repairs	34,566,478	95,170	765,271	987,059	1,069,213	1,373,731
Bad debts	14,099,056	172,104	167,576	310,818	392,577	579,145
Rent paid on business property	54,393,318	310,396	3,806,239	3,520,547	3,039,476	3,188,216
Taxes paid	123,681,346	479,848	3,212,825	3,853,997	4,063,686	5,093,674
Interest paid	231,567,544	5,749,242	873,916	1,517,967	2,106,199	2,942,092
Contributions or gifts	2,330,932	7,728	40,968	46,310	53,895	69,182
Amortization	1,028,510	4,536	28,515	28,084	18,413	17,844
Depreciation	127,500,296	576,395	2,184,563	2,902,048	3,445,555	4,131,053
Depletion	8,246,336	19,658	14,798	27,601	44,320	42,151
Advertising	42,317,803	162,741	893,130	1,167,446	1,280,073	1,540,896
Pension, profit-sharing, stock bonus, and annuity plans	44,337,267	118,272	2,424,711	1,592,762	1,242,665	1,496,434
Employee benefit programs	32,382,734	128,037	645,797	578,709	798,097	994,660
Net loss, noncapital assets	1,376,194	29,971	25,640	24,496	32,721	31,124
Other deductions	671,552,533	3,896,990	22,813,129	23,970,829	24,650,112	28,959,186
Total receipts less total deductions	290,940,689	2,187,500	6,494,378	7,413,737	8,135,522	9,541,521
Constructive taxable income from related foreign corporations	15,494,065	20,711	1,641	—	—	*14
Net income, total	296,787,201	2,138,307	6,493,724	7,409,438	8,121,750	9,527,011
Income subject to tax, total	246,575,420	1,571,962	3,469,537	5,236,699	6,151,702	7,492,073
Income tax, total	105,011,784	643,052	635,212	1,052,943	1,445,273	2,123,854
Regular and alternative tax	103,821,684	621,327	627,876	1,040,830	1,425,581	2,098,880
Tax from recomputing prior-year investment credit	774,923	15,760	7,246	11,181	16,513	23,060
Tax from recomputing prior-year work incentive (WIN) credit	4,809	*731	—	*49	*7	*76
Additional tax for tax preferences	410,368	5,234	*90	*882	3,173	1,838
Foreign tax credit	24,861,186	48,819	*2,360	*4,751	*2,342	1,856
U.S. possessions tax credit	1,565,681	23,947	32	114	685	6,831
Investment credit	15,100,723	39,100	129,637	207,838	265,326	332,071
Work incentive (WIN) credit	36,474	76	782	1,942	4,094	2,857
Jobs credit	601,353	6,232	49,291	56,657	55,326	71,022
Nonconventional source fuel credit	2	—	—	—	—	—
Alcohol fuel credit	4	—	—	—	—	—
Travel, entertainment and gift expense	18,919,000	102,651	703,296	581,669	530,633	702,976
Distributions to stockholders:						
Cash and property except in own stock	88,520,209	938,762	1,010,144	775,509	674,879	891,032
Corporation's own stock	3,151,523	32,315	*7,614	14,457	16,387	36,490

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 5 — Balance Sheets and Income Statements, by Size of Total Assets — Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Size of total assets — Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns	122,405	18,568	12,605	5,956	3,425	2,113	1,972
Total assets	247,190,027	116,061,290	199,878,186	213,152,255	245,703,787	353,279,102	4,314,882,253
Cash	23,429,793	9,323,567	14,984,803	14,512,982	13,719,963	16,800,640	325,807,036
Notes and accounts receivable	61,672,363	33,470,034	66,243,665	75,247,550	77,237,231	92,003,088	1,203,334,513
Less: Allowance for bad debts	1,091,419	647,143	1,153,543	1,621,686	2,246,044	2,784,602	24,403,040
Inventories	53,355,131	21,527,595	24,176,318	16,564,366	18,765,327	30,941,773	217,826,860
Investments in Government obligations:							
United States	2,313,402	4,157,151	14,213,210	17,069,531	15,484,056	17,161,763	124,814,652
State and local	684,008	1,552,291	6,901,141	11,568,519	12,031,466	12,672,340	120,142,162
Other current assets	11,987,176	5,971,569	8,701,349	7,545,243	10,275,902	13,844,816	175,876,458
Loans to stockholders	2,246,803	607,788	521,704	441,789	438,465	937,314	11,519,963
Mortgage and real estate loans	3,454,833	2,651,300	9,767,425	20,446,019	35,368,762	51,208,346	259,602,872
Other investments	17,619,166	9,079,541	19,291,618	20,999,393	28,251,951	54,105,437	875,664,946
Depreciable assets	102,970,300	41,333,828	50,248,531	39,008,329	44,592,162	80,278,607	1,238,953,469
Less: Accumulated depreciation	48,166,910	19,248,945	22,007,996	15,994,366	17,755,002	30,364,922	41,510,810
Depletable assets	734,917	689,579	843,938	879,126	1,080,089	3,114,625	55,755,224
Less: Accumulated depletion	226,269	185,859	217,008	271,424	300,274	604,814	15,906,906
Land	10,544,166	3,254,753	3,615,815	2,790,986	2,645,023	4,280,883	24,074,899
Intangible assets (amortizable)	1,386,753	622,402	886,537	710,310	1,007,273	2,125,384	29,380,135
Less: Accumulated amortization	668,261	307,117	303,653	219,979	276,738	507,652	13,018,011
Other assets	4,944,076	2,208,955	3,164,333	3,475,806	5,384,173	8,066,075	120,562,831
Total liabilities	247,190,027	116,061,290	199,878,186	213,152,255	245,703,787	353,279,102	4,314,882,253
Accounts payable	42,157,945	17,146,073	19,206,237	13,200,506	15,488,292	23,933,729	268,548,757
Mortgages, notes, and bonds payable in less than one year	29,884,962	11,516,807	14,218,973	12,102,556	15,775,858	20,322,044	205,772,948
Other current liabilities	25,458,459	22,577,912	75,912,748	105,948,280	115,675,450	139,003,372	1,444,442,833
Loans from stockholders	5,362,613	1,251,212	1,164,811	799,411	974,958	1,154,262	27,037,291
Mortgages, notes, and bonds payable in one year or more	38,871,019	15,388,257	19,843,133	17,299,828	22,243,604	40,111,034	500,629,127
Other liabilities	7,211,175	4,320,445	7,331,088	8,074,677	11,685,453	23,961,382	683,915,023
Capital stock	15,932,191	6,631,527	11,493,084	9,188,651	9,532,653	14,069,290	242,978,759
Paid-in or capital surplus	8,062,895	5,115,280	9,968,795	12,449,772	17,929,057	31,740,018	343,376,451
Retained earnings, appropriated	1,619,228	613,571	1,212,118	1,058,680	1,159,528	2,646,529	22,996,629
Retained earnings, unappropriated	77,247,410	33,090,024	41,220,283	34,443,472	37,419,107	58,977,172	624,064,708
Less: Cost of treasury stock	4,617,869	1,589,817	1,692,883	1,413,578	1,580,173	2,299,730	48,880,273
Total receipts	571,695,245	212,619,401	242,298,483	173,124,308	187,783,977	295,984,490	2,772,894,333
Business receipts	555,186,161	204,899,131	226,490,382	155,936,998	167,573,274	268,542,159	2,416,976,959
Interest on Government obligations:							
United States	325,193	388,342	1,252,290	1,486,231	1,428,707	1,525,337	11,456,982
State and local	70,351	92,820	354,975	605,334	623,959	661,366	7,133,480
Other interest	3,523,704	2,519,123	7,575,603	10,127,563	11,845,542	15,136,608	172,392,764
Rents	2,980,346	1,039,595	1,253,688	920,831	1,021,860	1,155,907	20,447,540
Royalties	303,784	161,022	223,635	174,342	254,039	478,729	8,781,531
Net short-term capital gain reduced by net long-term capital loss	119,989	27,083	87,497	94,923	181,344	222,250	835,062
Net long-term capital gain reduced by net short-term capital loss	1,486,973	563,201	928,707	823,286	924,676	2,014,437	13,081,076
Net gain, noncapital assets	1,386,215	553,934	784,927	555,233	663,548	940,600	8,561,426
Dividends received from domestic corporations	536,474	281,378	510,190	564,441	798,392	972,577	12,586,314
Dividends received from foreign corporations	24,924	15,551	66,890	95,358	223,340	510,257	13,046,611
Other receipts	5,751,130	2,078,222	2,769,699	1,739,769	2,245,295	3,824,262	87,594,588
Total deductions	547,529,661	201,944,653	228,405,303	161,645,668	174,984,886	277,500,754	2,607,635,688
Cost of sales and operations	422,678,606	156,459,954	174,124,061	116,678,755	124,118,221	198,872,225	1,767,987,656
Compensation of officers	15,071,489	3,559,214	3,244,025	1,915,387	1,695,833	1,823,195	8,202,187
Repairs	2,650,882	923,020	994,005	797,204	1,006,134	2,045,183	21,837,169
Bad debts	1,263,948	455,062	691,455	526,549	557,925	724,378	8,352,911
Rent paid on business property	5,202,662	1,915,149	2,050,182	1,556,944	1,744,202	3,314,489	24,896,993
Taxes paid	10,354,910	3,922,389	4,230,827	3,475,028	4,078,689	5,660,063	75,025,232
Interest paid	8,028,228	3,839,819	7,554,166	9,020,612	10,781,989	14,270,110	164,569,960
Contributions or gifts	198,826	97,543	121,662	96,955	98,843	141,458	1,355,208
Amortization	40,016	80,982	36,457	29,570	32,902	51,578	659,450
Depreciation	9,574,006	3,634,634	4,305,568	3,179,594	3,627,005	6,135,908	83,598,099
Depletion	251,757	143,833	189,322	167,032	209,391	642,635	6,485,764
Advertising	3,325,810	1,353,889	1,623,120	1,338,601	1,893,040	3,018,173	24,660,821
Pension, profit-sharing, stock bonus, and annuity plans	3,280,443	1,054,396	1,196,720	887,651	1,081,520	1,923,939	28,014,094
Employee benefit programs	2,434,291	1,008,775	1,153,826	921,235	1,120,003	2,004,337	20,575,488
Net loss, noncapital assets	127,240	62,360	104,268	95,735	83,138	93,452	661,960
Other deductions	63,046,552	23,433,637	26,885,641	20,958,816	22,856,050	38,779,652	370,952,695
Total receipts less total deductions	24,165,584	10,674,748	13,893,180	11,478,640	12,799,091	18,483,735	165,258,645
Constructive taxable income from related foreign corporations	6,387	16,090	49,427	60,129	177,652	398,351	14,751,602
Net income, total	24,101,620	10,598,018	13,587,631	10,933,435	12,352,784	18,220,720	172,876,768
Income subject to tax, total	19,584,517	8,756,638	10,949,337	8,539,331	9,281,657	14,232,294	150,899,239
Income tax, total	7,460,334	3,767,419	4,795,380	3,785,193	4,169,709	6,379,152	68,572,859
Regular and alternative tax	7,380,667	3,734,887	4,751,237	3,749,189	4,129,806	6,300,717	67,780,892
Tax from recomputing prior-year investment credit	60,638	22,880	25,613	19,636	21,927	4,401,717	505,800
Tax from recomputing prior-year work incentive (WIN) credit	174	853	455	1,059	132	*58	1,214
Additional tax for tax preferences	18,854	9,299	18,074	15,310	17,844	34,256	284,953
Foreign tax credit	29,442	27,133	69,157	98,622	229,776	569,754	23,760,464
U.S. possessions tax credit	51,928	79,661	171,668	233,239	248,342	320,600	427,507
Investment credit	848,002	344,892	440,260	334,747	393,428	760,602	10,958,498
Work incentive (WIN) credit	8,018	2,094	2,141	1,582	1,462	2,212	9,186
Jobs credit	114,562	34,598	30,056	26,549	19,555	40,649	96,042
Nonconventional source fuel credit	—	—	—	—	2	—	—
Alcohol fuel credit	—	—	(1)	—	—	—	4
Travel, entertainment and gift expense	1,700,023	712,091	844,276	664,652	813,939	1,118,942	10,428,376
Distributions to stockholders:							
Cash and property except in own stock	2,557,952	1,234,841	2,110,174	2,212,354	3,106,378	5,354,053	67,409,209
Corporation's own stock	165,893	97,786	145,468	196,436	232,564	403,627	1,802,489

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

†Less than \$500 per return.

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

RETURNS OF ACTIVE CORPORATIONS

Table 6 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All Industrial Divisions													
Number of returns.....	2,710,538	78,248	1,436,373	496,743	286,640	185,471	169,074	22,726	16,557	7,783	4,803	3,203	2,877
Total assets.....	7,617,238,403	—	49,321,041	80,290,729	101,421,848	129,560,641	342,335,164	159,077,875	261,538,470	277,363,532	344,251,763	514,080,355	5,357,998,264
Notes and accounts receivable, net.....	1,934,544,483	—	6,650,897	13,084,573	19,627,667	26,471,339	73,669,742	41,310,183	78,176,967	88,133,698	94,619,898	111,786,287	1,377,820,422
Inventories.....	534,806,547	—	6,697,040	17,739,637	18,763,469	27,121,109	73,669,742	29,068,160	32,200,731	21,854,607	25,305,593	36,775,303	249,611,157
Cash, Government obligations and other current assets.....	1,311,151,642	—	10,955,689	14,848,088	17,244,468	19,827,134	50,239,340	27,164,640	54,246,189	62,832,132	68,389,868	87,982,726	897,441,718
Other investments and loans.....	2,138,182,949	—	4,688,842	8,161,480	9,577,676	11,465,770	33,392,715	18,343,208	42,741,327	61,511,649	105,177,428	195,096,791	1,648,026,261
Depreciable assets.....	2,107,027,914	—	33,385,691	42,507,404	50,204,658	60,452,514	145,633,731	58,946,991	70,139,224	52,096,929	59,815,177	95,763,305	1,436,080,290
Less: Accumulated depreciation.....	767,841,763	—	17,405,513	20,202,659	24,038,876	28,095,747	64,997,790	26,069,480	28,995,751	20,437,690	22,966,121	35,075,557	479,556,579
Other capital assets less reserves.....	172,351,527	—	2,413,502	5,326,382	7,296,703	8,888,983	19,900,997	8,863,431	8,015,006	6,239,199	6,531,661	10,581,476	90,295,085
Accounts and notes payable.....	1,046,974,656	—	13,312,586	20,170,170	27,397,677	38,397,711	108,567,447	43,676,751	49,736,442	37,130,834	44,620,246	58,408,462	605,556,131
Other current liabilities.....	2,706,796,360	—	5,485,003	6,236,438	7,698,087	10,421,374	32,948,474	28,626,914	92,253,037	134,532,640	188,966,073	242,508,849	1,977,118,429
Mortgages, notes, and bonds payable in one year or more.....	986,663,932	—	9,449,378	15,769,641	20,536,073	25,172,005	67,313,645	27,649,516	34,721,866	28,602,606	35,340,473	57,143,436	664,965,294
Net worth.....	1,944,386,256	—	9,039,817	27,048,276	35,057,285	44,418,216	111,064,033	49,936,434	71,819,109	64,097,109	77,063,825	121,024,999	1,333,818,599
Cost of property used for investment credit.....	225,721,985	1,256,999	4,709,971	5,235,759	6,064,827	6,828,102	16,426,094	6,601,240	7,545,568	5,662,159	6,208,680	10,837,184	148,182,933
Total receipts.....	6,361,284,012	56,310,774	192,685,807	218,011,597	232,911,959	292,548,685	728,478,973	269,543,912	307,370,706	214,453,988	246,376,156	370,982,273	3,229,486,655
Business receipts.....	5,731,616,337	37,004,409	187,404,287	211,859,490	225,799,800	284,076,938	706,478,162	258,833,650	287,636,767	192,746,605	218,866,083	329,842,756	2,789,042,484
Cost of sales and operations.....	4,204,905,905	27,955,613	98,753,213	130,712,558	156,037,905	208,106,183	543,645,232	199,202,520	223,352,203	146,271,094	167,324,742	248,732,457	2,053,464,929
Taxes paid.....	163,003,622	1,061,549	5,508,907	5,776,092	5,458,697	6,414,378	13,229,694	4,975,519	5,359,876	4,163,464	4,715,696	6,725,528	99,552,790
Interest paid.....	344,612,542	16,287,024	1,952,527	2,816,795	3,798,138	4,966,518	13,624,218	6,260,646	11,083,907	12,872,257	16,908,334	24,747,250	229,229,804
Depreciation.....	157,345,828	1,230,395	3,964,388	4,525,771	5,017,349	5,695,244	13,177,050	5,078,254	6,063,524	4,259,134	4,898,851	7,390,215	95,991,268
Pension, profit-sharing, stock bonus, and annuity plans.....	51,529,310	165,979	3,489,398	1,923,029	1,467,309	1,643,950	3,646,296	1,236,630	1,411,372	1,039,891	1,276,614	2,146,910	32,063,627
Employee benefit programs.....	40,179,104	—	965,918	836,991	1,046,731	1,270,418	3,194,482	1,366,880	1,520,560	1,175,003	1,468,600	2,203,415	24,911,782
Net income (less deficit).....	239,006,542	—	838,058	291,925	3,521,684	4,389,492	6,105,235	16,107,719	7,588,768	10,258,112	8,394,426	9,777,922	14,833,286
Income subject to tax.....	246,598,486	—	1,782,921	3,470,331	5,236,715	6,151,702	7,493,285	19,579,386	8,754,693	10,928,459	8,451,667	9,087,815	15,323,210
Income tax, total.....	105,142,438	740,616	640,971	1,059,706	1,449,812	2,132,790	7,473,667	3,770,977	4,793,749	3,750,274	4,091,622	6,388,446	68,764,490
Additional tax for tax preferences.....	438,820	6,897	*882	*175	*373	1,838	19,155	9,697	19,358	16,504	20,506	34,099	306,528
Foreign tax credit.....	24,861,315	49,808	*2,360	*4,751	*2,342	2,394	29,442	27,112	67,746	97,741	203,700	573,407	23,788,653
Investment credit.....	15,102,812	77,406	129,643	207,838	265,326	332,071	847,965	344,101	439,762	330,062	384,604	714,875	11,021,147
Work incentive (WIN) credit.....	36,483	78	*792	*1,942	4,094	2,857	8,018	2,094	2,141	1,570	1,472	2,131	9,287
Jobs credit.....	601,444	6,383	49,291	56,857	55,326	71,022	114,507	34,595	30,114	26,421	19,211	40,288	96,967
Distributions to stockholders except in own stock.....	97,378,617	1,387,479	1,071,881	798,172	757,814	930,284	2,658,218	1,303,503	2,251,335	2,373,034	3,304,064	5,683,962	74,784,374
Agriculture, Forestry, and Fishing													
Number of returns.....	80,883	2,316	27,994	16,627	15,333	11,105	6,863	416	166	43	7	9	4
Total assets.....	40,738,977	—	1,049,434	2,837,585	5,539,122	7,617,529	12,582,038	2,844,314	2,432,558	1,575,032	560,791	1,399,935	2,300,640
Notes and accounts receivable, net.....	3,256,431	—	75,912	130,878	218,098	449,856	1,013,651	322,352	320,559	252,026	66,305	182,102	214,693
Inventories.....	4,243,601	—	59,194	204,466	329,248	617,246	1,401,721	455,921	311,890	206,592	118,518	137,555	401,251
Cash, Government obligations and other current assets.....	3,950,696	—	162,089	372,137	604,841	646,416	933,084	251,881	284,327	204,398	92,048	214,171	185,301
Other investments and loans.....	4,907,470	—	69,117	172,035	533,442	648,638	1,240,783	411,514	325,452	254,280	87,878	425,430	738,902
Depreciable assets.....	23,633,714	—	1,108,417	2,389,648	3,725,649	4,765,995	6,691,749	1,339,367	1,291,190	800,796	264,014	452,889	804,002
Less: Accumulated depreciation.....	10,592,781	—	581,865	1,174,512	1,677,925	2,075,730	2,970,948	535,317	524,879	354,081	123,101	183,945	390,477
Other capital assets less reserves.....	9,495,110	—	133,467	670,394	1,568,156	2,221,648	3,592,082	525,616	366,294	170,661	39,341	120,544	86,908
Accounts and notes payable.....	9,696,906	—	364,153	500,141	974,082	1,695,506	3,163,745	856,524	767,494	468,784	273,250	204,122	429,105
Other current liabilities.....	2,026,290	—	72,915	68,172	119,194	190,274	451,406	217,461	191,803	159,214	21,994	227,128	306,631
Mortgages, notes, and bonds payable in one year or more.....	13,363,285	—	265,708	773,920	1,683,752	2,474,724	4,755,626	1,079,119	773,934	356,532	200,481	428,244	571,243
Net worth.....	11,460,935	—	43,580	1,006,307	1,942,782	2,311,682	3,234,059	361,946	519,319	536,825	36,143	480,703	987,589
Cost of property used for investment credit.....	3,043,133	48,375	214,071	266,643	559,579	604,922	777,202	218,653	120,385	119,678	24,636	51,755	37,234
Total receipts.....	52,089,915	517,825	3,093,912	3,876,630	5,092,851	7,996,638	13,705,300	3,679,606	3,378,255	2,784,128	1,364,187	1,268,478	5,332,105
Business receipts.....	48,850,056	461,392	2,951,860	3,675,584	4,674,496	7,386,745	12,812,806	3,471,723	3,165,087	2,625,883	1,318,258	1,059,721	5,246,499
Cost of sales and operations.....	35,798,332	325,210	1,877,369	2,281,750	2,939,976	5,364,993	9,655,002	2,773,379	2,522,348	2,101,566	1,158,378	709,793	3,888,568
Taxes paid.....	1,111,701	21,226	90,032	118,377	148,984	187,173	260,921	51,835	59,179	27,842	9,547	31,022	105,563
Interest paid.....	2,184,441	46,924	54,800	119,872	271,309	403,696	700,227	164,013	145,803	85,881	37,470	75,902	76,546
Depreciation.....	2,180,968	37,208	122,682	255,285	360,679	444,094	570,724	123,490	96,673	69,272	22,915	39,043	38,902
Pension, profit-sharing, stock bonus, and annuity plans.....	144,946	*3,688	*7,349	*9,950	12,447	21,034	37,070	5,617	9,474	12,128	2,488	5,535	18,168
Employee benefit programs.....	151,565	*32	15,330	8,197	12,413	16,045	34,535	6,048	11,307	12,556	3,048	5,588	26,466
Net income (less deficit).....	673,158	—	25,683	73,218	134,247	93,035	110,851	3,121	36,286	51,970	11,340	97,931	160,954
Income subject to tax.....	1,893,307	33,207	42,840	125,182	267,884	289,788	385,701	75,511	89,202	93,880	9,782	110,941	159,388
Income tax, total.....	544,487	10,095	7,545	26,080	61,585	73,742	132,008	30,469	40,357	38,648	4,293	48,383	73,285
Additional tax for tax preferences.....	1,476	—	—	—	—	*111	*324	*142	317	455	—	126	—
Foreign tax credit.....	7,564	—	—	—	—	*70	*341	—	20	630	—	594	5,910
Investment credit.....	109,109	*574	3,613	9,336	19,989	23,743	25,480	4,611	6,760	4,576	3,058	5,204	2,164
Work incentive (WIN) credit.....	697	—	—	—	—	*528	*37	4	10	59	—	59	—
Jobs credit.....	4,835	*20	*349	*419	*473	1,529	459	*411	407	241	55	484	8
Distributions to stockholders except in own stock.....	304,733	*1,649	42,225	31,738	25,743	44,731	61,748	20,728	12,235	8,453	445	22,813	32,226

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 6 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets — Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Mining													
Number of returns.....	25,576	621	7,999	5,182	3,851	2,763	3,677	659	429	182	84	64	59
Total assets.....	126,947,880	—	253,646	749,081	1,403,523	2,037,036	7,978,188	4,489,253	6,503,836	6,294,764	6,391,964	10,251,234	80,595,354
Notes and accounts receivable, net.....	25,045,558	—	46,496	144,761	210,127	283,176	1,492,528	787,377	1,198,333	1,117,502	1,119,896	1,779,349	16,856,012
Inventories.....	5,543,183	—	2,662	23,293	85,595	55,216	307,990	159,910	277,479	216,046	356,574	439,919	3,640,561
Cash, Government obligations and other current assets.....	12,667,753	—	74,526	130,859	342,176	396,611	1,357,810	916,706	1,093,951	925,884	720,043	748,182	5,961,009
Other investments and loans.....	31,610,479	—	10,229	68,953	158,508	198,617	795,497	424,741	670,126	792,388	1,067,724	1,743,497	25,680,191
Depreciable assets.....	58,161,782	—	171,482	563,256	1,018,178	1,487,807	4,996,605	2,809,171	3,846,459	3,202,591	3,208,630	5,093,403	31,764,200
Less: Accumulated depreciation.....	22,582,187	—	90,204	274,519	526,514	679,625	2,243,620	1,467,253	1,957,124	1,320,457	1,215,516	1,715,823	11,091,533
Other capital assets less reserves.....	13,219,515	—	19,310	78,779	111,515	241,997	989,093	677,385	1,090,667	1,105,461	872,228	1,771,010	6,262,172
Accounts and notes payable.....	24,453,855	—	97,507	206,067	400,896	717,203	2,058,119	1,008,047	1,571,174	1,313,894	1,315,979	1,791,109	14,153,660
Other current liabilities.....	12,083,296	—	54,606	58,440	127,664	159,506	808,235	520,842	657,848	653,799	648,927	1,188,556	7,204,874
Mortgages, notes, and bonds payable in one year or more.....	26,898,761	—	39,415	109,966	273,235	410,006	1,497,362	885,979	1,385,229	1,521,040	1,326,140	2,266,188	17,184,200
Net worth.....	54,068,148	—	59,229	230,632	416,161	482,363	2,781,174	1,741,289	2,398,461	2,354,078	2,766,102	4,559,556	36,397,561
Cost of property used for investment credit.....	7,655,118	139,030	53,875	93,691	193,966	356,991	1,002,273	455,383	586,787	617,920	484,910	752,842	2,915,912
Total receipts.....	176,672,390	943,010	600,493	1,429,074	1,762,740	3,466,165	8,371,868	4,328,220	4,840,402	4,718,482	5,154,129	10,740,783	130,314,408
Business receipts.....	167,397,918	784,945	553,293	1,372,362	1,646,783	3,255,676	7,737,813	4,325,793	4,405,793	4,325,123	4,706,034	10,167,958	124,464,106
Cost of sales and operations.....	116,989,880	480,133	347,176	658,546	889,547	1,943,892	4,616,671	2,408,145	2,786,668	2,770,743	3,201,370	7,566,991	89,308,476
Taxes paid.....	20,248,994	33,362	22,913	61,195	82,267	115,072	321,063	147,633	183,015	186,765	185,172	263,238	1,847,175
Interest paid.....	3,440,080	55,022	9,961	25,843	50,465	103,547	284,012	141,014	215,819	228,868	167,543	375,042	1,781,732
Depreciation.....	4,779,495	70,179	26,289	63,271	140,204	196,958	556,480	249,757	327,003	320,628	211,122	434,508	2,183,029
Pension, profit-sharing, stock bonus, and annuity plans.....	728,306	4,958	—	8,777	9,186	13,151	33,364	15,381	22,487	21,052	25,331	35,532	539,087
Employee benefit programs.....	558,114	7,968	619	5,609	6,177	10,044	39,036	17,978	24,904	34,167	33,240	70,151	307,946
Net income (loss deficit).....	7,750,561	-27,608	-81,153	36,965	-25,791	107,731	313,144	239,894	189,783	220,242	326,638	714,215	5,742,116
Income subject to tax.....	9,073,598	123,534	21,320	55,755	118,168	151,305	554,665	273,097	341,703	371,933	321,933	828,867	5,824,459
Income tax, total.....	4,083,078	57,718	7,314	12,912	36,726	50,697	233,142	123,332	160,774	185,958	175,413	381,920	2,657,163
Additional tax for tax preferences.....	106,561	*731	—	*207	*1,542	*1,190	12,907	5,533	9,938	7,622	9,226	6,651	51,007
Foreign tax credit.....	1,965,971	45	—	—	—	538	*5,946	*2,690	3,215	17,982	35,228	167,288	1,733,038
Investment credit.....	435,015	6,215	*649	2,389	7,412	11,956	50,288	21,540	29,051	27,657	22,308	57,926	197,622
Work incentive (WIN) credit.....	39	—	—	—	—	—	—	—	2	—	—	—	32
Jobs credit.....	8,518	23	*965	*411	*550	*1,576	*1,876	376	614	556	64	*900	407
Distributions to stockholders except in own stock.....	4,757,780	*255,692	*5,297	*32,192	*23,093	22,200	75,164	40,977	32,977	102,241	122,631	118,691	3,926,625
Construction													
Number of returns.....	272,432	5,778	147,095	49,664	31,178	18,328	17,241	1,900	865	221	103	41	18
Total assets.....	132,939,026	—	4,672,804	8,225,282	10,907,636	12,657,749	34,288,456	13,133,952	13,067,110	7,565,036	7,748,780	8,337,132	12,337,088
Notes and accounts receivable, net.....	36,106,649	—	892,422	1,913,713	2,712,701	3,483,231	10,253,355	3,821,638	3,636,769	1,998,619	1,840,534	2,284,099	3,269,589
Inventories.....	22,055,863	—	530,506	1,306,709	1,954,139	2,281,267	6,004,950	2,473,945	2,304,625	1,468,869	1,530,514	891,143	1,309,196
Cash, Government obligations and other current assets.....	30,046,208	—	1,084,757	1,763,829	2,428,573	*2,660,234	7,897,145	3,291,424	3,207,374	1,542,644	1,494,777	2,045,597	2,629,854
Other investments and loans.....	12,307,986	—	441,903	741,350	750,351	890,453	2,410,687	926,287	1,084,632	776,540	1,155,984	921,199	2,208,598
Depreciable assets.....	47,440,465	—	3,151,384	4,147,684	4,484,266	5,244,614	12,608,316	4,018,504	4,289,645	2,057,678	1,793,236	1,857,101	3,788,038
Less: Accumulated depreciation.....	24,028,215	—	1,711,160	2,111,256	2,295,116	2,656,197	6,694,674	2,167,754	2,228,148	958,794	829,346	801,768	1,574,004
Other capital assets less reserves.....	5,250,584	—	159,271	295,278	367,358	*516,798	1,177,742	446,616	474,966	380,266	167,070	592,615	369,605
Accounts and notes payable.....	45,114,397	—	1,730,140	2,839,895	3,775,584	4,762,425	13,009,892	4,689,165	4,178,121	2,256,602	2,167,142	1,847,371	3,858,060
Other current liabilities.....	21,077,139	—	633,423	747,881	1,097,572	1,292,984	5,115,257	2,434,934	2,639,005	1,461,827	1,296,532	2,082,955	2,274,769
Mortgages, notes, and bonds payable in one year or more.....	19,076,827	—	773,851	1,086,489	1,728,945	1,792,201	4,668,418	1,897,604	1,773,246	1,417,264	1,280,229	1,454,308	1,204,075
Net worth.....	32,826,174	—	436,256	2,393,095	3,419,202	3,886,127	8,746,446	2,600,134	2,843,724	1,467,235	1,587,775	1,686,881	3,759,297
Cost of property used for investment credit.....	6,591,588	49,295	543,178	621,254	615,285	773,161	1,696,269	519,254	479,802	234,816	224,665	274,324	560,284
Total receipts.....	267,205,356	1,834,831	22,532,982	22,371,266	26,467,670	30,947,666	72,044,840	21,874,906	21,825,495	9,817,897	8,927,507	8,504,190	20,256,107
Business receipts.....	260,387,692	1,755,205	22,225,244	22,093,877	26,063,015	30,470,394	70,506,421	21,288,531	20,936,933	9,346,400	8,482,180	7,815,955	19,400,537
Cost of sales and operations.....	208,064,925	1,491,780	15,429,248	15,694,311	19,486,430	23,904,465	57,637,046	18,007,486	18,176,403	8,186,851	7,313,533	6,062,828	16,674,545
Taxes paid.....	5,565,059	43,341	636,866	633,305	687,820	731,319	1,457,044	408,686	379,433	143,978	108,163	91,253	243,851
Interest paid.....	4,278,502	42,209	252,915	311,297	373,301	404,657	1,012,187	351,322	327,342	224,018	242,087	388,139	349,029
Depreciation.....	5,109,659	41,788	462,864	529,691	551,240	612,130	1,335,304	395,924	382,058	158,670	147,489	164,688	327,813
Pension, profit-sharing, stock bonus, and annuity plans.....	1,487,800	5,386	41,379	91,821	188,064	180,218	470,211	121,894	103,089	41,157	35,966	42,941	165,676
Employee benefit programs.....	1,526,456	2,261	109,666	86,539	266,176	205,419	444,421	110,157	90,007	29,836	39,536	30,863	111,574
Net income (loss deficit).....	5,271,209	-52,446	-29,619	423,796	408,482	629,845	1,654,925	465,756	453,742	201,863	213,716	175,869	725,281
Income subject to tax.....	7,188,306	53,957	303,967	589,756	688,551	756,042	1,997,843	652,067	631,946	264,491	230,110	238,265	781,308
Income tax, total.....	2,557,976	19,972	57,331	118,659	159,752	207,300	755,781	281,122	280,559	118,752	104,639	96,148	357,961
Additional tax for tax preferences.....	6,910	—	—	—	—	*93	452	420	985	555	681	3,068	657
Foreign tax credit.....	150,887	—	—	—	—	*4	*1,086	*268	3,653	3,345	2,854	3,214	136,462
Investment credit.....	351,376	3,923	14,104	24,457	32,532	43,155	97,320	32,033	30,952	12,118	9,848	16,116	34,818
Work incentive (WIN) credit.....	772	—	—	—	*50	*122	244	*106	32	5	9	31	172
Jobs credit.....	80,000	*924	7,441	9,431	10,164	16,936	24,101	5,571	2,859	846	704	592	429
Distributions to stockholders except in own stock.....	793,764	*4,056	108,024	52,237	32,513	56,407	88,242	23,065	33,793	15,550	29,354	124,594	225,928

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 6 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets — Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Manufacturing													
Number of returns.....	242,550	4,073	87,855	45,528	32,571	27,920	32,514	5,553	3,475	1,182	701	532	624
Total assets.....	1,709,471,700	—	3,622,681	7,563,474	11,833,354	19,690,235	69,327,855	39,092,032	54,037,897	43,355,045	51,709,297	92,543,617	1,316,696,211
Notes and accounts receivable, net.....	385,069,638	—	786,691	1,873,485	3,187,987	5,099,730	17,823,034	9,871,305	12,910,335	9,759,521	11,721,561	18,860,655	293,175,335
Inventories.....	268,446,932	—	595,420	1,478,007	2,577,648	4,554,380	18,092,103	10,694,833	14,618,268	10,602,329	12,537,220	19,742,534	172,954,190
Cash, Government obligations and other current assets.....	142,806,393	—	700,061	1,165,382	1,722,209	3,083,467	8,885,895	4,757,208	6,247,777	5,154,961	5,603,280	9,611,218	95,874,934
Other investments and loans.....	318,359,546	—	173,482	425,957	585,076	945,297	3,521,888	2,217,491	4,103,251	4,600,478	5,312,923	13,720,515	282,753,188
Depreciable assets.....	826,865,648	—	2,978,854	4,370,923	6,654,058	11,123,851	35,944,845	19,194,039	25,113,754	19,442,112	23,632,480	42,307,483	636,103,249
Less: Accumulated depreciation.....	366,493,573	—	1,778,147	2,132,363	3,358,204	5,851,899	17,934,443	9,352,075	11,490,435	8,571,266	10,467,278	18,068,989	277,488,473
Other capital assets less reserves.....	72,246,473	—	66,634	138,916	264,015	387,994	1,830,166	1,020,130	1,451,402	1,265,425	1,788,496	2,841,235	61,192,063
Accounts and notes payable.....	333,337,261	—	1,217,743	2,330,168	3,520,233	5,521,937	20,026,228	10,855,099	13,426,116	8,709,250	10,262,007	15,465,047	242,003,035
Other current liabilities.....	197,791,695	—	448,610	707,203	1,133,426	2,004,250	6,901,683	3,983,231	5,610,312	4,638,721	5,936,828	10,824,072	155,603,558
Mortgages, notes, and bonds payable in one year or more.....	305,689,825	—	818,597	1,279,678	2,021,059	3,037,809	10,876,024	5,996,722	8,833,142	7,439,132	9,281,961	17,845,244	238,260,456
Net worth.....	749,186,774	—	271,349	2,360,414	4,259,086	7,928,327	28,796,177	16,860,202	24,358,632	20,887,246	24,515,555	44,344,560	574,605,228
Cost of property used for investment credit.....	88,939,848	298,681	359,489	702,456	966,935	1,331,861	4,245,034	2,109,746	2,601,628	2,009,870	2,453,237	5,093,017	66,731,430
Total receipts.....	2,404,323,844	11,222,041	11,223,436	21,187,163	30,498,339	47,536,446	154,746,785	77,515,986	100,414,039	71,274,683	79,239,821	132,910,850	1,664,655,982
Business receipts.....	2,301,056,550	10,816,328	11,105,553	20,961,548	30,174,951	46,797,497	152,514,104	76,125,557	98,263,873	69,258,051	76,811,211	128,156,649	1,578,253,957
Cost of sales and operations.....	1,707,143,900	8,406,804	6,847,751	14,180,072	21,498,934	33,115,484	113,322,997	57,094,374	74,631,660	51,682,080	56,255,287	93,613,387	1,175,264,164
Taxes paid.....	65,062,569	219,691	404,920	613,258	804,608	1,262,766	3,455,410	1,721,757	1,960,479	1,666,156	1,850,844	3,076,720	47,977,724
Interest paid.....	54,177,356	269,733	140,446	276,586	401,770	691,017	2,495,027	1,457,722	1,972,222	1,411,269	1,765,003	2,883,639	40,374,850
Depreciation.....	64,405,255	251,936	294,773	513,402	670,427	1,097,117	3,137,746	1,573,505	2,073,737	1,539,659	1,879,286	3,288,100	48,053,459
Pension, profit-sharing, stock bonus, and annuity plans.....	24,470,806	78,459	59,333	93,923	162,814	344,196	1,009,010	482,897	623,417	485,652	594,748	1,187,442	19,335,865
Employee benefit programs.....	23,042,683	140,083	93,698	126,478	175,797	325,435	1,088,073	616,024	759,575	588,580	765,299	1,232,852	17,120,435
Net income (less deficit).....	125,667,815	143,201	-169,920	160,445	531,457	1,363,806	4,970,466	2,902,897	4,008,018	3,427,595	4,070,738	7,032,334	97,062,333
Income subject to tax.....	134,843,548	147,839	211,639	517,760	861,497	1,667,503	6,121,412	3,559,086	4,840,814	3,912,403	4,386,675	7,878,428	100,455,585
Income tax, total.....	60,184,725	199,518	38,953	100,375	202,767	510,684	2,443,844	1,569,140	2,171,561	1,771,759	1,990,674	3,466,498	45,841,987
Additional tax for tax preferences.....	204,995	*81	—	—	—	—	*614	875	1,879	1,235	2,257	12,336	185,712
Foreign tax credit.....	19,184,141	18,178	2	—	*1	*742	3,530	10,573	27,253	41,794	122,673	333,162	18,594,372
Investment credit.....	6,670,911	16,925	9,786	29,421	53,939	84,750	261,683	126,503	176,923	135,972	180,535	333,537	5,258,720
Work incentive (WIN) credit.....	—	16,421	*792	*655	*1,041	*457	2,646	1,148	1,311	690	744	1,499	5,397
Jobs credit.....	183,084	637	993	6,551	10,760	19,857	40,009	12,361	12,296	15,909	7,904	13,463	41,880
Distributions to stockholders except in own stock.....	37,306,509	264,615	59,890	55,634	100,571	116,318	443,831	317,208	500,154	597,341	1,034,720	2,325,518	31,457,563
Transportation and public utilities													
Number of returns.....	111,324	***	59,018	***	12,146	7,117	7,038	867	559	214	114	107	256
Total assets.....	758,364,400	—	2,072,516	***	4,388,362	4,975,511	14,260,171	6,048,593	8,623,167	7,720,190	8,401,428	17,361,236	680,988,540
Notes and accounts receivable, net.....	66,060,643	—	316,117	***	733,444	994,507	2,482,397	1,030,767	1,476,092	1,239,284	1,404,883	2,132,143	53,589,687
Inventories.....	29,070,462	—	33,686	***	64,035	92,623	330,401	157,971	194,193	253,322	362,398	687,095	26,803,410
Cash, Government obligations and other current assets.....	42,120,776	—	459,846	***	735,991	891,544	2,076,463	773,604	1,168,065	889,310	855,611	1,435,439	32,254,313
Other investments and loans.....	66,378,793	—	138,042	***	289,347	283,979	1,017,633	479,924	721,414	1,019,378	772,052	1,551,362	59,888,829
Depreciable assets.....	701,931,421	—	1,725,695	***	4,588,098	4,150,767	12,551,509	5,245,782	7,258,550	5,987,100	6,689,607	14,496,725	638,038,394
Less: Accumulated depreciation.....	175,398,871	—	790,881	***	2,359,090	1,865,814	5,261,831	2,086,992	2,874,229	2,417,230	2,342,975	4,232,808	149,618,198
Other capital assets less reserves.....	12,733,181	—	30,181	***	194,302	200,987	599,595	236,857	367,912	336,161	249,269	482,246	9,918,070
Accounts and notes payable.....	77,636,990	—	634,971	***	1,000,277	1,295,657	3,409,490	1,221,419	1,701,204	1,519,450	1,610,423	2,468,698	61,878,786
Other current liabilities.....	89,802,792	—	191,918	***	279,341	468,030	1,190,963	553,500	919,568	863,055	1,015,892	1,894,753	82,177,912
Mortgages, notes, and bonds payable in one year or more.....	249,839,439	—	375,742	***	1,397,450	1,385,489	4,550,760	1,953,440	2,732,508	2,359,609	2,628,630	6,281,849	225,291,537
Net worth.....	290,655,693	—	280,797	***	1,282,980	1,473,239	4,082,885	2,001,355	2,753,675	2,483,829	2,542,737	5,483,323	267,458,421
Cost of property used for investment credit.....	67,698,190	—	244,509	***	771,788	589,162	1,810,038	723,019	835,027	621,557	650,393	1,427,307	59,211,793
Total receipts.....	523,807,396	—	8,407,942	***	9,038,302	9,794,288	22,775,492	7,677,748	11,863,985	9,386,409	10,819,445	15,141,319	403,310,859
Business receipts.....	507,372,820	—	8,252,356	***	8,744,720	9,593,008	22,126,699	7,384,595	11,453,803	9,888,385	10,458,633	14,529,491	390,601,800
Cost of sales and operations.....	336,868,172	—	5,973,179	***	5,410,972	6,337,525	14,347,663	4,726,962	7,684,044	5,759,675	7,778,070	9,930,589	258,151,280
Taxes paid.....	24,159,562	—	179,929	***	334,487	510,451	866,821	308,746	400,735	333,570	339,439	604,941	19,481,101
Interest paid.....	27,638,591	—	86,059	***	209,574	193,001	631,787	244,800	366,244	357,336	369,152	732,631	24,111,308
Depreciation.....	37,310,506	—	235,876	***	484,257	418,183	1,195,599	430,822	597,395	455,527	483,152	916,441	31,479,049
Pension, profit-sharing, stock bonus, and annuity plans.....	8,046,744	—	*17,416	***	52,470	73,162	198,311	74,303	120,280	67,338	110,641	179,841	7,123,020
Employee benefit programs.....	4,906,025	—	22,634	***	54,183	85,927	197,175	73,945	127,633	99,347	111,238	144,998	3,936,004
Net income (less deficit).....	20,046,155	—	-30,742	***	131,525	213,944	509,193	277,967	448,736	366,932	259,357	312,600	17,529,086
Income subject to tax.....	23,918,654	—	112,887	***	290,945	311,526	829,598	382,269	540,324	492,495	372,386	648,940	19,588,945
Income tax, total.....	10,733,055	—	22,324	***	73,222	92,921	316,734	164,261	238,834	218,168	170,254	298,058	9,029,858
Additional tax for tax preferences.....	19,304	—	—	***	*866	*10	676	*332	888	684	534	1,400	13,318
Foreign tax credit.....	461,901	—	—	***	*255	—	*3,885	*541	634	3,091	1,920	4,034	446,556
Investment credit.....	4,895,642	—	6,139	***	25,866	25,472	80,417	35,929	49,933	35,287	41,044	105,654	4,437,379
Work incentive (WIN) credit.....	2,003	—	—	***	*128	*14	*148	*34	6	18	18	20	1,617
Jobs credit.....	25,459	—	*1,038	***	3,092	1,939	6,205	912	968	308	219	749	7,039
Distributions to stockholders except in own stock.....	17,329,807	—	85,018	***	20,761	19,779	110,016	34,504</					

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 6 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets — Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale and Retail Trade													
Number of returns.....	799,628	16,116	365,073	174,106	104,432	68,637	60,532	6,113	2,857	836	461	282	184
Total assets.....	646,901,005	—	14,533,947	28,307,034	36,903,414	47,896,900	119,610,270	41,781,161	42,956,557	29,030,283	34,989,209	51,343,479	199,548,751
Notes and accounts receivable, net.....	166,871,894	—	1,805,317	4,695,624	5,075,554	10,779,796	30,508,133	12,091,801	12,648,460	8,865,005	9,511,846	13,927,793	53,962,564
Inventories.....	188,789,045	—	4,784,600	9,852,781	12,986,276	18,527,487	45,675,306	14,298,704	13,396,704	8,201,567	8,975,878	13,431,748	38,658,086
Cash, Government obligations and other current assets.....	67,224,219	—	2,490,902	4,177,641	5,167,938	5,807,481	12,755,388	4,230,113	4,507,613	2,893,034	3,450,789	4,240,857	17,502,463
Other investments and loans.....	76,855,125	—	866,450	1,784,183	2,099,284	2,513,048	6,771,377	2,879,464	3,211,652	2,452,717	4,113,803	6,524,006	43,639,141
Depreciable assets.....	194,620,374	—	7,585,637	11,045,494	12,586,603	15,026,961	33,980,903	11,757,566	11,847,127	8,056,525	10,847,907	15,747,186	56,138,484
Less: Accumulated depreciation.....	80,112,022	—	3,884,362	5,074,017	5,858,477	7,176,968	15,331,560	5,273,377	4,720,898	3,111,517	4,278,701	5,638,550	19,763,595
Other capital assets less reserves.....	17,373,134	—	272,498	829,754	995,691	1,350,785	3,257,582	1,024,961	1,190,244	847,131	911,361	1,668,424	5,024,701
Accounts and notes payable.....	225,927,451	—	4,358,566	8,391,547	11,987,373	17,586,478	50,491,680	17,598,725	17,155,172	10,639,259	11,990,189	16,050,966	59,677,405
Other current liabilities.....	64,199,512	—	1,309,106	2,012,506	2,700,334	3,671,620	9,267,725	3,540,385	3,486,797	2,284,336	3,300,570	5,093,018	27,533,116
Mortgages, notes, and bonds payable in one year or more.....	97,627,525	—	2,687,025	4,991,372	5,667,167	5,988,513	14,133,925	4,792,988	5,991,278	4,138,474	6,130,220	9,167,187	33,939,375
Net worth.....	222,289,687	—	2,186,435	9,021,648	13,247,408	17,507,491	40,522,437	14,655,152	14,922,267	10,848,593	12,125,650	18,423,660	68,828,948
Cost of property used for investment credit.....	22,973,386	145,234	912,882	1,393,080	1,622,991	1,765,513	4,045,816	1,406,155	1,579,094	1,023,753	1,220,525	1,601,547	6,256,796
Total receipts.....	1,955,523,778	13,844,108	67,650,932	105,245,342	127,096,860	162,206,203	403,487,400	130,254,185	131,624,147	83,010,444	98,866,818	141,767,399	490,449,940
Business receipts.....	1,919,347,689	13,497,353	66,600,127	104,076,865	125,383,531	159,796,970	396,992,149	128,078,550	129,139,731	81,398,299	96,653,054	138,645,967	479,087,093
Cost of sales and operations.....	1,538,128,634	11,151,731	42,948,135	72,776,982	92,774,540	123,621,327	321,633,738	104,550,087	107,180,915	67,282,517	80,757,526	115,192,479	398,258,258
Taxes paid.....	23,984,339	153,530	1,569,466	1,971,101	2,002,482	2,347,539	4,686,218	1,476,968	1,402,263	843,102	1,179,458	1,353,707	4,898,504
Interest paid.....	25,645,855	186,985	525,579	936,642	1,319,371	1,762,471	4,904,556	1,677,674	1,740,529	1,080,485	1,377,362	1,823,995	8,310,207
Depreciation.....	18,668,488	105,864	908,623	1,291,872	1,307,646	1,507,353	3,406,317	1,191,418	1,222,858	790,846	1,070,513	1,293,303	4,571,874
Pension, profit-sharing, stock bonus, and annuity plans.....	5,612,929	22,646	192,816	258,871	367,303	606,311	1,322,914	368,568	301,304	170,332	205,814	349,122	1,446,929
Employee benefit programs.....	5,072,225	34,804	151,737	211,261	311,458	419,935	1,028,767	351,793	308,067	203,762	272,701	409,309	1,368,631
Net income (less deficit).....	38,309,671	—	252,368	1,112,840	1,794,959	2,434,413	6,375,005	2,732,455	2,970,759	2,285,111	2,463,756	3,688,184	12,784,364
Income subject to tax.....	35,034,547	—	310,127	737,605	1,198,292	2,714,546	6,642,198	2,453,141	2,377,587	1,492,843	1,683,120	2,609,663	10,160,775
Income tax, total.....	13,655,104	129,638	136,669	318,553	492,677	734,232	2,495,976	1,060,191	1,061,714	672,300	764,687	1,194,804	4,593,664
Additional tax for tax preferences.....	16,851	318	—	151	—	—	916	265	843	1,174	1,451	3,153	8,579
Foreign tax credit.....	1,526,781	4,683	—	157	—	539	1,565	4,660	5,933	5,144	19,069	31,197	1,453,814
Investment credit.....	1,329,583	8,237	21,440	47,899	63,779	88,978	221,779	75,066	84,886	61,321	69,128	110,148	1,034
Work incentive (WIN) credit.....	5,872	28	—	283	406	760	1,543	367	286	591	295	279	32,266
Jobs credit.....	160,179	1,114	7,957	14,873	16,528	13,495	26,814	8,791	6,571	4,342	7,863	18,567	33,266
Distributions to stockholders except in own stock.....	10,343,087	210,087	284,697	360,005	254,132	357,611	1,198,066	565,640	679,739	685,546	793,813	888,960	4,064,792
Finance, Insurance, and Real Estate													
Number of returns.....	493,426	26,596	241,713	91,865	50,040	30,692	27,530	5,720	7,438	4,856	3,188	2,092	1,683
Total assets.....	4,022,206,073	—	8,356,250	14,748,855	17,507,980	21,200,409	57,529,307	41,378,629	121,888,048	172,785,777	222,966,337	320,479,015	3,023,364,747
Notes and accounts receivable, net.....	1,222,825,343	—	1,010,455	1,613,369	2,425,667	2,864,578	8,880,725	11,457,757	43,708,243	63,275,655	66,640,323	70,394,658	950,553,912
Inventories.....	7,833,458	—	39,020	139,237	193,502	340,405	615,235	355,794	574,341	440,747	722,251	757,569	3,655,357
Cash, Government obligations and other current assets.....	981,040,045	—	1,874,144	3,049,122	3,556,637	4,092,459	12,353,330	11,367,986	35,848,076	49,947,771	54,270,668	68,071,657	736,607,523
Other investments and loans.....	1,599,944,558	—	1,471,727	2,995,725	3,690,708	4,650,807	14,567,920	10,083,228	31,107,437	50,104,137	90,731,635	167,731,811	1,222,809,420
Depreciable assets.....	144,848,081	—	4,735,182	7,175,470	8,197,811	8,968,687	19,631,658	7,505,977	9,109,037	7,505,195	8,001,250	9,628,917	54,389,896
Less: Accumulated depreciation.....	44,739,937	—	2,332,266	3,273,717	3,824,905	3,563,608	6,890,361	2,468,637	2,508,019	1,925,559	1,926,396	2,237,945	13,788,324
Other capital assets less reserves.....	33,077,538	—	1,284,254	2,564,370	2,700,975	3,143,732	6,772,930	2,311,550	2,362,715	1,676,102	1,928,338	2,419,611	5,912,963
Accounts and notes payable.....	295,037,140	—	1,848,454	2,271,431	3,001,147	3,677,354	10,449,833	5,081,905	8,026,578	10,484,418	14,691,163	18,625,474	218,879,381
Other current liabilities.....	2,296,641,537	—	6,766,294	827,047	937,688	1,144,418	6,454,613	16,261,508	77,276,594	123,420,170	155,166,477	219,962,064	1,694,514,624
Mortgages, notes, and bonds payable in one year or more.....	223,214,607	—	1,738,994	3,707,412	4,739,482	6,190,876	17,852,686	7,568,367	9,330,306	8,456,417	11,362,151	15,344,547	136,923,368
Net worth.....	530,541,317	—	1,840,595	5,679,246	6,039,369	7,177,654	16,269,792	9,195,787	21,103,564	22,904,731	30,042,435	41,800,556	368,487,132
Cost of property used for investment credit.....	13,596,655	144,991	360,620	279,955	221,539	200,346	609,508	228,678	444,631	455,138	485,850	857,679	9,307,621
Total receipts.....	697,460,846	20,861,794	11,339,614	14,955,703	7,486,000	6,855,368	17,398,710	10,095,751	20,187,039	23,556,287	30,231,919	48,553,968	485,892,762
Business receipts.....	256,892,475	3,054,653	9,089,043	12,403,498	4,404,093	3,901,768	9,978,585	5,139,887	7,691,063	7,633,069	9,445,101	18,262,946	165,857,530
Cost of sales and operations.....	129,644,330	1,595,393	1,544,120	1,370,645	1,104,149	1,091,477	3,149,529	1,948,260	3,135,177	3,108,976	4,311,090	9,440,010	97,818,955
Taxes paid.....	13,405,720	302,828	463,965	471,227	479,575	462,235	916,098	344,382	560,182	520,284	612,738	901,005	7,370,093
Interest paid.....	219,167,684	15,424,450	360,738	517,409	680,656	800,742	2,328,500	1,732,353	5,722,390	9,068,802	12,499,124	17,977,865	152,052,792
Depreciation.....	11,404,545	242,428	365,329	393,907	410,905	409,254	897,413	333,072	488,660	399,330	484,209	677,236	6,361,824
Pension, profit-sharing, stock bonus, and annuity plans.....	4,772,588	31,411	130,470	148,686	86,337	81,900	189,441	55,815	130,318	154,802	183,294	280,097	3,299,975
Employee benefit programs.....	2,602,491	22,917	55,943	54,187	39,884	32,635	73,409	39,586	97,175	116,393	135,295	197,761	1,737,304
Net income (less deficit).....	33,122,792	—	110,263	547,340	715,822	670,878	1,107,712	592,308	1,674,048	1,416,347	1,945,258	2,245,609	23,113,250
Income subject to tax.....	24,319,609	—	527,558	481,642	727,929	601,265	1,107,712	592,308	1,674,048	1,416,347	1,945,258	2,245,609	23,113,250
Income tax, total.....	9,804,80												

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RETURNS OF ACTIVE CORPORATIONS

Table 6 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets — Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Services													
Number of returns.....	671,338	18,664	490,663	90,339	36,739	18,728	13,468	1,466	755	249	143	76	49
Total assets.....	178,163,737	—	14,578,085	14,121,478	12,826,540	13,364,428	28,389,400	10,076,315	11,756,493	9,037,404	11,483,956	12,364,706	42,164,933
Notes and accounts receivable, net.....	29,006,661	—	1,670,241	2,016,265	2,050,345	2,498,940	4,326,605	1,850,436	2,234,453	1,626,084	2,314,151	2,215,488	6,198,671
Inventories.....	8,502,393	—	624,766	621,598	573,611	627,011	1,120,413	421,206	469,558	465,135	702,240	687,740	2,189,105
Cash, Government obligations and other current assets.....	31,066,298	—	4,077,911	3,551,026	2,668,464	2,213,488	3,851,989	1,552,610	1,853,103	1,274,130	1,901,652	1,595,604	6,426,321
Other investments and loans.....	27,682,090	—	1,497,538	1,795,528	1,455,998	1,321,043	3,028,745	916,731	1,492,378	1,511,731	1,935,429	2,478,971	10,307,994
Depreciable assets.....	108,858,665	—	11,798,515	9,530,256	8,883,449	9,642,840	19,104,215	6,944,519	7,298,237	5,044,932	5,378,054	6,179,601	19,054,048
Less: Accumulated depreciation.....	43,542,388	—	6,148,778	4,569,242	4,105,550	4,201,716	7,619,369	2,647,603	2,650,830	1,778,786	1,782,809	2,195,731	5,841,975
Other capital assets less reserves.....	8,828,445	—	438,596	620,071	783,181	822,264	1,659,281	608,793	646,317	457,993	575,557	685,792	1,530,601
Accounts and notes payable.....	35,327,402	—	3,020,997	2,677,522	2,713,513	3,110,043	5,930,121	2,888,324	2,825,242	1,739,176	2,490,092	1,955,674	6,676,699
Other current liabilities.....	23,038,786	—	2,086,088	1,545,631	1,293,028	1,477,112	2,717,061	1,092,923	1,456,122	1,051,518	1,578,853	1,236,304	7,504,145
Mortgages, notes, and bonds payable in one year or more.....	50,637,921	—	2,684,384	2,906,637	3,006,723	3,883,770	8,913,639	3,446,343	3,804,722	2,914,136	3,130,650	4,355,867	11,591,040
Net worth.....	52,865,513	—	4,007,903	5,453,686	4,409,342	3,591,038	6,522,946	2,424,929	2,853,382	2,614,573	3,447,527	4,245,759	13,294,428
Cost of property used for investment credit.....	15,159,003	128,371	2,008,563	1,381,115	1,110,576	1,202,154	2,229,499	926,751	887,509	579,426	684,464	878,712	3,161,863
Total receipts.....	279,883,187	2,740,890	67,241,487	37,089,419	25,266,022	23,452,495	35,136,801	13,149,598	12,778,508	9,905,657	11,772,330	12,075,288	29,274,693
Business receipts.....	266,088,619	2,496,768	66,054,137	35,586,285	24,515,539	22,587,182	33,011,227	12,408,586	11,928,856	9,171,396	10,891,612	11,206,067	26,130,962
Cost of sales and operations.....	129,352,692	1,079,799	23,528,189	16,068,517	11,835,704	12,515,015	18,458,540	6,940,827	6,712,261	5,378,287	6,548,490	6,186,380	14,100,684
Taxes paid.....	9,360,526	87,946	2,119,210	1,299,032	911,204	791,341	1,253,566	485,531	408,085	341,768	430,335	403,640	628,868
Interest paid.....	8,033,612	109,447	513,988	463,092	488,123	603,238	1,253,766	488,097	586,292	415,599	450,594	490,038	2,171,340
Depreciation.....	13,423,898	295,128	1,536,369	1,058,020	1,088,685	1,006,031	2,126,046	768,861	867,180	525,202	600,163	576,895	2,975,316
Pension, profit-sharing, stock bonus, and annuity plans.....	6,229,660	11,231	3,034,629	1,275,192	587,605	321,577	382,063	110,061	100,229	87,430	118,333	66,400	134,909
Employee benefit programs.....	2,288,156	22,397	510,031	295,882	179,846	173,714	286,611	105,605	100,148	90,363	108,244	111,893	303,423
Net income (less deficit).....	8,193,903	51,671	1,044,703	1,110,163	689,305	592,706	1,082,034	369,132	498,286	424,366	487,119	566,545	1,277,072
Income subject to tax.....	10,450,379	127,245	1,555,288	1,370,567	912,842	776,072	1,347,909	532,366	620,618	488,254	603,293	634,882	1,481,042
Income tax, total.....	3,554,144	50,557	279,284	292,281	227,901	238,343	519,375	231,053	274,790	220,481	270,794	290,760	658,525
Additional tax for tax preferences.....	6,280	*59	*85	*523	*123	*38	*98	*168	232	342	1,435	833	2,355
Foreign tax credit.....	185,308	*4,701	*1	*4,269	*1,419	*184	8,829	7,533	21,308	18,565	17,054	22,466	78,890
Investment credit.....	632,976	2,041	67,047	68,624	48,790	45,175	86,145	33,823	35,860	26,365	32,168	49,357	137,581
Work incentive (WIN) credit.....	9,726	11	—	*1,004	*2,469	*928	3,281	*407	448	147	376	164	492
Jobs credit.....	109,574	2,367	29,574	21,229	11,861	13,645	12,488	4,230	3,224	1,722	642	4,095	4,498
Distributions to stockholders except in own stock.....	1,841,945	23,012	294,303	114,074	86,156	89,350	220,500	62,731	79,416	83,457	112,697	151,174	525,073
Nature of Business not Allocable													
Number of returns.....	13,384	***	8,963	***	*350	*182	212	*33	14	—	—	—	—
Total assets.....	1,505,605	—	181,678	***	*111,918	*120,844	371,480	*233,625	272,804	—	—	—	—
Notes and accounts receivable, net.....	301,646	—	42,246	***	*13,744	*17,524	82,523	*66,749	49,723	—	—	—	—
Inventories.....	321,619	—	*27,188	***	*19,417	*25,473	121,623	*49,987	53,672	—	—	—	—
Cash, Government obligations and other current assets.....	229,254	—	31,452	***	*17,640	*35,433	28,236	*23,108	35,886	—	—	—	—
Other investments and loans.....	136,908	—	20,155	***	*14,963	*13,888	38,182	*3,828	24,981	—	—	—	—
Depreciable assets.....	666,765	—	130,525	***	*66,545	*40,994	123,931	*134,065	85,227	—	—	—	—
Less: Accumulated depreciation.....	351,789	—	87,850	***	*33,096	*24,188	50,984	*70,272	41,189	—	—	—	—
Other capital assets less reserves.....	127,545	—	*9,293	***	*8,510	*1,879	22,526	*11,526	64,491	—	—	—	—
Accounts and notes payable.....	443,453	—	39,966	***	*24,572	*31,306	127,940	*77,543	85,341	—	—	—	—
Other current liabilities.....	135,313	—	12,043	***	*9,841	*13,181	41,532	*22,130	14,889	—	—	—	—
Mortgages, notes, and bonds payable in one year or more.....	315,943	—	*65,662	***	*18,261	*8,616	65,203	*28,954	97,500	—	—	—	—
Net worth.....	494,014	—	32,130	***	*40,953	*60,295	108,116	*95,640	66,082	—	—	—	—
Cost of property used for investment credit.....	65,065	***	*12,783	***	*2,168	*3,994	10,455	*14,001	10,704	—	—	—	—
Total receipts.....	4,317,300	***	595,007	***	*203,175	*293,414	811,777	*967,914	658,838	—	—	—	—
Business receipts.....	4,222,517	***	572,675	***	*192,671	*287,699	798,350	*960,562	651,628	—	—	—	—
Cost of sales and operations.....	2,915,040	***	258,048	***	*97,653	*212,043	624,045	*752,999	522,728	—	—	—	—
Taxes paid.....	105,152	***	21,608	***	*7,269	*6,483	12,552	*29,982	6,524	—	—	—	—
Interest paid.....	46,421	***	8,041	***	*3,570	*4,149	14,158	*3,650	7,267	—	—	—	—
Depreciation.....	63,016	***	11,583	***	*3,306	*4,123	11,419	*11,404	7,960	—	—	—	—
Pension, profit-sharing, stock bonus, and annuity plans.....	35,532	***	*6,006	***	*1,083	*2,402	*3,911	*2,094	774	—	—	—	—
Employee benefit programs.....	31,390	***	*6,260	***	*556	*1,266	2,457	*15,744	1,744	—	—	—	—
Net income (less deficit).....	-28,722	***	-4,600	***	*9,485	*-1,174	-15,611	*5,238	-21,546	—	—	—	—
Income subject to tax.....	78,539	***	*3,142	***	*12,259	*9,173	13,668	*14,083	9,879	—	—	—	—
Income tax, total.....	24,983	***	*551	***	*3,135	*2,317	4,568	*6,031	4,467	—	—	—	—
Additional tax for tax preferences.....	*247	***	—	***	*240	—	*2	—	6	—	—	—	—
Foreign tax credit.....	8	***	—	***	—	—	—	—	8	—	—	—	—
Investment credit.....	3,243	***	*207	***	*332	*179	375	*753	672	—	—	—	—
Work incentive (WIN) credit.....	*11	***	—	***	—	—	*11	—	—	—	—	—	—
Jobs credit.....	*1,658	***	—	***	—	*1,238	*237	*158	27	—	—	—	—
Distributions to stockholders except in own stock.....	8,846	***	*6,489	***	—	—	*798	*340	757	—	—	—	—

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

**Data were deleted to avoid disclosure of information for specific corporations and combined with data in another size class.

***Data were deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

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

RETURNS OF ACTIVE CORPORATIONS

Table 7 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All Industrial Divisions ²													
Number of returns	2,710,538	1,087,416	557,066	207,896	322,654	558,368	367,303	279,754	227,449	95,104	50,754	36,198	8,192
Total assets	7,617,238,403	96,601,502	45,800,467	18,643,126	32,157,908	76,735,684	87,031,816	126,738,603	267,893,263	297,919,307	344,649,894	827,926,329	5,491,742,008
Notes and accounts receivable, net	1,834,544,483	10,076,942	4,593,349	2,016,949	3,466,645	9,504,048	14,257,505	27,949,700	77,330,125	93,652,590	98,022,788	189,174,480	1,414,576,304
Inventories	534,806,547	4,077,938	1,410,732	770,053	1,897,153	6,496,756	10,849,318	18,075,034	32,722,530	32,685,403	34,453,586	68,224,562	327,221,420
Cash, Government obligations, and other current assets	1,311,151,642	17,635,766	8,545,528	3,556,555	5,733,684	14,208,485	16,196,888	25,371,955	58,204,186	66,684,514	69,798,144	147,899,504	895,152,221
Other investments and loans	2,138,182,949	23,278,477	13,851,090	3,535,064	5,892,322	12,249,046	11,788,872	15,996,398	43,677,189	58,666,451	95,713,588	315,709,949	1,561,102,980
Depreciable assets	2,107,027,914	38,392,765	13,233,580	6,685,374	16,473,811	40,412,523	42,991,099	53,006,981	78,647,235	64,765,598	63,966,526	138,159,388	1,586,685,798
Less: Accumulated depreciation	767,841,763	14,620,129	4,397,404	3,456,707	6,766,018	17,412,616	19,063,122	23,872,481	35,810,534	29,084,082	28,357,276	57,464,871	542,156,642
Other capital assets less reserves	172,351,527	14,036,395	6,755,200	3,044,716	4,236,479	6,289,245	6,789,029	8,787,725	8,408,993	6,001,021	6,270,059	14,118,624	101,849,437
Accounts and notes payable	1,046,974,656	16,805,615	8,366,779	2,817,571	5,621,265	15,227,999	20,568,628	28,922,558	51,112,850	51,749,049	58,676,551	119,084,485	684,628,921
Other current liabilities	2,708,796,360	5,132,735	2,377,759	865,535	1,889,441	6,077,375	9,788,170	25,766,035	95,511,755	139,249,337	168,571,658	408,579,722	1,848,119,575
Mortgages, notes, and bonds payable in one year or more	986,663,932	26,384,202	12,376,856	5,147,416	8,859,930	20,755,471	21,031,800	25,354,472	36,024,921	28,827,429	32,314,882	73,363,824	722,606,932
Net worth	1,944,388,256	27,574,878	11,661,135	5,817,585	10,096,159	23,345,815	25,360,694	35,917,353	70,187,765	65,821,530	70,040,601	186,633,148	1,439,506,471
Cost of property used for investment credit	225,721,985	4,079,839	1,535,510	738,840	1,805,489	3,960,586	4,718,136	6,359,740	9,398,165	7,888,675	7,279,995	15,385,017	166,651,833
Total receipts	6,361,284,012	39,965,329	7,140,734	8,261,281	24,563,315	95,796,517	133,633,727	201,093,090	361,764,799	336,621,689	360,154,556	722,749,249	4,109,505,056
Business receipts	5,731,616,337	30,074,423	2,838,650	6,232,159	21,003,615	88,456,240	126,945,503	192,075,813	342,165,249	313,919,829	332,809,660	654,479,339	3,650,690,280
Cost of sales and operations	4,204,905,905	12,147,732	1,133,859	2,425,926	8,587,946	40,661,012	67,729,574	117,724,409	235,072,120	231,783,481	255,834,445	505,140,618	2,738,612,515
Taxes paid	163,003,622	2,114,264	542,249	471,307	1,100,708	3,481,444	4,230,687	5,446,898	8,433,221	6,623,051	6,646,154	12,639,807	113,388,096
Interest paid	344,612,542	2,774,319	1,058,975	615,387	1,099,958	3,025,483	3,521,037	5,201,585	11,719,748	14,486,858	17,953,432	44,438,279	241,491,800
Depreciation	157,345,828	2,762,602	787,866	626,796	1,347,940	3,658,542	4,189,773	5,220,929	7,737,350	6,176,341	5,923,770	12,336,964	109,339,558
Pension, profit-sharing, stock bonus, and annuity plans	51,529,310	336,657	61,765	23,563	251,329	1,781,694	1,810,717	1,915,583	2,550,296	1,967,119	1,815,137	3,395,993	35,956,115
Employee benefit programs	40,179,104	217,850	65,921	39,937	111,992	475,750	632,555	900,848	1,817,071	1,588,155	1,763,721	3,496,786	29,286,368
Net income (less deficit)	239,006,542	-2,541,947	-2,567,611	-167,958	193,622	1,420,055	2,390,351	4,344,915	9,285,886	9,024,313	9,196,029	24,626,512	181,620,426
Net income	296,787,201	4,334,145	1,286,661	959,425	2,088,059	5,694,507	6,189,017	8,170,801	14,009,647	12,534,250	12,993,610	31,802,165	201,059,059
Income subject to tax	246,598,486	2,476,222	701,986	516,287	1,257,948	3,616,501	4,270,091	5,957,998	10,303,377	9,658,020	10,023,133	22,393,120	177,361,625
Income tax, total	105,142,436	530,941	170,368	100,418	260,155	780,360	973,044	1,498,414	3,119,011	3,538,225	4,048,460	10,076,366	80,576,615
Additional tax for tax preferences	438,820	1,419	*515	—	904	2,434	1,673	4,742	13,528	12,390	17,905	36,210	348,520
Foreign tax credit	24,861,315	14,589	*13,383	—	*1,206	7,313	921	3,089	23,447	18,814	18,767	167,528	24,606,846
Investment credit	15,102,812	56,686	12,188	9,324	35,174	125,983	173,637	266,521	461,236	426,534	401,664	913,583	12,276,967
Work incentive (WIN) credit	36,483	233	—	—	*232	*704	*1,116	3,118	4,200	2,898	5,435	4,492	14,288
Jobs credit	601,444	6,924	1,640	1,768	3,515	25,418	41,325	51,097	87,296	72,068	63,190	80,816	173,310
Distributions to stockholders except in own stock	97,378,617	1,178,837	628,489	213,673	336,675	835,226	792,350	1,076,744	2,157,874	2,215,289	2,126,894	7,608,097	79,387,306
Agriculture, Forestry, and Fishing													
Number of returns	80,883	33,305	15,104	8,838	9,363	19,718	13,288	7,516	4,649	1,321	643	389	54
Total assets	40,738,977	5,252,205	1,818,835	1,276,810	2,156,560	5,582,734	5,978,345	5,497,522	5,374,062	2,824,402	2,225,668	3,498,921	4,504,919
Notes and accounts receivable, net	3,256,431	222,956	121,791	51,103	50,062	176,841	200,981	303,299	493,640	404,009	377,686	518,293	558,726
Inventories	4,243,601	162,813	48,804	31,522	82,487	332,495	390,946	488,646	551,635	467,842	384,046	606,569	858,609
Cash, Government obligations, and other current assets	3,950,696	370,683	114,118	98,077	158,487	588,495	591,366	446,749	535,310	274,951	377,198	387,053	378,891
Other investments and loans	4,907,470	527,016	252,372	114,283	160,361	500,088	443,717	615,698	598,988	318,109	189,505	613,415	1,100,935
Depreciable assets	23,633,714	2,350,320	753,281	568,657	1,028,382	3,507,184	4,058,744	3,516,119	3,542,008	1,788,875	1,090,848	1,735,628	2,043,987
Less: Accumulated depreciation	10,592,781	909,860	266,877	230,258	412,725	1,621,627	1,700,595	1,636,258	1,647,258	818,089	483,700	794,657	980,737
Other capital assets less reserves	9,495,110	2,252,246	724,123	577,757	950,365	1,804,690	1,697,914	1,477,219	1,078,306	332,397	248,697	375,537	228,104
Accounts and notes payable	9,996,906	606,884	294,846	102,722	209,316	794,498	1,259,136	1,265,366	1,571,256	969,191	772,493	1,231,016	1,207,066
Other current liabilities	2,026,290	61,987	16,950	18,556	26,481	185,751	132,256	179,070	198,990	215,372	236,071	272,422	544,370
Mortgages, notes, and bonds payable in one year or more	13,363,285	1,741,534	507,815	474,047	759,672	1,751,843	2,274,188	2,075,729	1,896,579	894,680	648,906	1,060,854	1,018,971
Net worth	11,480,935	1,682,184	523,917	366,049	792,217	2,166,197	1,679,357	1,285,214	1,291,642	536,325	442,065	715,240	1,662,712
Cost of property used for investment credit	3,043,133	461,364	243,622	71,346	146,396	433,780	511,257	478,629	492,401	174,276	116,872	189,629	184,924
Total receipts	52,089,915	1,604,193	367,281	398,317	838,595	3,728,664	4,995,042	5,540,790	7,301,434	4,849,375	4,824,555	7,806,439	11,439,423
Business receipts	48,850,056	1,106,479	110,268	316,545	679,666	3,337,214	4,631,296	5,121,750	6,775,987	4,623,723	4,603,906	7,459,072	11,190,628
Cost of sales and operations	35,798,332	620,157	80,614	174,746	364,797	1,777,434	2,747,710	3,251,343	4,854,080	3,539,703	3,992,403	6,373,812	8,641,889
Taxes paid	1,111,701	80,801	20,210	20,550	40,040	125,795	148,331	152,301	185,246	94,889	64,462	87,158	172,719
Interest paid	2,184,441	180,519	40,532	58,976	81,010	244,779	318,932	358,751	320,112	174,949	141,948	238,355	206,097
Depreciation	2,180,968	222,326	59,515	57,372	105,440	328,760	406,018	350,351	318,106	147,528	107,886	140,094	159,899
Pension, profit-sharing, stock bonus, and annuity plans	144,946	911	*558	—	*352	16,055	9,564	18,664	20,405	19,771	5,880	17,366	36,331
Employee benefit programs	151,565	5,274	2,760	*622	1,892	19,354	8,598	9,356	13,457	13,294	13,662	21,166	47,402
Net income (less deficit)	673,158												

RETURNS OF ACTIVE CORPORATIONS

Table 7 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Mining													
Number of returns.....	25,576	9,911	7,151	1,391	1,368	4,271	2,787	3,181	2,877	1,291	618	488	152
Total assets.....	126,947,880	3,755,995	2,857,201	364,231	534,563	1,373,445	1,718,066	2,666,518	4,818,620	5,025,624	4,808,553	13,760,091	89,021,028
Notes and accounts receivable, net.....	25,045,558	358,531	243,351	57,213	57,967	206,642	244,252	384,491	959,396	952,223	887,387	2,405,229	18,847,407
Inventories.....	5,543,183	28,252	23,977	*3,799	*476	22,013	76,453	135,272	128,786	177,018	167,805	492,868	4,314,717
Cash, Government obligations, and other current assets.....	12,667,755	666,254	525,118	67,604	73,531	288,928	317,789	467,600	809,891	847,002	740,253	1,794,959	6,735,079
Other investments and loans.....	31,610,473	1,670,393	1,494,187	35,795	140,411	169,224	170,134	308,327	390,722	564,923	566,242	2,095,181	25,675,329
Depreciable assets.....	58,161,782	621,716	403,478	109,962	108,275	545,468	662,600	2,311,187	2,942,249	2,870,685	3,061,744	7,229,521	37,918,613
Less: Accumulated depreciation.....	22,582,187	248,651	182,790	50,800	15,061	212,142	233,801	1,350,027	1,309,903	1,250,713	1,452,370	2,842,785	13,681,796
Other capital assets less reserves.....	13,219,515	501,604	240,847	133,574	127,182	259,446	375,637	343,118	739,938	700,426	659,455	2,059,085	7,580,806
Accounts and notes payable.....	24,453,655	593,268	308,401	122,268	162,599	305,990	574,557	805,733	1,301,717	1,270,855	1,026,074	2,834,804	15,740,657
Other current liabilities.....	12,083,296	398,151	227,353	64,527	76,271	135,042	110,987	182,287	487,370	547,497	405,494	1,516,180	8,310,288
Mortgages, notes, and bonds payable in one year or more.....	26,898,761	555,848	428,254	*41,768	85,826	288,631	290,990	554,235	1,133,177	1,050,043	1,218,666	3,008,930	18,798,242
Net worth.....	54,068,148	881,982	811,186	5,828	64,968	329,600	528,465	779,557	1,505,678	1,772,140	1,886,166	5,602,247	40,782,314
Cost of property used for investment credit.....	7,655,118	202,506	114,914	20,589	67,003	95,024	193,976	364,678	653,109	575,373	488,601	1,179,519	3,902,330
Total receipts.....	176,672,390	665,514	399,299	95,925	170,289	832,710	1,177,707	2,453,711	5,106,829	4,947,100	4,806,896	11,058,019	145,623,905
Business receipts.....	167,397,918	172,939	31,128	51,464	90,348	734,952	1,022,231	2,251,367	4,701,395	4,532,954	4,447,206	10,055,914	139,478,960
Cost of sales and operations.....	116,989,880	97,791	20,438	31,710	45,643	369,434	547,964	1,261,897	2,577,791	2,530,309	2,866,011	6,054,246	100,684,436
Taxes paid.....	20,248,994	31,874	18,066	3,561	10,247	36,214	43,541	116,891	203,794	202,067	164,145	443,119	19,007,348
Interest paid.....	3,440,080	109,684	74,315	14,936	20,413	38,763	48,520	102,783	176,543	208,342	200,109	495,035	2,060,321
Depreciation.....	4,779,495	64,854	46,265	10,058	8,530	58,479	76,679	181,659	338,743	324,756	285,102	684,535	2,764,686
Pension, profit-sharing, stock bonus, and annuity plans.....	728,306	3,193	*3,147	*46	—	*4,098	*1,243	7,912	30,647	20,034	18,233	47,255	595,690
Employee benefit programs.....	558,114	2,720	*2,094	*379	*246	1,870	2,759	10,613	22,883	21,796	25,421	59,529	110,523
Net income (less deficit).....	7,750,561	-303,939	-194,803	-63,249	-45,786	-73,201	-62,340	-58,659	233,284	307,511	218,250	793,163	6,696,482
Net income.....	10,133,685	200,037	119,938	26,475	*53,624	71,939	84,405	185,116	459,462	447,269	377,038	1,039,406	7,269,014
Income subject to tax.....	9,073,598	124,841	80,967	*2,498	*41,376	48,523	63,329	125,566	325,854	356,490	296,207	869,373	6,863,414
Income tax, total.....	4,083,078	47,663	30,157	*882	*16,624	13,382	19,510	38,748	131,559	153,425	135,015	398,815	3,146,961
Additional tax for tax preferences.....	106,561	1,041	*423	—	*619	*612	*389	3,174	6,895	6,104	7,838	16,067	64,441
Foreign tax credit.....	1,965,971	9,839	9,839	—	—	—	—	*169	*7,538	*1,981	1,226	30,882	1,914,335
Investment credit.....	435,015	4,605	3,159	*140	*1,306	2,582	3,330	12,163	25,646	28,969	26,170	64,263	267,288
Work incentive (WIN) credit.....	39	—	—	—	—	—	—	—	—	—	—	2	37
Jobs credit.....	8,518	9	*2	—	*8	*74	*1,364	*557	*522	2,736	803	1,142	1,311
Distributions to stockholders except in own stock.....	4,757,780	21,926	*20,687	*1,239	—	*3,298	*3,000	108,464	59,934	56,648	27,912	138,493	4,338,104
Construction													
Number of returns.....	272,432	88,326	33,043	21,718	33,566	59,796	44,757	35,283	26,604	9,700	5,041	2,658	267
Total assets.....	132,939,026	5,344,911	2,811,236	840,506	1,693,168	5,252,300	7,471,124	11,744,578	18,391,266	15,513,698	16,469,199	25,038,987	27,712,963
Notes and accounts receivable, net.....	36,106,649	744,625	432,115	91,448	221,062	800,599	1,448,775	2,513,824	4,828,181	4,516,777	5,148,806	7,903,826	8,201,235
Inventories.....	22,055,863	867,423	355,885	186,201	325,336	1,094,992	1,492,567	2,584,120	3,430,221	2,796,364	3,013,241	3,880,934	2,896,002
Cash, Government obligations, and other current assets.....	30,046,208	1,291,285	671,327	208,687	411,270	1,056,290	1,666,347	2,581,357	4,298,298	3,670,688	3,867,505	5,606,103	6,006,334
Other investments and loans.....	12,307,986	952,517	640,028	94,353	218,135	541,372	521,600	888,634	1,332,516	1,178,451	1,085,204	2,019,576	3,788,115
Depreciable assets.....	47,440,465	1,642,182	505,318	349,019	787,845	2,413,063	3,561,147	4,791,985	7,040,276	5,266,868	5,484,820	9,039,603	8,200,722
Less: Accumulated depreciation.....	24,028,215	800,624	249,154	165,181	386,289	1,132,075	1,795,096	2,362,075	3,607,585	2,803,533	2,908,951	4,838,483	3,779,794
Other capital assets less reserves.....	5,250,584	469,457	315,385	73,734	80,338	363,164	376,692	480,752	691,606	535,373	434,277	798,229	1,101,034
Accounts and notes payable.....	45,114,397	1,669,710	900,050	208,075	561,586	1,773,652	2,764,318	4,549,718	6,523,457	5,500,680	5,925,904	8,124,181	8,282,796
Other current liabilities.....	21,077,139	518,483	259,715	47,157	211,611	475,745	743,196	1,260,314	2,646,599	2,407,422	2,774,940	4,379,536	5,670,903
Mortgages, notes, and bonds payable in one year or more.....	19,076,627	1,244,533	640,307	132,819	471,407	1,118,624	1,394,020	1,729,427	2,537,637	2,128,998	1,947,059	3,640,911	3,335,419
Net worth.....	32,826,174	548,055	257,694	138,567	151,794	1,008,891	1,686,284	2,962,477	5,045,923	4,007,560	3,816,657	6,300,172	7,350,156
Cost of property used for investment credit.....	6,591,588	230,940	63,460	45,475	122,005	325,916	448,814	731,304	1,045,175	765,913	750,162	1,141,790	1,151,573
Total receipts.....	267,205,356	3,877,081	470,082	879,803	2,527,196	10,104,140	16,251,413	25,281,221	41,606,624	34,208,106	35,490,840	50,696,096	49,689,837
Business receipts.....	260,387,692	3,492,561	248,183	840,973	2,403,406	9,924,534	15,967,873	24,747,914	40,931,656	33,458,969	34,764,560	49,305,429	47,794,196
Cost of sales and operations.....	208,064,925	2,026,404	151,845	479,800	1,394,759	6,444,478	11,098,574	17,880,027	31,278,833	26,945,670	28,808,883	42,235,472	41,364,584
Taxes paid.....	5,565,059	157,075	29,646	39,607	87,822	300,048	474,553	660,772	1,008,023	756,824	707,642	867,784	602,338
Interest paid.....	4,278,502	155,726	58,882	27,070	69,775	230,989	296,865	444,034	592,568	452,109	457,077	719,894	929,239
Depreciation.....	5,109,659	182,962	37,205	51,824	93,933	319,563	430,326	583,226	827,204	594,801	562,961	896,871	711,743
Pension, profit-sharing, stock bonus, and annuity plans.....	1,487,800	6,738	3,464	*895	*2,379	24,052	48,120	148,998	260,260	251,153	214,576	255,814	278,090
Employee benefit programs.....	1,526,456	20,741	7,933	4,512	8,296	36,548	97,184	118,504	305,854	274,394	227,948	255,215	190,068
Net income (less deficit).....	5,271,209	-232,825	-98,986	-53,331	-80,508	31,352	84,081	422,373	849,460	806,759	890,902	1,193,343	1,225,764
Net income.....	8,911,143	233,104	99,002	39,562	94,504	454,829	546,717	854,307	1,340,704	1,097,681	1,172,005	1,661,132	1,550,686
Income subject to tax.....	7,188,306	113,934	58,238	9,991	45,705	219,807	373,209	683,133	1,060,081	906,137	961,050	1,450,235	1,420,720
Income tax, total.....	2,557,976	29,713	18,832	1,796	9,086	41,762	75,978	149,425	289,056	317,784	383,360	632,417	638,480
Additional tax for tax preferences.....	6,910	—	—	—	—	—	—	*124	*239	*175	628	1,441	4,303
Foreign tax credit.....	150,887	1,859	1,859	—	—	—	—	—	*8	*432	*173	3,992	144,422
Investment credit.....	351,376	3,060	859	354	1,846	8,375	19,034	36,235	52,127	46,255	42,413	74,919	68,960
Work incentive (WIN) credit.....	772	—	—	—	—	—	—	—	*217	*53	*97	181	223

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 7 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Manufacturing													
Number of returns.....	242,550	51,152	26,873	7,500	16,779	42,828	33,831	35,777	38,009	18,508	10,376	9,353	2,716
Total assets.....	1,709,471,700	2,782,070	1,229,520	416,837	1,135,713	3,901,776	6,351,379	12,541,760	29,281,871	31,422,131	37,248,595	105,234,409	1,480,707,910
Notes and accounts receivable, net.....	385,069,638	429,209	207,797	49,439	171,973	732,703	1,332,940	2,909,931	7,169,232	7,722,178	9,554,136	25,405,182	329,814,128
Inventories.....	268,448,932	448,252	125,081	55,035	268,135	590,522	1,163,674	2,518,723	6,672,743	7,927,745	9,843,673	27,327,815	211,953,784
Cash, Government obligations, and other current assets.....	142,806,393	479,694	206,779	43,662	229,254	607,214	1,086,416	2,013,561	4,357,993	4,256,724	4,866,597	12,668,167	112,470,027
Other investments and loans.....	318,359,546	197,234	130,144	*17,609	49,481	330,603	467,915	729,328	1,908,599	2,041,910	2,377,484	8,776,229	301,530,245
Depreciable assets.....	826,865,648	1,533,195	616,435	312,309	604,451	2,535,131	3,892,928	7,166,292	16,057,643	16,430,438	17,467,271	48,712,471	713,070,280
Less: Accumulated depreciation.....	366,493,573	606,445	202,338	118,614	285,489	1,225,725	1,981,589	3,370,203	8,219,582	8,269,761	8,532,609	22,777,067	311,510,593
Other capital assets less reserves.....	72,246,473	118,798	49,755	19,930	49,113	196,101	194,027	313,456	809,054	1,032,520	2,977,318	65,804,212	65,804,212
Accounts and notes payable.....	333,337,261	865,327	429,625	118,370	317,332	1,087,909	1,704,845	3,410,684	7,882,926	8,567,585	10,384,308	26,039,300	273,394,377
Other current liabilities.....	197,791,695	180,496	86,803	19,476	74,217	374,616	607,805	1,187,174	2,850,728	3,273,733	3,831,730	10,893,956	174,591,459
Mortgages, notes, and bonds payable in one year or more.....	305,689,825	816,228	507,081	75,911	233,236	959,129	1,306,332	2,305,779	4,905,675	4,934,082	5,487,514	16,882,899	268,092,188
Net worth.....	749,186,774	107,385	-181,275	59,630	229,030	913,350	1,977,825	4,665,939	11,833,611	13,402,893	15,856,214	48,184,207	652,145,350
Cost of property used for investment credit.....	88,939,848	382,778	204,609	60,898	117,271	357,970	547,906	1,099,756	1,937,946	1,917,916	1,930,858	5,056,422	75,708,297
Total receipts.....	2,404,323,844	1,950,421	924,354	298,210	1,327,857	7,275,828	12,257,978	26,283,978	61,448,378	66,323,310	74,229,264	194,005,127	1,960,549,860
Business receipts.....	2,301,056,550	1,737,779	97,834	275,151	1,264,793	7,156,127	12,085,967	25,816,794	60,400,816	65,163,160	72,800,141	189,533,382	1,866,362,385
Cost of sales and operations.....	1,707,143,900	1,011,232	122,694	149,718	738,820	4,281,683	7,766,340	16,914,525	42,107,151	47,055,581	53,570,810	141,301,134	1,393,135,444
Taxes paid.....	65,062,569	94,166	28,202	14,400	51,564	276,330	408,932	817,885	1,686,250	1,590,691	1,726,008	4,120,650	54,341,657
Interest paid.....	54,177,356	67,965	24,009	6,720	37,237	157,822	208,087	444,857	1,013,639	1,105,872	1,303,560	3,886,502	45,889,053
Depreciation.....	64,405,255	125,351	53,971	15,591	55,790	279,103	370,690	730,460	1,505,358	1,458,673	1,500,285	4,094,491	54,340,843
Pension, profit-sharing, stock bonus, and annuity plans.....	24,470,806	2,762	*398	283	*2,081	35,996	63,224	158,006	449,525	484,275	466,731	1,270,690	21,539,597
Employee benefit programs.....	23,042,683	10,322	2,170	*1,052	7,100	51,806	80,007	196,514	448,363	464,633	611,660	1,530,801	19,648,576
Net income (less deficit).....	125,667,815	-327,586	-211,145	-52,932	-63,509	-212,486	-44,502	570,475	2,389,854	2,389,854	2,729,045	8,497,671	110,279,750
Net income.....	141,547,510	190,920	72,613	23,196	95,111	317,748	494,947	1,149,100	2,710,041	3,183,223	3,686,285	10,677,710	119,137,536
Income subject to tax.....	134,843,548	61,148	29,238	*3,814	28,096	198,589	317,182	932,862	2,311,935	2,835,364	3,365,647	9,927,736	114,893,085
Income tax, total.....	60,184,725	17,102	11,189	*654	5,259	37,873	61,975	226,668	726,668	1,084,768	1,407,917	4,429,665	52,191,889
Additional tax for tax preferences.....	204,995	—	—	—	—	—	5	*15	*602	*249	1,882	3,278	198,964
Foreign tax credit.....	19,164,141	584	*594	—	—	—	—	*1,720	*618	2,333	6,283	75,608	19,076,986
Investment credit.....	6,670,911	241	790	*74	1,547	11,387	19,327	56,550	121,035	123,585	117,370	339,693	5,879,555
Work incentive (WIN) credit.....	16,421	183	—	—	*183	*336	*927	*841	710	1,473	1,183	2,344	8,418
Jobs credit.....	183,084	210	*29	—	*181	*808	2,907	10,918	20,249	17,450	21,362	36,866	72,314
Distributions to stockholders except in own stock.....	37,306,509	140,666	133,098	*631	*6,936	25,385	50,533	104,872	160,448	229,112	299,826	1,319,505	34,976,163
Transportation and Public Utilities													
Number of returns.....	111,324	45,034	22,560	7,405	15,069	22,739	14,641	12,126	9,955	3,376	1,824	1,117	510
Total assets.....	758,364,400	4,573,358	2,671,523	541,395	1,360,440	3,441,359	4,205,642	5,201,135	7,949,085	7,389,785	7,031,084	17,363,595	701,209,358
Notes and accounts receivable, net.....	66,060,643	247,104	111,955	42,706	92,444	368,481	610,088	705,823	1,412,765	1,278,241	1,248,218	2,713,209	57,476,715
Inventories.....	29,070,462	34,313	29,378	*115	4,820	55,106	127,759	71,314	133,517	186,657	216,985	425,648	27,819,164
Cash, Government obligations, and other current assets.....	42,120,776	608,113	276,863	130,367	200,882	565,490	609,226	763,733	1,140,308	1,144,728	988,070	1,984,960	34,318,150
Other investments and loans.....	66,378,793	383,466	229,672	28,594	125,200	278,410	375,860	386,077	563,930	435,194	660,034	1,963,872	61,331,951
Depreciable assets.....	701,931,421	3,478,130	1,920,667	352,477	1,204,987	3,127,225	3,541,638	4,838,885	7,283,896	6,572,425	5,662,095	14,534,623	652,892,503
Less: Accumulated depreciation.....	175,398,871	736,540	217,032	117,884	401,623	1,289,308	1,482,917	2,053,175	3,111,014	2,884,737	2,243,779	5,601,891	155,995,511
Other capital assets less reserves.....	12,733,181	188,255	87,523	7,755	92,977	153,734	198,746	242,805	261,156	251,695	252,669	637,882	10,546,239
Accounts and notes payable.....	77,636,990	561,349	258,688	52,850	249,812	750,142	802,050	1,120,736	1,975,254	1,579,519	1,708,284	3,127,033	66,012,622
Other current liabilities.....	89,802,792	162,365	67,162	26,057	69,146	331,486	211,117	452,703	588,021	710,111	608,398	2,106,657	84,631,936
Mortgages, notes, and bonds payable in one year or more.....	249,839,439	2,099,730	1,328,229	198,541	574,960	1,107,733	1,451,790	1,745,405	2,589,067	2,167,549	2,384,871	5,292,213	231,001,080
Net worth.....	290,655,693	631,687	305,716	161,485	164,467	666,569	1,237,747	1,373,472	2,236,690	2,497,625	1,892,948	5,680,759	274,438,217
Cost of property used for investment credit.....	67,698,190	455,059	118,245	95,810	241,005	376,541	522,941	749,168	1,102,971	887,353	675,978	1,500,143	61,428,036
Total receipts.....	523,807,396	1,733,929	313,599	305,907	1,114,422	3,993,833	5,441,989	8,976,246	15,681,197	12,043,048	13,013,052	25,751,787	439,172,315
Business receipts.....	507,372,820	1,516,702	161,550	275,390	1,079,762	3,778,994	5,172,082	8,782,507	15,307,031	11,717,015	12,579,766	23,022,099	425,496,623
Cost of sales and operations.....	336,868,172	624,881	82,043	120,838	422,000	2,063,006	2,804,242	5,751,567	10,203,728	7,236,812	8,650,475	15,748,613	283,784,849
Taxes paid.....	24,159,562	81,643	17,155	15,303	49,185	151,553	218,129	285,502	521,819	585,632	726,298	869,538	20,719,449
Interest paid.....	27,638,591	123,373	46,287	24,157	52,929	133,167	186,756	238,872	368,968	301,686	317,691	778,637	25,189,441
Depreciation.....	37,310,506	203,991	55,049	41,544	107,398	291,998	366,590	506,572	709,747	611,967	510,508	1,128,632	32,980,500
Pension, profit-sharing, stock bonus, and annuity plans.....	8,046,744	8,205	*123	—	*8,082	9,544	17,767	33,309	99,649	111,863	81,372	215,901	7,469,134
Employee benefit programs.....	4,908,025	10,656	2,494	*2,850	5,311	18,616	31,445	52,458	101,619	95,853	120,950	216,270	4,257,859
Net income (less deficit).....	20,046,155	-142,794	-116,839	-11,612	-14,343	-43,943	124,940	106,765	311,855	408,640	187,996	712,836	18,379,861
Net income.....	24,917,293	164,323	59,026	30,847	74,450	169,613	323,625	347,336	566,845	561,624	514,775	1,155,689	21,113,463
Income subject to tax.....	23,916,654	90,763	32,272	11,233	47,258	92,070	258,375	279,778	515,275	472,234	442,659	1,022,977	20,742,523
Income tax, total.....	10,733,055	21,094	8,994	2,245	9,854	19,252	64,658	78,432	165,040	187,654	183,487	462,058	9,551,381
Additional tax for tax preferences.....	19,304	1	—	—	—	*239	455	*35	*478	*180	813	1,336	15,766
Foreign tax credit.....	461,901	—	—	—	—	—	*347	—	*235	*3,814	*287	2,720	454,498
Investment credit.....	4,895,642	3,966	576	*113	3,277	7,750	19,018	27,305	48,157	44,260	39,495	94,829	4,610,863
Work incentive (WIN) credit.....	2,003	—	—	—	—	—	*128	*44	—	*121	*36	32	1,642
Jobs credit.....	25,459	254	—	—	*254	*795	*2,144	1,566	4,878	3,694	1,680	2,286	8,162
Distributions to stockholders except in own stock.....	17,329,807	50,867	*16,451	*10	*34,406	44,502	21,902	7,291	55,250	74,195	55,611	239,653	16,780,535

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 7 — Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale and Retail Trade													
Number of returns.....	799,628	187,958	74,130	36,531	77,298	156,569	133,744	121,745	105,284	48,244	26,063	17,279	2,742
Total assets.....	646,901,005	8,549,172	3,117,152	1,506,129	3,925,891	12,154,275	19,995,422	31,798,643	55,440,086	52,420,864	53,113,761	100,306,416	313,122,366
Notes and accounts receivable, net.....	166,871,894	1,583,013	827,876	196,528	558,608	1,788,243	3,487,032	6,162,100	12,936,833	13,104,699	13,578,187	29,346,770	84,883,916
Inventories.....	188,789,045	1,650,634	338,455	330,430	981,749	3,572,484	6,690,861	11,374,407	20,588,093	20,164,694	19,884,397	33,219,188	71,644,287
Cash, Government obligations, and other current assets.....	67,224,219	1,344,760	537,546	237,303	569,910	1,779,376	2,880,013	4,325,575	6,936,900	5,984,634	5,411,399	10,122,070	28,439,492
Other investments and loans.....	76,855,125	1,485,767	764,146	219,045	502,576	840,533	1,384,341	2,254,729	3,421,323	3,045,236	3,429,839	6,960,621	54,032,738
Depreciable assets.....	194,620,374	2,844,273	616,199	568,474	1,659,601	5,223,785	7,559,815	10,853,058	16,982,529	14,990,200	15,800,401	27,845,817	92,520,495
Less: Accumulated depreciation.....	80,112,022	1,036,500	232,218	163,006	641,276	2,180,799	3,479,932	5,037,232	8,136,876	7,083,163	7,376,527	11,923,194	33,856,338
Other capital assets less reserves.....	17,373,134	336,912	126,984	46,097	163,831	466,332	690,706	914,226	1,515,331	1,176,589	1,335,419	2,422,728	8,514,893
Accounts and notes payable.....	225,927,451	1,918,869	710,675	288,308	919,885	3,184,592	5,581,266	9,719,178	19,737,999	21,146,315	22,194,394	41,026,904	101,417,935
Other current liabilities.....	64,199,512	393,140	142,863	66,722	183,554	841,465	1,409,117	2,209,675	4,231,709	4,003,317	4,389,581	8,168,304	38,553,204
Mortgages, notes, and bonds payable in one year or more.....	97,627,525	1,641,993	538,798	264,688	838,507	2,796,885	3,505,025	5,295,124	7,170,998	6,066,172	6,424,893	12,010,100	52,716,435
Net worth.....	222,289,687	2,079,206	686,704	466,804	925,896	2,767,870	6,344,064	11,366,284	20,557,149	18,689,177	18,102,785	35,779,446	106,503,706
Cost of property used for investment credit.....	22,973,386	582,135	141,819	141,923	298,393	666,406	864,884	1,276,211	1,961,804	1,819,744	1,894,070	3,567,113	10,341,020
Total receipts.....	1,955,523,778	8,495,918	937,476	1,546,362	6,012,081	27,233,150	49,283,030	87,429,624	168,084,896	170,113,743	183,615,438	333,689,687	927,578,311
Business receipts.....	1,919,347,689	7,664,886	514,649	1,390,529	5,759,708	26,502,459	48,308,959	85,785,745	165,392,262	167,419,568	180,722,457	327,849,105	909,702,248
Cost of sales and operations.....	1,538,126,634	4,175,335	304,948	765,444	3,104,943	14,549,385	28,928,570	56,398,316	120,617,128	130,974,392	145,667,280	268,979,330	767,838,897
Taxes paid.....	23,984,339	272,397	42,533	51,688	178,176	808,694	1,295,552	1,790,277	2,684,004	2,149,007	2,115,582	3,853,993	9,014,833
Interest paid.....	25,645,855	193,811	53,355	32,401	108,056	421,111	663,287	1,056,761	1,985,988	2,060,148	2,267,701	4,288,806	12,708,242
Depreciation.....	18,668,488	285,132	53,283	61,608	170,241	553,415	819,443	1,176,347	1,787,307	1,538,498	1,638,975	2,933,573	7,935,799
Pension, profit-sharing, stock bonus, and annuity plans.....	5,612,929	21,905	13,592	1,683	6,629	103,439	134,372	269,792	672,757	570,580	622,030	897,408	2,320,646
Employee benefit programs.....	5,072,225	26,848	6,318	5,481	15,049	72,556	114,518	215,073	479,432	432,000	477,477	823,997	2,430,324
Net income (less deficit).....	38,309,671	-516,865	-287,683	-118,353	-68,377	768,638	1,642,362	3,114,859	2,978,266	3,098,239	7,361,493	19,931,058	52,716,435
Net income.....	49,426,500	539,944	155,247	86,010	298,687	1,078,633	1,703,914	2,745,363	4,578,729	4,116,563	4,096,637	8,808,940	21,757,777
Income subject to tax.....	35,034,547	200,292	60,511	112,186	537,089	1,034,481	1,854,812	3,138,192	2,809,249	3,007,396	5,746,951	16,706,084	54,668,086
Income tax, total.....	13,655,104	40,881	13,924	4,920	22,037	111,069	202,260	424,874	823,203	911,443	1,131,649	2,450,465	7,559,260
Additional tax for tax preferences.....	16,851	55	—	—	55	187	140	117	28	504	1,008	14,840	1,509,826
Foreign tax credit.....	1,526,761	80	—	—	80	157	307	1,567	1,522	1,479	11,824	198,333	742,444
Investment credit.....	1,329,583	5,990	1,118	1,787	3,085	13,106	27,192	46,446	93,720	97,185	105,167	198,333	742,444
Work incentive (WIN) credit.....	5,872	—	—	—	—	—	155	789	821	844	753	2,228	68,792
Jobs credit.....	160,179	352	—	—	352	3,455	8,518	14,583	21,027	11,876	13,653	17,824	68,792
Distributions to stockholders except in own stock.....	10,343,087	226,744	162,757	16,459	47,529	147,319	263,073	377,135	609,604	851,627	611,601	1,789,178	5,466,806
Finance, Insurance, and Real Estate ²													
Number of returns.....	493,426	353,527	219,391	67,943	66,193	66,315	30,124	15,906	12,545	6,196	3,811	3,532	1,469
Total assets.....	4,022,206,073	52,600,236	25,395,417	11,445,352	15,759,467	30,332,338	27,814,995	42,712,034	127,172,699	170,987,043	212,763,750	541,578,042	2,816,244,936
Notes and accounts receivable, net.....	1,222,825,343	4,829,843	1,819,890	1,297,674	1,712,279	3,903,660	5,179,649	12,673,136	46,082,606	63,410,763	65,049,494	116,537,684	905,158,508
Inventories.....	7,833,458	428,364	343,550	58,675	26,139	325,467	321,726	164,590	391,741	362,886	488,625	1,104,546	4,245,513
Cash, Government obligations, and other current assets.....	981,040,045	10,219,515	5,033,605	2,218,111	2,967,799	5,978,969	6,229,618	11,773,891	36,836,162	48,511,017	51,749,571	112,227,660	697,513,642
Other investments and loans.....	1,599,944,558	15,582,398	8,911,598	2,731,527	3,939,273	7,721,596	6,897,112	9,205,985	32,911,987	49,667,244	85,949,056	290,640,461	1,101,368,719
Depreciable assets.....	144,849,081	17,757,030	5,647,728	4,862,795	7,246,507	12,354,351	9,341,146	9,155,183	10,877,084	8,143,402	6,292,348	16,841,412	52,087,124
Less: Accumulated depreciation.....	44,739,937	6,883,077	1,972,924	1,981,761	2,928,392	4,851,925	3,565,917	3,438,932	3,686,335	2,384,489	2,398,026	4,338,439	13,192,797
Other capital assets less reserves.....	33,077,538	9,182,260	4,863,108	1,939,271	2,379,881	4,018,373	2,509,952	2,173,939	2,380,380	1,696,857	1,709,551	3,683,244	5,722,982
Accounts and notes payable.....	295,037,140	8,003,122	4,238,932	1,604,852	2,159,338	4,567,930	5,116,105	4,869,838	7,811,820	9,670,783	14,078,402	32,565,620	208,353,521
Other current liabilities.....	2,296,641,537	24,443,644	12,414,459	437,568	764,618	2,226,098	5,068,134	18,588,455	82,328,538	126,653,690	155,189,648	378,768,584	1,525,374,757
Mortgages, notes, and bonds payable in one year or more.....	223,214,607	14,353,192	6,791,284	3,132,228	4,429,679	9,134,765	7,263,440	7,580,499	10,001,723	7,800,369	10,846,536	24,317,317	131,816,768
Net worth.....	530,541,317	18,457,680	8,184,597	4,160,662	6,112,421	10,764,430	7,644,020	9,261,560	22,119,015	21,676,685	24,949,128	78,044,044	337,622,754
Cost of property used for investment credit.....	13,586,655	543,427	232,191	89,597	221,638	426,575	334,443	272,706	449,177	491,516	522,235	1,171,555	9,385,023
Total receipts.....	697,460,846	8,717,318	1,604,330	2,414,087	4,698,920	10,510,759	10,624,415	11,237,490	20,192,152	21,779,527	26,855,666	72,682,312	514,861,207
Business receipts.....	256,892,475	3,625,015	418,543	992,325	2,214,146	5,948,534	7,048,972	6,516,263	7,545,060	5,432,867	6,481,953	20,144,957	184,148,855
Cost of sales and operations.....	129,644,330	376,094	46,322	125,230	204,542	1,032,298	1,366,846	1,611,263	2,276,217	1,567,241	2,483,867	8,746,204	110,184,300
Taxes paid.....	13,405,720	857,435	258,672	229,545	369,218	644,095	519,507	505,021	688,491	529,047	595,710	1,392,723	7,673,691
Interest paid.....	219,167,684	1,529,065	616,440	366,738	545,888	1,254,743	1,191,325	1,928,358	6,328,224	9,573,962	12,744,518	33,003,404	151,613,085
Depreciation.....	11,404,545	802,672	216,410	215,017	371,445	642,047	487,174	451,160	566,592	459,222	525,432	1,102,318	6,367,728
Pension, profit-sharing, stock bonus, and annuity plans.....	4,772,588	51,569	3,205	13,598	34,766	203,957	136,468	120,307	168,169	152,709	172,875	430,482	3,336,052
Employee benefit programs.....	2,602,491	42,439	7,733	15,482	19,224	40,265	57,434	57,430	117,124	113,107	118,802	317,663	1,738,228
Net income (less deficit).....	33,122,792	-582,131	-1,090,034	108,146									

RETURNS OF ACTIVE CORPORATIONS

Table 7—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts—Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Services													
Number of returns.....	671,338	307,844	150,596	55,608	101,639	184,800	93,827	47,783	26,815	6,319	2,341	1,336	274
Total assets.....	178,163,737	13,392,851	5,678,358	2,172,339	5,542,153	14,576,896	13,470,834	14,455,475	19,280,182	12,156,227	10,888,849	20,822,376	59,120,047
Notes and accounts receivable, net.....	29,006,681	1,604,840	791,468	222,020	591,351	1,503,247	1,751,591	2,275,302	3,412,981	2,229,690	2,150,980	4,247,376	9,830,674
Inventories.....	8,502,383	436,850	124,749	104,277	207,824	495,556	576,694	699,762	791,541	542,835	404,894	1,092,086	3,462,161
Cash, Government obligations, and other current assets.....	31,066,298	2,605,633	1,136,747	352,477	1,116,409	3,311,804	2,603,016	2,965,675	3,281,132	1,977,626	1,795,335	3,073,931	8,272,346
Other investments and loans.....	27,692,090	2,422,112	1,381,171	293,837	747,104	1,836,759	1,527,611	1,605,207	2,535,398	1,409,389	1,452,017	2,622,912	12,270,344
Depreciable assets.....	108,586,665	8,076,117	2,714,461	1,560,204	3,801,452	10,629,926	10,363,845	10,322,149	13,820,601	8,620,834	7,086,594	12,082,244	27,856,355
Less: Accumulated depreciation.....	43,542,388	3,370,645	1,058,554	628,480	1,683,632	4,840,648	4,816,349	4,592,151	6,030,022	3,551,274	2,951,642	4,291,613	9,097,845
Other capital assets less reserves.....	8,828,445	900,307	324,017	185,650	390,641	1,023,038	754,357	631,712	831,492	481,951	596,528	1,160,457	2,348,602
Accounts and notes payable.....	35,327,402	2,542,638	1,194,284	318,915	1,029,439	2,721,621	2,764,333	3,132,468	4,266,502	2,983,912	2,726,219	4,010,878	10,182,993
Other current liabilities.....	23,038,786	966,959	318,723	165,438	482,799	1,486,258	1,496,274	1,683,592	2,167,411	1,420,415	1,129,658	1,020,577	2,230,577
Mortgages, notes, and bonds payable in one year or more.....	50,637,921	3,776,957	1,563,952	750,918	1,462,066	3,584,321	3,546,015	4,056,212	5,750,208	3,760,132	3,346,222	7,099,579	15,718,274
Net worth.....	52,865,513	3,085,558	1,006,887	460,422	1,628,249	4,691,282	4,250,797	4,186,414	5,525,501	3,162,377	2,872,275	6,121,107	18,960,202
Cost of property used for investment credit.....	15,159,003	1,207,790	409,874	213,202	584,713	1,273,711	1,293,914	1,381,652	1,748,743	1,248,032	900,797	1,558,820	4,545,543
Total receipts.....	279,883,187	12,751,079	2,672,819	2,296,744	7,781,716	31,847,278	33,489,854	33,563,742	41,435,028	21,893,369	17,051,395	28,136,241	59,715,200
Business receipts.....	268,088,619	10,615,604	1,131,426	2,063,848	7,420,331	30,828,243	32,597,140	32,731,259	40,218,863	21,110,817	16,148,725	25,648,317	55,648,317
Cost of sales and operations.....	129,352,692	3,165,350	1,393,603	561,445	2,284,302	10,035,228	12,447,078	14,484,931	20,568,953	11,573,794	9,582,933	14,993,159	32,491,264
Taxes paid.....	9,350,526	532,191	124,592	85,242	311,357	1,098,786	1,112,781	1,107,081	1,431,807	705,722	545,775	977,963	1,844,421
Interest paid.....	8,033,612	408,634	142,252	82,888	183,465	539,112	605,207	620,923	829,465	605,014	514,882	1,014,902	2,795,472
Depreciation.....	14,233,898	866,895	263,404	172,601	430,890	1,181,108	1,230,015	1,236,886	1,671,426	1,034,743	789,072	1,342,603	4,071,151
Pension, profit-sharing, stock bonus, and annuity plans.....	6,229,660	240,801	36,704	7,057	197,039	1,383,470	1,393,813	1,152,338	834,554	354,250	232,508	257,540	380,186
Employee benefit programs.....	2,288,156	97,967	34,418	9,559	53,990	231,216	236,861	239,038	327,613	170,492	166,846	260,119	558,005
Net income (less deficit).....	8,193,903	-215,688	-432,752	80,501	136,563	907,857	829,414	834,047	1,076,268	699,970	452,375	1,095,974	2,513,686
Net income.....	13,246,601	1,077,516	330,279	225,894	527,313	1,668,010	1,476,130	1,327,891	1,553,877	919,600	711,656	1,551,565	2,990,355
Income subject to tax.....	10,450,379	568,092	162,692	83,198	322,202	1,207,338	1,114,381	986,660	1,157,828	736,031	546,752	1,272,142	2,861,155
Income tax, total.....	3,554,144	117,096	34,899	17,192	65,005	241,674	246,291	246,262	342,819	281,990	225,508	565,493	1,287,012
Additional tax for tax preferences.....	6,280	85	—	—	85	556	193	29	97	49	110	125	3,911
Foreign tax credit.....	185,308	357	—	—	357	5,668	73	186	5,895	2,974	6,818	26,140	137,195
Investment credit.....	632,976	22,225	3,774	2,963	15,488	50,923	51,770	54,878	76,271	52,469	36,604	71,932	215,905
Work incentive (WIN) credit.....	9,726	—	—	—	—	368	—	1,685	1,890	549	3,092	1,058	1,085
Jobs credit.....	109,574	3,086	*752	*814	1,520	14,490	19,748	10,384	21,348	12,425	9,407	7,715	10,970
Distributions to stockholders except in own stock.....	1,841,945	153,266	40,344	55,519	57,403	160,899	141,669	75,483	207,724	96,137	88,694	204,542	713,532
Nature of Business not Allocable													
Number of returns.....	13,384	10,359	8,216	*763	*1,379	*1,332	*304	*437	710	149	*39	46	*8
Total assets.....	1,505,805	350,705	221,224	*79,527	*49,953	*120,559	*26,069	*120,939	185,591	179,534	*100,236	323,494	*98,479
Notes and accounts receivable, net.....	301,646	56,822	37,106	*8,817	*10,899	*23,632	*2,196	*21,793	*34,391	34,010	*26,894	96,912	*4,994
Inventories.....	321,619	21,037	22,852	—	*186	*8,119	*8,839	*38,198	*34,254	59,363	*49,920	74,906	*27,182
Cash, Government obligations, and other current assets.....	229,254	49,830	43,424	*265	*6,141	*32,098	*11,097	*33,815	28,193	17,145	*4,216	34,601	18,260
Other investments and loans.....	136,908	57,575	47,773	21	*9,780	*30,463	*582	*2,414	*13,786	*5,996	*4,207	17,681	*4,204
Depreciable assets.....	666,785	89,802	56,012	*1,478	*32,313	*76,390	*9,237	*52,123	100,949	81,872	*20,605	138,068	*97,718
Less: Accumulated depreciation.....	351,789	27,786	15,517	*743	*11,526	*58,367	*7,467	*32,430	59,960	38,333	*9,673	56,543	*61,230
Other capital assets less reserves.....	127,545	86,557	23,278	*60,948	*2,151	*4,387	*996	*1,499	*9,798	*16,677	*942	4,144	*2,564
Accounts and notes payable.....	443,453	44,449	31,278	*1,213	*11,958	*41,665	*2,017	*48,838	46,072	40,207	*60,472	124,770	*34,963
Other current liabilities.....	135,313	17,506	16,730	*35	*743	*8,924	*9,285	*22,765	12,387	17,779	*6,139	28,443	*12,081
Mortgages, notes, and bonds payable in one year or more.....	315,943	154,186	*73,135	*76,495	*4,557	*13,739	—	*12,063	*39,858	*25,405	*10,114	51,019	*9,559
Net worth.....	494,014	91,162	65,709	*-1,863	*27,316	*37,626	*12,135	*36,436	72,555	74,749	*22,364	105,927	*41,060
Cost of property used for investment credit.....	65,065	13,841	*6,775	*7,066	*4,864	—	—	*5,635	*6,838	*8,553	*4,221	20,027	*5,087
Total receipts.....	4,317,300	169,878	51,694	*25,947	*92,237	*270,356	*112,300	*326,386	908,263	464,113	*267,449	923,559	*874,996
Business receipts.....	4,222,517	142,457	25,068	*25,934	*91,455	*245,183	*110,982	*322,216	891,179	460,756	*262,946	916,730	*870,069
Cost of sales and operations.....	2,915,040	50,487	*5,352	*16,995	*28,140	*108,067	*22,250	*160,540	588,236	359,979	*211,784	708,848	*704,851
Taxes paid.....	105,152	6,682	3,172	*412	*3,098	*9,929	*3,363	*11,169	23,788	9,172	*2,531	26,878	*11,641
Interest paid.....	46,421	5,562	*2,875	*1,500	*1,186	*4,997	*2,058	*5,246	4,240	4,776	*5,947	12,744	*851
Depreciation.....	63,016	8,219	2,763	*1,181	*4,275	*4,068	*2,838	*4,268	12,866	6,153	*3,548	13,846	*7,209
Pension, profit-sharing, stock bonus, and annuity plans.....	35,532	573	*573	—	—	*1,083	*6,146	*6,057	*14,329	*2,485	*932	*3,537	389
Employee benefit programs.....	31,390	884	—	—	*884	*3,220	*3,748	*1,883	*2,585	*955	12,026	*5,384	—
Net income (less deficit).....	-28,722	-44,408	-38,253	*-10,742	*4,587	*2,086	*-4,969	*16,234	6,868	7,629	*3,330	-15,360	*-131
Net income.....	99,698	15,752	9,083	*6,669	*5,166	*4,192	*19,009	*19,469	*8,002	*4,569	*1,847	17,847	*5,691
Income subject to tax.....	78,539	4,519	*3,405	—	*1,114	*2,843	*2,738	*16,587	*18,131	*7,530	*4,569	*15,940	5,682
Income tax, total.....	24,983	1,107	*917	—	*189	*723	*503	*3,712	5,747	*1,988	*1,630	6,995	2,577
Additional tax for tax preferences.....	247	—	—	—	—	240	—	—	—	2	—	6	—
Foreign tax credit.....	8	—	—	—	—	—	—	—	—	—	—	8	—
Investment credit.....	3,243	208	*76	—	*132	*359	—	*482	*355	*383	*133	*1,055	268
Work incentive (WIN) credit.....	*11	—	—	—	—	—	—	—	—	—	—	—	—
Jobs credit.....	*1,658	—	—	—	—	—	—	*92	*1,238	—	*145	*156	27
Distributions to stockholders except in own stock.....	8,846	6,890	*6,890	—	—	*61	—	*798	—	—	—	*364	733

¹Estimate should be used with caution because of the small number of sample returns on which it is based.

²Includes returns with zero receipts and receipts not reported.

³Size of total receipts was used in lieu of business receipts to classify statistics for the "Finance, insurance, and real estate" industrial division.

⁴Less than \$500 per return.

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."

RETURNS OF ACTIVE CORPORATIONS

Table 8 — Total Receipts, Net Income, Statutory Special Deductions, Income Tax, Tax Credits, and Taxpayments, by Accounting Period Ended

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

Item	Total returns of active corporations		Accounting period ended ¹											
	Number of returns	Amount	July 1980	August 1980	September 1980	October 1980	November 1980	December 1980	January 1981	February 1981	March 1981	April 1981	May 1981	June 1981
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Returns With and Without Net Income														
Number of returns	2,710,538	—	103,475	113,099	248,891	152,102	95,492	1,008,430	112,582	96,200	215,814	108,482	119,200	336,791
Total receipts	2,604,317	6,361,284,012	147,201,138	163,217,479	366,938,756	207,178,584	121,689,250	3,799,732,838	275,579,589	127,702,581	351,330,875	143,046,329	178,461,227	479,205,387
Net income (less deficit)	2,692,966	239,006,542	4,478,317	4,815,902	10,646,388	6,708,450	4,450,069	166,684,919	10,021,280	3,665,487	6,914,937	3,759,084	3,856,002	13,005,698
Total income tax	1,170,565	105,142,436	1,723,682	1,841,560	4,702,841	2,420,125	1,643,236	76,616,780	2,700,412	1,463,569	3,029,174	1,495,438	1,636,877	5,868,743
Returns With and Without Net Income, Other Than Forms 1120S and 1120 — DISC														
Number of returns	2,156,485	—	84,007	91,999	204,747	127,383	77,398	760,527	80,941	78,567	180,841	90,388	98,780	280,907
Total receipts	2,083,302	6,098,186,670	131,926,891	152,796,825	347,264,139	195,683,769	112,869,801	3,708,577,226	248,717,835	117,197,151	333,626,220	133,228,891	168,647,493	447,652,629
Net income (less deficit)	2,142,680	226,617,383	3,663,746	4,555,565	10,088,089	6,060,237	4,218,822	164,142,420	5,905,095	2,894,607	6,124,453	3,192,438	3,454,439	12,117,472
Statutory special deductions, total	375,270	18,704,784	379,943	341,394	817,049	598,564	374,412	12,790,174	555,067	367,813	733,119	430,385	307,192	1,009,872
Net operating loss deduction	275,654	9,369,703	333,244	295,898	668,354	448,644	288,335	4,866,770	215,749	297,897	630,759	285,043	261,384	757,548
Total special deductions	109,607	9,335,081	46,699	45,497	148,695	149,920	86,077	7,903,404	339,318	69,816	102,360	145,343	45,829	252,124
Western Hemisphere Trade Corporation deduction	34	2,992	190	1,306	1,232	198	65	—	—	—	—	—	—	—
Income subject to tax, total	1,131,883	246,593,066	4,351,764	4,756,591	11,822,616	6,305,886	4,065,307	173,994,956	6,514,241	3,775,577	7,870,345	3,885,378	4,248,178	15,002,226
Net long-term capital gain taxed at alternative rates	32,605	13,217,222	204,844	264,992	636,005	509,319	109,410	9,757,668	426,516	105,292	356,711	141,878	165,297	539,291
Income taxed at regular rates	1,130,893	233,375,845	4,146,920	4,491,599	11,186,611	5,796,568	3,955,897	164,237,289	6,087,725	3,670,285	7,513,634	3,743,500	4,082,882	14,462,936
Income tax, total	1,170,504	105,141,215	1,723,682	1,841,560	4,702,841	2,420,125	1,643,236	76,616,961	2,700,412	1,463,569	3,029,174	1,495,438	1,636,877	5,868,743
Regular and alternative tax	1,131,887	103,829,955	1,697,612	1,814,470	4,644,531	2,382,190	1,627,718	75,692,467	2,667,946	1,448,955	2,975,279	1,474,535	1,611,373	5,792,878
Tax from recomputing prior-year investment credit	179,025	867,571	21,177	19,573	45,875	22,978	11,861	580,119	23,342	12,187	38,642	14,803	21,785	55,229
Tax from recomputing prior-year work incentive (WIN) credit	708	4,873	(*)	*24	*48	159	*17	2,272	9,569	*7	971	*312	*711	296
Additional tax for tax preferences	9,213	438,816	4,893	7,494	12,387	14,799	3,640	341,103	0,064	2,419	13,879	5,787	3,007	20,340
Foreign tax credit	6,282	24,861,315	103,986	78,948	367,809	163,860	88,998	23,317,059	129,390	82,783	171,616	31,381	43,190	282,168
U.S. possessions tax credit	589	1,565,681	19,526	11,156	27,724	19,028	122,040	1,121,636	5,692	4,895	27,473	33,893	10,558	162,061
Investment credit	785,001	15,102,812	217,673	269,441	590,524	325,955	147,360	11,506,481	353,811	151,357	395,817	173,447	227,032	744,252
Work incentive (WIN) credit	7,585	36,483	700	432	1,445	985	1,006	19,491	733	515	2,044	976	1,879	6,268
Jobs credit	114,400	601,444	24,058	28,646	56,698	29,938	21,233	231,157	33,939	16,137	42,802	21,416	25,763	69,655
Total income tax after credits ²	989,212	62,973,474	1,357,740	1,452,938	3,658,640	1,880,720	1,262,577	40,419,996	2,176,846	1,207,882	2,389,020	1,234,322	1,328,455	4,604,339
Returns With Net Income, Other Than Forms 1120S and 1120 — DISC														
Number of returns	1,307,187	—	51,979	57,641	131,282	79,868	45,293	446,913	46,800	45,872	106,352	55,854	62,079	177,256
Total receipts	1,307,187	4,971,039,825	108,762,049	129,687,398	267,723,207	153,122,993	89,915,820	3,060,150,478	218,406,008	88,743,138	257,980,848	103,551,484	131,758,347	361,238,256
Net income	1,307,187	278,813,637	5,104,938	5,793,799	13,558,592	8,175,717	5,658,572	192,854,760	7,321,770	4,195,193	9,830,323	4,545,972	5,052,008	16,722,106
Statutory special deductions, total	354,449	17,770,803	375,359	333,512	804,818	567,801	361,456	11,999,713	548,789	362,312	709,808	419,197	300,121	987,918
Net operating loss deduction	275,654	9,369,703	333,244	295,898	668,354	448,644	288,335	4,866,770	215,749	297,897	630,759	285,043	261,384	757,548
Total special deductions	88,786	8,401,099	42,116	37,614	136,464	119,157	73,121	7,112,943	333,040	64,315	79,050	134,154	38,757	230,368
Western Hemisphere Trade Corporation deduction	34	2,992	190	1,306	1,232	198	65	—	—	—	—	—	—	—
Income subject to tax, total	1,131,791	246,570,001	4,350,897	4,756,591	11,822,582	6,304,154	4,065,139	173,974,746	6,514,241	3,775,527	7,870,343	3,885,378	4,248,178	15,002,224
Net long-term capital gain taxed at alternative rates	32,588	13,216,174	204,844	264,992	636,005	509,319	109,410	9,756,625	426,516	105,292	356,711	141,878	165,297	539,289
Income taxed at regular rates	1,130,817	233,353,826	4,146,053	4,491,599	11,186,577	5,794,839	3,955,729	164,218,120	6,087,725	3,670,236	7,513,632	3,743,500	4,082,882	14,462,936
Income tax, total	1,134,330	105,010,562	1,719,433	1,836,919	4,694,378	2,413,611	1,640,991	76,545,272	2,696,055	1,461,963	3,017,406	1,493,520	1,633,102	5,857,912
Regular and alternative tax	1,131,792	103,820,466	1,697,247	1,814,470	4,644,525	2,381,539	1,627,677	75,684,063	2,667,946	1,448,935	2,975,279	1,474,535	1,611,373	5,792,878
Tax from recomputing prior-year investment credit	143,380	774,923	17,386	15,361	37,906	17,363	10,089	538,567	20,878	10,663	28,814	13,156	18,154	46,568
Tax from recomputing prior-year work incentive (WIN) credit	656	4,809	(*)	*24	*37	159	*17	2,246	9,544	*7	971	*312	*702	279
Additional tax for tax preferences	8,202	410,364	4,800	7,065	11,910	14,530	3,208	320,397	7,177	2,357	12,343	5,516	2,873	18,188
Foreign tax credit	6,278	24,861,186	103,986	78,948	367,809	163,860	88,998	23,317,059	129,390	82,783	171,616	31,381	43,190	282,168
U.S. possessions tax credit	589	1,565,681	19,526	11,156	27,724	19,028	122,040	1,121,636	5,692	4,895	27,473	33,893	10,558	162,061
Investment credit	784,919	15,100,723	217,673	269,441	590,518	325,415	147,360	11,504,602	353,811	151,357	395,817	173,447	227,032	744,252
Work incentive (WIN) credit	7,583	36,474	700	432	1,445	985	1,006	19,491	733	515	2,044	976	1,879	6,268
Jobs credit	114,391	601,353	24,058	28,646	56,698	29,937	21,233	231,067	33,939	16,137	42,802	21,416	25,763	69,655
Total income tax after credits ²	953,063	62,845,139	1,353,491	1,448,297	3,650,184	1,874,386	1,260,354	40,351,414	2,172,490	1,206,275	2,377,655	1,232,404	1,324,681	4,593,508
Estimated tax payments:														
1979 overpayments claimed as a credit	241,332	2,870,599	79,412	93,735	201,266	117,572	54,616	1,634,526	80,875	59,850	150,357	65,015	69,266	264,309
1980 estimated tax payments	479,755	45,013,616	929,631	989,938	2,540,871	1,297,624	952,894	29,229,773	1,511,323	888,644	1,639,316	875,806	962,616	3,195,181
Less: Refund of estimated tax payments	8,631	2,064,966	27,332	40,862	81,207	117,078	40,245	1,370,986	138,197	25,716	67,888	32,656	30,861	91,938
Payments with applications for:														
First extension of filing time	137,936	9,758,279	196,225	209,518	512,878	311,106	151,606	6,300,267	598,266	151,114	330,126	151,731	172,687	672,756
Second extension of filing time	26,602	6,334,197	105,710	96,163	255,375	141,066	57,899	4,625,809	425,643	54,217	159,323	63,535	69,333	280,124
Other credits and payments, total ³	25,200	79,720	1,249	855	16,955	6,581	837	35,386	975	846	7,572	911	628	6,927
Refundable energy credits	330	7,424	*674	*44	*39	14	*28	6,625	—	—	—	—	—	—
Tax due at time of filing	630,717	6,605,052	207,701	261,437	569,522	315,805	202,461	2,889,154	229,241	197,720	454,694	255,461	230,839	791,218
Tax overpayment	351,714	6,245,232	139,061	162,224	365,384	200,428	119,908	3,469,081	537,740	120,580	298,823	149,190	150,111	532,702

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

¹Includes full and part-year returns.

²Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel and alcohol fuel credits.

³Includes credit for tax paid by regulated investment companies; credit for tax on special fuels, nonhighway gasoline, and lubricating oil; and refundable energy credit.

⁴Less than \$500 per return.

NOTE: "Tax due at time of filing" and "Tax overpayment" include a total amount of "Personal holding company tax" of \$6,233,000 and a total amount of "Overpaid windfall profit tax" of \$516,677,000 which are not shown separately. 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."

RETURNS OF ACTIVE SMALL BUSINESS CORPORATIONS, FORM 1120S

Table 9 — Balance Sheets and Income Statements, by Industrial Division

(All figures are estimates based on samples — money amounts are in thousands of dollars)

Item	All industrial divisions	Industrial division									Nature of business not allocable
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Number of returns, total	545,389	31,732	5,198	57,533	40,263	26,047	181,586	66,652	135,473	*908	
With net income	281,592	14,548	1,665	31,996	22,549	13,114	96,682	30,135	70,581	*342	
Total assets	87,412,922	8,167,928	2,562,289	9,746,444	9,381,966	4,759,896	29,367,224	10,019,698	13,339,904	*67,573	
Cash	8,020,977	429,218	281,852	871,900	1,013,347	413,602	2,705,821	823,493	1,374,844	*6,900	
Notes and accounts receivable	14,916,200	481,313	657,529	1,978,916	2,334,237	633,788	5,541,284	1,630,577	1,643,063	*15,493	
Less: Allowance for bad debts	196,845	1,598	*1,389	11,558	29,092	7,199	91,921	20,439	33,649	—	
Inventories	16,328,626	703,687	75,682	2,290,391	2,179,287	71,000	10,255,086	131,494	606,014	*15,985	
Investments in Government obligations:											
United States	202,592	*2,037	2,659	*30,662	*21,108	*10,925	76,879	*41,170	17,060	*92	
State and local	79,266	—	*3,671	*11,275	*20,224	*7,788	33,461	*2,802	*46	—	
Other current assets	5,117,615	167,966	134,691	1,162,108	292,475	231,296	779,866	1,612,395	735,686	*1,132	
Loans to stockholders	1,808,491	210,184	43,557	325,843	118,340	140,818	475,847	208,662	282,373	*2,868	
Mortgage and real estate loans	1,439,449	163,606	*4,440	146,882	47,379	*12,975	211,241	700,712	152,214	—	
Other investments	4,096,219	320,272	158,519	309,483	250,642	137,798	963,448	1,493,024	463,033	—	
Depreciable assets	45,228,540	5,593,321	1,581,957	3,721,618	5,390,275	4,222,271	11,775,557	1,744,456	11,143,904	*55,182	
Less: Accumulated depreciation	19,670,455	2,391,990	633,535	1,909,405	2,716,335	1,605,643	5,197,415	542,583	4,643,154	*30,396	
Depletable assets	365,648	112,674	137,025	*16,062	24,372	*97	*20,742	*29,532	*25,143	—	
Less: Accumulated depletion	92,949	*41,880	36,090	*489	*3,412	*97	*1,690	*5,876	*3,416	—	
Land	6,102,640	2,083,125	54,521	494,498	143,254	106,494	703,984	1,723,455	793,309	—	
Intangible assets (amortizable)	1,121,756	8,118	6,125	22,192	88,352	191,760	298,113	75,656	431,440	—	
Less: Accumulated amortization	498,008	3,423	2,740	7,167	33,463	42,590	98,665	28,961	281,000	—	
Other assets	3,043,159	331,298	93,815	193,232	240,975	234,812	915,586	400,130	632,994	*317	
Total liabilities	87,412,922	8,167,928	2,562,289	9,746,444	9,381,966	4,759,896	29,367,224	10,019,698	13,339,904	*67,573	
Accounts payable	13,810,448	378,174	561,165	1,836,121	1,825,191	530,590	6,158,448	1,164,631	1,336,482	*19,645	
Mortgages, notes, and bonds payable in less than one year	13,745,066	1,449,193	343,446	2,273,358	1,075,544	598,010	4,803,678	1,675,453	1,514,343	*12,042	
Other current liabilities	6,728,685	187,433	259,219	1,174,142	876,410	261,585	2,099,359	689,629	1,176,674	*4,233	
Loans from stockholders	13,334,421	1,328,375	331,502	1,064,218	1,210,185	838,581	4,106,548	1,798,451	2,644,808	*11,752	
Mortgages, notes, and bonds payable in one year or more	21,898,027	3,168,143	493,925	1,579,302	1,582,439	1,918,049	5,204,228	2,736,872	5,197,741	*17,328	
Other liabilities	3,105,186	299,303	110,699	562,162	162,982	236,053	559,908	804,195	369,885	(*)	
Capital stock	9,636,760	1,469,023	224,676	532,886	1,064,206	305,360	3,758,042	917,615	1,359,367	*5,587	
Paid-in or capital surplus	4,862,499	647,330	234,873	395,877	405,517	474,028	1,162,820	642,516	897,901	*1,636	
Retained earnings, appropriated	349,389	45,906	*39,205	10,706	42,778	11,836	124,442	34,560	39,956	—	
Retained earnings, unappropriated	1,918,470	— 96,001	30,071	90,896	887,694	84,776	1,079,254	49,078	— 208,004	*707	
Stockholders' undistributed taxable income previously taxed ¹	— 768,994	— 651,446	— 43,195	339,544	393,053	— 438,002	763,538	— 396,071	— 731,058	*— 5,357	
Less: Cost of treasury stock	1,207,034	57,505	*23,296	112,769	144,035	60,968	453,040	97,230	258,191	—	
Total receipts	210,322,424	8,393,556	5,150,691	23,468,220	25,697,032	8,311,975	108,207,814	6,375,372	24,282,133	*435,632	
Business receipts	204,887,368	7,765,437	4,951,340	23,081,815	25,408,198	8,138,369	106,777,655	4,883,777	23,468,656	*432,120	
Interest on Government obligations:											
United States	47,239	*1,833	*2,074	3,540	3,306	*1,120	10,830	20,208	4,328	—	
State and local	7,696	*1,899	*50	994	*1,086	*302	1,928	*459	*977	—	
Other interest	831,640	67,381	29,134	77,821	69,570	33,498	273,024	170,938	110,275	—	
Rents	558,964	37,331	4,743	48,978	17,118	9,289	199,278	148,031	94,196	—	
Royalties	49,498	4,395	11,090	*4,417	6,997	*215	5,325	15,095	*1,964	—	
Net short-term capital gain reduced by net long-term capital loss	47,374	*3,565	*17,611	*606	*2,739	*1,053	5,801	12,455	3,544	—	
Net long-term capital gain reduced by net short-term capital loss	751,147	187,852	36,322	26,406	73,048	36,484	79,549	165,273	146,214	—	
Net gain, noncapital assets	1,054,098	44,233	52,413	78,614	37,784	43,586	67,357	665,682	63,552	*878	
Dividends received from domestic corporations	32,309	2,291	*888	2,514	8,984	461	11,340	2,736	3,093	—	
Dividends received from foreign corporations	*2,183	*180	—	—	*120	*969	*907	7	—	—	
Other receipts	2,052,907	277,159	45,027	142,513	68,082	46,629	774,819	310,711	385,334	*2,634	
Total deductions	207,795,816	8,506,207	5,069,960	23,102,484	24,953,388	8,399,824	107,293,652	6,123,660	23,907,734	*438,926	
Cost of sales and operations	144,527,799	5,431,948	3,701,974	17,552,359	18,748,938	5,451,565	80,172,193	1,150,464	12,023,709	*294,651	
Compensation of officers	9,330,711	226,191	93,590	1,207,313	1,241,961	380,000	3,208,025	777,700	2,184,516	*11,415	
Repairs	1,491,985	232,267	112,951	149,314	162,014	13,168	459,360	44,760	316,756	*1,394	
Bad debts	405,929	10,054	4,415	27,032	61,279	25,716	178,621	23,653	73,095	*2,064	
Rent paid on business property	4,272,520	307,205	28,618	151,800	312,676	158,924	1,982,378	196,204	1,129,103	*5,613	
Taxes paid	4,391,791	186,564	122,883	510,503	565,069	240,622	1,637,750	198,388	916,974	*13,038	
Interest paid	3,923,710	473,084	92,019	395,439	333,610	289,250	1,197,144	432,799	708,219	*2,147	
Contributions or gifts	46,966	1,222	857	5,360	7,386	2,373	18,914	4,133	6,635	*87	
Amortization	49,567	1,810	478	2,078	3,159	2,719	17,531	5,241	16,551	—	
Depreciation	4,828,598	543,426	191,756	486,572	527,253	517,473	1,243,173	155,354	1,156,212	*7,380	
Depletion	82,505	*390	66,036	*1,995	*808	*137	4,527	*6,534	*2,078	—	
Advertising	1,875,806	14,870	2,827	78,260	133,723	37,303	1,120,513	140,535	345,610	*2,167	
Pension, profit-sharing, stock bonus, and annuity plans	365,690	9,863	6,857	40,690	78,563	18,351	125,232	17,650	68,483	—	
Employee benefit programs	725,267	23,380	13,032	111,974	128,398	35,768	231,735	38,091	142,442	*446	
Net loss, noncapital assets	140,774	11,341	*4,797	5,859	8,845	4,175	53,974	25,087	26,896	—	
Other deductions	31,336,200	1,032,591	626,872	2,375,917	2,639,708	1,222,282	15,642,581	2,907,068	4,790,655	*98,525	
Total receipts less total deductions	2,526,608	— 112,652	80,731	365,756	743,643	— 87,849	914,162	251,712	374,399	*— 3,294	
Net income (less deficit)	2,518,912	— 114,551	80,681	364,761	742,558	— 88,152	912,234	251,252	373,422	*— 3,294	
Net income	8,085,439	508,559	297,030	811,358	1,273,437	340,930	2,617,870	808,089	1,420,155	*8,012	
Distributions to stockholders:											
Cash and property except in own stock	2,932,620	187,438	116,062	264,217	510,123	144,677	852,537	275,856	581,709	—	
Corporation's own stock	*6,030	—	3,000	—	*893	—	*2,137	—	—	—	

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.² This item is reflected in the statistics for "Retained earnings, unappropriated" and "Net worth" in other tables which show these items.³ Less than \$500 per return.

NOTE: Active Small Business Corporations filing Form 1120S returns reported "Income subject to tax" of \$5,420,000 and "Income tax" of \$1,222,000, including "Additional tax for tax preferences" of \$4,000. 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."

Corporation Returns/1980

RETURNS OF ACTIVE DOMESTIC INTERNATIONAL SALES CORPORATIONS, FORM 1120 — DISC

Table 10 — Number of Returns, Selected Balance Sheet and Income Statement Items, and Distributions to Stockholders, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions					Services
		Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	
			Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns, total.....	8,665	*6	8,262	8,120	121	152	180
With net income.....	7,853	*6	7,561	7,447	105	135	119
Total assets.....	28,728,913	*7,553	27,959,295	27,896,483	59,625	475,516	284,032
Notes and accounts receivable, net.....	17,490,060	*48	17,079,819	17,033,801	43,181	255,828	153,050
Inventories.....	2,255,910	113	2,247,282	2,244,690	2,592	—	*8,515
Cash, Government obligations, and other current assets.....	709,295	*1,652	699,794	692,136	7,340	1,322	5,626
Other investments and loans.....	6,052,602	*418	5,748,963	5,743,892	*5,072	210,151	92,989
Depreciable assets.....	43,776	4,599	38,005	37,936	*67	*185	*1,007
Less: Accumulated depreciation.....	19,104	89	18,497	18,469	*26	*86	*433
Accounts and notes payable.....	2,621,622	20	2,599,743	2,589,429	10,129	9,463	12,316
Other current liabilities.....	1,127,658	*891	1,120,048	1,115,333	4,675	5,425	1,236
Mortgages, notes, and bonds payable in one year or more.....	174,126	3,146	168,140	163,806	*4,335	—	*2,839
Net worth.....	24,339,679	*2,996	23,628,394	23,584,960	40,473	459,562	246,349
Total receipts.....	52,774,919	*3,976	52,505,561	52,376,782	122,182	45,373	218,869
Business receipts.....	51,101,165	*3,867	50,889,036	50,761,553	120,886	*229	207,045
Total deductions.....	42,928,880	*1,591	42,830,448	42,724,887	100,302	2,439	93,351
Cost of sales and operations.....	40,274,774	1,360	40,222,124	40,130,219	89,337	*211	50,495
Taxes paid.....	55,745	*12	53,500	52,966	483	656	1,564
Interest paid.....	110,407	190	109,777	108,683	*999	*13	*426
Depreciation.....	14,270	—	12,260	12,178	*82	*1	*2,009
Pension, profit-sharing, stock bonus, and annuity plans.....	14,727	—	14,424	14,403	*21	—	302
Employee benefit programs.....	6,869	—	6,765	6,765	—	—	103
Net income (less deficit).....	9,870,247	*2,385	9,678,896	9,655,678	21,880	63,359	125,518
Net income.....	9,888,125	*2,385	9,693,804	9,670,102	22,003	63,431	128,398
Total statutory special deductions.....	12,837	—	12,753	12,753	—	*78	—
Tax deferred income and income taxable to stockholders.....	9,875,286	*2,385	9,681,049	9,657,346	22,003	63,353	128,398
Distributions to stockholders in cash.....	5,221,216	*631	5,152,983	5,144,477	8,455	20,081	46,986

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

¹Includes "Nature of business not allocable" which is not shown separately.²Includes "Wholesale and retail trade not allocable" which is not shown separately.

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."

RETURNS OF MEMBERS OF CONTROLLED GROUPS, OTHER THAN FORM 1120 — DISC

Table 11 — Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), and Total Income Tax, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total returns of members of controlled groups, other than Form 1120-DISC:											
Number of returns	333,188	6,275	5,007	24,488	39,790	15,594	96,877	44,728	52,053	86,358	57,070
Total assets	5,968,595,751	11,562,782	109,483,813	66,304,027	1,574,600,128	694,456,862	392,212,525	196,740,355	195,352,077	3,013,902,488	105,540,707
Total receipts	4,595,597,812	19,893,698	157,113,094	116,253,238	2,114,180,406	456,212,772	1,117,123,471	651,834,288	464,792,676	493,925,120	119,185,632
Intragroup domestic dividends received qualifying for 100 percent deduction under Code section 1561:											
Number of returns	1,833	**	10	**	276	19	495	226	269	856	149
Amount	2,612,756	**	64,671	**	1,121,259	6,926	132,135	53,652	78,483	1,199,897	86,609
Net income (less deficit)	183,101,404	285,363	7,194,287	2,696,416	116,097,598	18,591,582	19,723,280	11,137,123	8,581,747	14,033,996	4,502,207
Net income	213,941,165	689,004	8,431,980	3,886,197	127,527,550	22,001,491	23,743,192	13,459,460	10,277,303	21,425,088	6,208,822
Total income tax	89,619,106	236,052	3,573,197	1,422,580	55,434,257	9,799,591	9,727,418	5,591,821	4,133,470	7,105,910	2,309,748
Distributions to stockholders except in own stock	70,779,817	77,624	4,373,683	468,492	35,782,634	16,094,439	3,634,741	1,100,675	2,533,670	9,319,177	1,028,150
Consolidated returns:											
Number of returns	57,890	601	1,465	4,065	11,670	3,523	16,387	8,667	7,689	12,526	7,551
Number of subsidiary corporations	162,941	1,192	3,597	8,225	34,677	29,235	36,726	16,749	19,922	29,252	19,899
Total assets	5,179,724,561	7,290,774	97,782,550	44,393,281	1,456,689,674	668,057,164	295,635,547	138,163,552	157,408,142	2,525,831,491	83,766,960
Total receipts	3,810,447,171	13,397,183	143,802,139	71,689,716	1,924,048,234	427,588,313	794,871,204	460,616,811	334,107,531	348,900,717	85,384,863
Net income (less deficit)	152,178,753	250,148	5,706,961	1,499,139	103,736,952	17,984,353	11,892,020	5,580,237	6,310,097	8,058,889	3,088,103
Net income	176,184,424	450,059	6,627,894	2,222,176	114,029,393	20,774,396	14,351,985	7,094,018	7,254,263	13,429,269	4,291,721
Total income tax	75,409,246	173,447	2,812,022	836,059	50,117,698	9,323,944	5,978,148	2,964,730	3,011,890	4,444,392	1,721,738
Distributions to stockholders except in own stock	63,538,014	67,595	3,651,920	384,505	32,559,016	15,569,496	2,874,590	698,283	2,176,307	7,625,947	804,921

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

¹Includes "Nature of business not allocable" which is not shown separately.²Includes "Wholesale and retail trade not allocable" which is not shown separately.

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."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S and 1120-DISC

Table 12 — Investment Credit and Selected Items, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									Services
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns of active corporations, other than Forms 1120S and 1120-DISC.....	2,156,485	49,151	20,378	214,899	202,286	85,270	609,779	222,796	383,358	426,622	535,685
Returns with investment credit items, other than Forms 1120S and 1120-DISC:											
Number of returns.....	1,207,633	36,945	15,158	131,018	148,290	53,112	383,763	150,021	232,779	121,328	315,733
Cost of property used for investment credit:											
Number of returns.....	1,118,840	35,329	14,285	120,576	141,847	49,372	358,591	142,229	215,399	107,625	289,276
Amount.....	218,985,060	2,237,184	7,249,911	6,084,752	88,143,727	66,753,198	21,500,569	10,125,009	11,361,320	13,303,054	13,656,859
Investment qualified for credit:											
Number of returns.....	1,118,840	35,329	14,285	120,576	141,847	49,372	358,591	142,229	215,399	107,625	289,276
Amount.....	198,267,071	2,020,736	6,646,480	4,838,289	80,314,891	64,624,267	17,819,650	8,265,096	9,542,945	11,500,094	10,454,946
Tentative investment credit, total:											
Number of returns.....	1,120,177	35,744	14,285	120,576	141,847	49,391	359,427	142,247	216,217	107,891	289,276
Amount.....	20,852,667	204,369	686,608	485,634	8,447,307	6,995,327	1,824,144	845,504	977,480	1,150,952	1,053,551
10 percent tentative investment credit:											
Number of returns.....	1,118,840	35,329	14,285	120,576	141,847	49,372	358,591	142,229	215,399	107,625	289,276
Amount.....	19,765,094	202,063	664,635	483,668	8,019,088	6,438,648	1,781,058	826,009	953,888	1,126,157	1,045,006
Additional tentative credit for Employee Stock Ownership Plans:											
1 percent additional tentative investment credit for qualifying stock ownership plans:											
Number of returns.....	1,313	3	43	50	316	230	296	126	170	111	265
Amount.....	859,401	59	18,773	1,129	342,444	451,808	19,290	3,489	15,801	18,877	7,021
.5 percent additional tentative investment credit for qualifying stock ownership plans:											
Number of returns.....	304	—	14	*8	91	128	19	8	11	38	5
Amount.....	196,137	—	2,223	*104	80,139	102,293	4,599	1,060	3,539	5,682	1,098
Patron's regular investment credit:											
Number of returns.....	12,502	4,261	*66	464	353	151	6,584	2,799	3,785	489	92
Amount.....	32,035	2,248	*977	734	5,637	2,578	19,197	14,946	4,251	237	426
Tentative investment credit:											
Number of returns.....	1,114,897	35,744	14,281	119,658	141,263	49,254	358,112	141,888	215,261	107,266	287,578
Amount.....	20,910,284	205,324	686,912	486,038	8,497,145	6,998,580	1,825,690	846,354	978,176	1,151,690	1,054,129
Carryover of unused credit:											
Number of returns.....	382,925	16,925	6,178	40,916	42,473	23,242	101,803	33,650	68,015	38,089	112,726
Amount.....	12,256,805	224,860	801,290	303,997	3,260,292	5,453,845	730,491	362,116	367,922	557,787	820,018
Total tentative regular investment credit:											
Number of returns.....	1,196,409	36,894	15,152	130,220	147,824	52,848	379,144	149,532	228,649	119,951	312,133
Amounts.....	33,167,044	430,164	1,488,175	790,151	11,757,528	12,452,464	2,555,887	1,208,461	1,345,812	1,709,359	1,974,317
Allowed regular investment credit:											
Number of returns.....	778,341	21,518	7,649	80,690	102,192	32,404	250,081	105,988	143,183	69,335	213,264
Amount.....	14,816,408	108,289	431,546	349,317	6,432,228	4,879,644	1,314,556	593,772	719,789	667,085	630,515
Investment credit:											
Number of returns.....	785,001	21,482	7,649	81,239	102,623	32,585	252,974	106,582	145,482	70,336	214,861
Amount.....	15,102,812	109,109	435,015	351,376	6,670,911	4,895,642	1,329,583	604,066	724,522	674,956	632,976

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

¹Includes "Nature of business not allocable" which is not shown separately.

²Includes "Wholesale and retail trade not allocable" which is not shown separately.

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."

RETURNS OF ACTIVE CORPORATIONS

Table 13—Tax Items: Number of Returns by Selected Types of Tax, Dividend Items, Net Income or Deficit, Statutory Special Deductions, Income Subject to Tax, Income Tax, Credits, Payments, and Small Business Corporations (Form 1120S), by Selected Industrial Divisions

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

Selected industrial divisions												
Item	All industrial divisions ¹	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services	
							Total ²	Wholesale trade	Retail trade			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Number of Returns With Income Tax												
Number of returns with—	1,170,565	26,965	9,759	107,185	123,431	42,055	352,091	145,539	203,615	206,335	299,617	
Income tax, total	62	—	—	—	51	—	40,143	338,985	140,272	195,796	293,267	
Form 1120S	1,131,948	25,893	9,354	102,165	117,930	40,143	338,985	140,272	195,796	201,610	283,101	
Regular and alternative tax before credits	179,025	6,744	3,194	23,362	29,516	8,916	60,789	29,879	30,888	17,763	28,310	
Tax from recomputing prior-year investment credit	708	6	22	222	107	11	104	52	52	148	62	
Tax from recomputing prior-year work incentive (WIN) credit	990,304	20,383	8,592	91,404	103,733	30,893	308,392	131,838	173,865	194,869	229,616	
Total income tax after—	989,274	20,331	8,566	91,387	103,285	30,882	308,223	131,719	173,815	194,653	229,526	
Investment, work incentive (WIN) and jobs credits												
Foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, and alcohol fuel credits	989,274	20,331	8,566	91,387	103,285	30,882	308,223	131,719	173,815	194,653	229,526	
Returns With and Without Net Income												
Number of returns	2,710,538	80,883	25,576	272,432	242,550	111,324	799,628	281,062	514,835	493,426	671,338	
Dividends received from domestic corporations, total	18,654,800	36,045	234,830	66,168	8,797,574	337,101	1,058,004	686,402	370,759	7,803,149	313,400	
Amount qualifying for 85 percent deduction	10,343,378	24,945	126,058	53,288	2,714,633	295,553	409,902	134,842	274,218	6,561,896	150,485	
Amount on certain public utility stock qualifying for 60.208 percent deduction	23,877	10	83	432	432	23	428	232	196	22,368	533	
Intragroup dividends qualifying for 100 percent deduction	2,618,050	156	64,671	1,102	1,123,581	6,926	132,155	53,652	78,483	1,202,869	86,609	
Amounts received from DISCS or former DISCS	5,637,186	8,642	43,212	9,180	4,949,944	34,137	504,199	492,414	11,785	13,279	72,680	
Domestic dividends received (1120S)	32,309	2,291	888	2,514	8,984	461	11,340	5,262	6,078	2,736	3,093	
Dividends received from foreign corporations, total	14,563,353	14,162	319,385	96,965	12,383,365	171,475	899,053	718,164	180,789	545,086	133,862	
Amount qualifying for 85 percent deduction	4,479	10	1,034	739	78,770	578	33,308	2,980	30,328	30,473	984	
Intragroup dividends qualifying for 100 percent deduction	168,435	142	23,030	1,159	12,304,162	169,925	864,434	714,036	150,299	512,620	132,878	
Other foreign dividends	14,388,257	13,940	295,321	95,076	12,304,162	169,925	864,434	714,036	150,299	512,620	132,878	
Foreign dividends received (1120S)	2,183	180	148,047	211,755	12,352,864	229,471	2,306,616	2,172,338	134,278	317,051	137,858	
Constructive taxable income from related foreign corporations, total	15,708,580	4,897	60,806	101,269	2,326,375	119,523	241,587	200,372	41,215	126,542	53,792	
Includable income of Controlled Foreign Corporations	3,031,187	1,493	60,806	101,269	2,326,375	119,523	241,587	200,372	41,215	126,542	53,792	
Foreign dividend income resulting from foreign taxes deemed paid	239,006,542	673,158	7,750,561	5,271,209	125,667,815	20,466,155	38,309,671	26,715,755	11,547,966	33,122,792	8,193,903	
Net income (less deficit)	18,717,621	267,189	808,415	917,947	5,679,456	704,433	2,145,551	988,738	1,150,918	6,809,279	1,272,410	
Statutory special deductions, total	9,382,540	244,638	611,918	869,695	2,167,317	411,393	1,630,977	816,891	808,908	2,382,596	1,056,688	
Net operation loss deduction	9,296,730	21,505	195,722	48,214	3,510,291	258,739	514,246	171,535	341,995	4,526,683	215,704	
Dividends received deduction	35,360	1,045	—	39	1,849	34,300	312	312	—	—	18	
Deduction for dividends paid on certain public utility stock	2,992	—	774	—	134,843,548	23,916,654	35,034,547	20,048,541	14,925,653	24,319,609	10,450,379	
Western Hemisphere Trade Corporation deduction	246,598,486	1,693,307	9,073,598	2,188,306	60,184,725	10,733,055	13,655,104	8,002,235	5,835,317	9,804,884	3,554,144	
Income subject to tax	105,142,436	544,487	4,063,078	2,557,976	59,577,413	10,532,722	13,515,653	7,929,737	5,568,373	9,680,755	3,497,265	
Income tax, total	103,831,172	533,768	3,947,569	2,521,507	59,577,413	10,532,722	13,515,653	7,929,737	5,568,373	9,680,755	3,497,265	
Regular and alternative tax	867,571	175	28,770	29,123	400,615	180,854	122,301	61,980	60,310	46,997	49,554	
Tax from recomputing prior-year investment credit	4,673	175	178	436	1,703	175	299	81	836	1,045	6,280	
Tax from recomputing prior-year work incentive (WIN) credit	436,820	1,476	106,561	6,910	204,995	19,304	16,851	10,437	6,415	1,399,775	185,308	
Additional tax for tax preferences	24,861,315	7,564	1,965,971	150,887	19,164,141	461,901	1,528,761	1,389,349	137,412	3,941	2,671	
Foreign tax credit	1,565,681	—	1,042	1,328	1,448,303	25,061	82,452	78,770	3,682	674,856	632,976	
U.S. possessions tax credit	15,102,812	109,109	435,015	351,376	6,670,911	4,895,642	1,329,583	604,066	724,522	3,231	9,726	
Investment credit	36,483	697	39	772	16,421	2,003	5,872	2,359	3,231	28,137	109,574	
Work incentive (WIN) credit	601,444	4,835	8,518	80,000	183,084	25,459	160,179	26,680	132,883	28,137	109,574	
Jobs credit												
Total income tax after—	89,401,692	429,846	3,639,506	2,125,828	53,314,305	5,809,951	12,159,468	7,368,929	4,774,680	9,100,850	2,801,867	
Investment, work incentive (WIN), and jobs credits												
Foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, and alcohol fuel credits	62,974,696	422,282	1,672,492	1,973,614	32,701,861	5,322,990	10,550,255	5,900,810	4,633,586	7,898,134	2,613,888	
Personal holding company tax	6,456	3	3	11	614	—	153	77	76	5,608	44	
Estimated tax payments, net total	46,356,322	265,342	928,878	1,263,568	24,372,310	3,587,204	8,145,150	4,489,146	3,643,959	5,825,307	1,950,779	
1979 overpayments claimed as a credit	3,088,978	31,777	55,578	128,845	1,372,627	190,989	680,144	365,493	314,559	430,728	187,162	
1980 estimated tax payments	45,917,595	237,786	884,274	1,208,103	24,224,431	3,588,227	7,909,693	4,356,544	3,541,140	5,987,050	1,839,000	
Less: Refund of estimated tax payments	2,649,886	4,167	20,974	73,375	1,224,753	202,002	444,590	232,868	211,666	592,433	75,198	
Payments with applications for—	9,805,817	64,902	376,877	333,866	4,990,881	1,023,851	1,594,956	740,501	853,257	1,043,347	376,611	
First extension of filing time	8,352,089	19,295	243,975	79,047	3,639,899	654,322	881,545	321,728	559,672	651,640	182,052	
Second extension of filing time	22,823	53	959	1,289	6,896	4,847	3,842	2,909	933	4,127	810	
Credit for tax paid by regulated investment companies	60,489	5,931	2,828	3,735	26,889	10,002	6,971	5,655	1,316	2,121	2,008	
Credit for tax on special fuels, nonhighway gasoline, and lubricating oil	7,441	64	1,377	21	4,831	350	714	678	36	26	58	
Refundable energy credit	6,650,690	143,742	222,046	590,869	1,933,116	404,707	1,671,949	1,102,295	565,852	1,116,129	562,497	
Tax due at time of filing	6,781,780	77,122	157,459	299,752	2,689,400	392,879	1,757,063	763,460	89,227	941,967	460,885	
Tax overpayment												
Returns of Small Business Corporations, Form 1120S												
Number of returns	545,389	31,732	5,198	57,533	40,263	26,047	181,586	50,146	131,356	66,652	135,473	
Net income:												
Number of returns	281,592	14,548	1,665	31,996	22,549	13,114	96,682	28,809	67,672	30,135	70,561	
Amount	8,085,439	508,559	297,030	811,358	1,273,437	340,930	2,617,870	1,222,322	1,395,548	808,089	1,420,155	
Deficit	5,666,527	623,110	216,349	446,596	530,880	429,082	1,705,635	390,938	1,303,405	556,837	1,048,733	
Income subject to corporation tax	5,420	—	—	—	—	—	—	—	—	—	—	
Income tax, total	1,222	—	—	—	—	—	—	—	—	—	—	
Regular and alternative tax	1,218	—	—	—	—	—	—	—	—	—	—	

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.

² Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

³ Includes "Nature of business not allocable" which is not shown separately.

⁴ Includes "Wholesale and retail trade not allocable" which is not shown separately.

⁵ Less than \$500 per return.

NOTE: "Tax due at time of filing" and "Tax overpayment" include a total amount of "Overpaid windfall profit tax" of \$523,754,000 which is not shown separately. 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."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORM 1120-DISC

Table 14 — Selected Business Energy Investment Credit Items, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns other than Form 1120-DISC	2,701,874	80,883	25,576	272,432	242,550	111,317	791,368	272,941	514,714	493,274	671,158
Returns with business energy investment credit items, other than Forms 1120S and 1120-DISC:											
Number of returns.....	8,042	342	102	236	2,526	459	1,967	1,057	910	1,329	1,030
Cost of property used for business energy credit, total: ³											
Number of returns.....	6,972	81	82	199	2,456	405	1,669	882	786	1,304	725
Amount.....	4,011,726	10,127	82,865	18,470	3,421,769	148,460	207,236	155,621	51,614	93,231	29,524
Alternative energy property:											
Number of returns.....	1,861	*13	30	*28	746	68	312	82	231	398	214
Amount.....	1,613,527	*7,806	27,517	*3,656	1,496,843	24,444	17,186	9,350	7,836	29,666	6,371
Specially defined energy property:											
Number of returns.....	2,891	*12	32	17	1,147	30	671	208	483	755	227
Amount.....	1,151,196	*359	16,679	1,012	1,034,040	39,942	34,823	12,473	22,350	15,753	8,387
Recycling equipment:											
Number of returns.....	1,937	*11	16	84	744	26	702	595	108	117	235
Amount.....	886,419	*595	14,150	12,562	667,371	23,728	146,250	125,943	20,308	10,731	11,025
Shale oil equipment:											
Number of returns.....	17	—	**	**	8	—	—	—	—	—	—
Amount.....	33,209	—	**	**	15,337	—	—	—	—	—	—
Cogeneration equipment:											
Number of returns.....	38	**	**	**	28	—	5	5	—	**	—
Amount.....	122,914	**	**	**	114,353	—	7,264	7,264	—	**	—
Qualified intercity buses:											
Number of returns.....	291	—	—	—	4	281	**	**	3	—	**
Amount.....	99,781	—	—	—	48,560	48,019	**	**	345	—	**
Qualified hydroelectric generating equipment:											
Number of returns.....	24	—	**	—	20	**	—	—	—	—	—
Amount.....	31,265	—	**	—	19,022	**	—	—	—	—	—
Solar and wind equipment:											
Number of returns.....	423	*46	*16	*64	137	7	34	5	*29	43	*75
Amount.....	7,164	*116	*715	*263	2,424	61	999	224	*775	1,486	*1,100
Geothermal equipment:											
Number of returns.....	13	—	**	—	5	**	—	—	—	3	—
Amount.....	61,834	—	**	—	20,607	**	—	—	—	35,513	—
Current year business energy investment credit:											
Number of returns.....	7,493	340	82	199	2,456	405	1,858	1,004	854	1,303	800
Amount.....	401,210	1,048	7,790	1,822	341,379	15,045	21,051	15,891	5,160	10,075	2,996
Carryover of unused credits:											
Number of returns.....	443	**	*9	*31	121	69	166	138	28	28	**
Amount.....	20,968	**	*2,214	*732	6,606	7,848	2,161	1,813	349	1,065	**
Business energy investment credit:											
Number of returns.....	4,831	70	77	174	1,591	205	1,282	684	598	897	484
Amount.....	285,017	828	3,467	1,932	238,635	15,920	14,405	10,137	4,268	7,720	2,107
Refundable business energy investment credit:											
Number of returns.....	342	*19	*17	*8	*22	**	*52	*10	*42	**	*214
Amount.....	7,441	*64	*1,377	*21	*4,831	**	*714	*678	*36	**	*58
Returns of Small Business Corporations, Form 1120S, with business energy investment credit items:											
Number of returns.....	*101	*42	—	—	—	—	*43	—	*43	—	*16
Cost of property usable for business energy investment credit by stockholders:											
Number of returns.....	*101	*42	—	—	—	—	*43	—	*43	—	*16
Amount.....	*486	*31	—	—	—	—	*413	—	*413	—	*42

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

*Includes "Nature of business not allocable" which is not shown separately.

*Includes "Wholesale and retail trade not allocable" which is not shown separately.

*Includes "Equipment for producing natural gas from geopressured brine" and "Ocean thermal equipment" which are not shown separately.

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."

RETURNS OF ACTIVE CORPORATIONS

Table 15 — Book Net Income or Deficit and Provision for Federal Income Tax, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total returns of active corporations:											
Number of returns	2,710,538	80,883	25,576	272,432	242,550	111,324	799,628	281,062	514,835	493,426	671,338
Net income (less deficit)	239,006,542	673,158	7,750,561	5,271,209	125,667,815	20,046,156	38,309,671	26,715,755	11,547,966	33,122,792	8,193,903
Returns with book net income or deficit:											
Number of returns, total	2,538,383	73,112	23,760	257,950	229,680	104,317	760,150	268,622	487,806	457,411	621,410
With book net income	1,513,293	41,089	11,981	146,140	148,337	58,064	485,466	180,996	281,545	260,330	380,945
Amount	240,549,059	2,094,009	7,609,693	7,100,340	90,691,970	26,571,491	36,019,820	23,821,645	12,144,199	59,004,415	11,370,915
With book deficit	1,025,070	32,023	11,779	111,810	83,343	46,254	294,684	87,626	206,261	197,082	240,466
Book net income (less deficit)	198,582,766	474,827	6,419,417	4,125,677	79,599,598	23,588,637	26,442,659	19,407,547	7,001,926	50,758,305	7,133,200
Net income (less deficit)	204,318,200	713,311	6,980,053	4,955,943	101,936,455	16,301,417	34,899,048	25,053,047	9,800,887	31,312,350	7,198,116
Provision for Federal income tax, net:											
Number of returns	863,619	17,339	7,426	80,355	96,003	27,890	277,952	120,032	155,402	175,239	179,473
Amount	88,218,110	345,818	1,978,366	1,968,155	33,307,281	10,333,109	8,813,845	5,184,123	4,615,464	8,046,979	2,404,614
Provision for Federal income tax (+):											
Number of returns	821,654	16,640	6,953	76,755	88,987	26,634	266,188	114,916	148,775	164,917	172,653
Amount	72,948,983	367,389	2,027,727	2,094,498	35,886,469	10,683,742	10,327,546	5,509,526	4,803,575	9,001,812	2,536,417
Provision for Federal income tax (-):											
Number of returns	41,965	699	473	3,600	7,015	1,256	11,764	5,116	6,627	10,322	6,821
Amount	4,730,873	21,571	49,361	126,343	2,579,189	350,633	513,701	325,403	188,112	954,833	131,804
Total income tax after investment, work incentive (WIN), jobs, nonconventional source fuel, and alcohol fuel credits	74,585,857	399,121	3,213,351	1,947,426	43,357,643	4,416,515	10,792,648	6,700,195	4,077,413	8,078,886	2,360,231

¹Includes "Nature of business not allocable" which is not shown separately.²Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Returns with book net income or deficit reported an amount of foreign tax credit of \$19,853,395,000 and an amount of U.S. possessions tax credit of \$1,489,255,000. 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."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S and 1120-DISC

Table 16 — Tax Preference Items: Number of Returns, and Tax Preference and Related Items, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns of active corporations, other than Forms 1120S and 1120-DISC.....	2,156,485	49,151	20,378	214,899	202,286	85,270	609,779	222,796	383,358	426,622	535,685
Returns with tax preference items:											
Number of returns.....	19,684	257	2,441	870	3,114	750	1,927	983	942	9,011	1,218
Total assets.....	4,540,052,712	3,616,796	60,546,761	26,388,863	1,235,143,085	604,631,153	175,607,955	64,016,287	111,567,144	2,387,582,579	46,368,689
Business receipts.....	2,524,322,444	3,986,353	39,364,177	37,246,825	1,548,563,157	342,607,405	397,149,845	195,904,616	201,197,252	113,697,800	41,498,487
Bad debts.....	9,529,998	2,945	50,147	68,755	2,839,147	1,179,098	762,559	214,201	548,222	4,439,484	187,331
Depreciation.....	92,020,761	121,978	2,493,361	729,100	46,190,202	28,431,499	5,135,463	1,548,909	3,585,797	5,844,556	3,069,264
Amortization.....	660,696	502	16,124	8,998	361,993	157,856	33,146	12,640	20,506	59,800	22,275
Depletion.....	7,554,619	8,690	1,425,706	45,613	5,445,714	476,466	62,700	58,582	4,118	75,203	12,153
Net income.....	149,097,801	456,432	5,024,514	1,336,228	96,997,820	19,231,806	8,093,806	3,829,952	4,260,151	15,228,824	2,718,604
Regular and alternative tax before credits ³	62,985,822	180,544	1,991,976	524,801	41,878,756	8,500,066	3,381,133	1,605,290	1,774,317	5,394,007	1,131,009
Tax from recomputing prior-year investment credit.....	550,209	1,048	16,672	4,325	294,580	157,819	38,858	14,576	24,281	26,306	10,361
Tax from recomputing prior-year work incentive (WIN) credit.....	2,219	—	*56	*281	818	163	21	21	—	152	702
Additional tax for tax preferences.....	438,816	1,476	106,561	6,910	204,995	19,304	16,851	10,437	6,415	76,196	6,276
Additional tax for tax preferences deferred from prior years.....	8,303	—	4,165	678	1,180	*1,532	*29	15	*14	708	*10
Income tax after credits ⁴	33,674,042	165,376	1,278,385	405,486	20,592,123	4,008,020	2,634,928	1,319,211	1,314,347	3,751,563	835,156
Tax preference items:											
Accelerated depreciation on -											
Low income rental housing.....	20,966	—	*276	3,948	10,483	48	1,428	1,279	149	4,016	768
Other real property.....	884,714	2,674	14,187	16,756	486,249	85,213	121,979	24,877	97,102	124,427	32,685
Leased personal property.....	15,539	—	361	*652	5,172	159	*6,084	*4,900	*1,183	1,924	*1,173
Amortization of -											
Certified pollution control facilities.....	81,853	*122	206	—	22,536	58,059	526	343	146	*303	102
Railroad rolling stock.....	*3,820	—	*1,863	—	—	957	1,000	1,000	—	—	—
On-the-job training facilities.....	2,265	—	—	—	1,265	1,000	—	—	—	—	—
Child care facilities.....	80	—	—	—	57	1	—	—	—	21	—
Reserves for losses on bad debts of financial institutions.....	689,404	—	70	171	17,705	11,364	831	761	70	659,263	—
Depletion.....	2,984,543	6,497	1,034,179	37,926	1,634,166	158,507	51,096	47,184	3,912	51,473	8,396
Capital gains.....	4,290,514	44,228	240,984	68,154	2,378,624	371,176	286,171	166,702	119,211	763,194	137,811
Intangible drilling costs.....	27,101	*841	15,473	*109	*1,467	*311	*640	47	*592	7,310	*951
Total items of tax preference.....	9,028,080	54,361	1,308,061	128,063	4,569,687	688,914	473,354	248,011	225,047	1,620,027	182,578

¹Estimate should be used with caution because of the small number of sample returns on which it is based.

²Includes "Nature of business not allocable" which is not shown separately.

³Includes "Wholesale and retail trade not allocable" which is not shown separately.

⁴Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, and alcohol fuel credits.

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."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S AND 1120-DISC

Table 17 — Number of Returns and Selected Tax Items, by Size of Total Income Tax After Credits

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

Size of total income tax after credits	Number of returns of active corporations, other than Forms 1120S and 1120-DISC	Total income subject to tax	Income tax before credits ¹		Foreign tax credit	U.S. possessions tax credit	Investment credit	Work incentive (WIN) credit	Jobs credit	Income tax after credits ¹
			Total	Regular and alternative tax						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	2,156,485	246,593,066	105,141,215	103,829,955	24,861,315	1,565,681	15,102,812	36,483	601,444	62,973,474
Returns with net income	1,307,187	246,570,001	105,010,562	103,820,466	24,861,186	1,565,681	15,100,723	36,474	601,353	62,845,139
Returns without net income	849,298	*23,066	130,652	9,489	129	—	2,089	9	91	128,335
Returns with regular and alternative tax before credits ¹	1,131,887	246,593,066	104,997,029	103,829,955	24,861,315	1,565,681	15,102,812	36,483	601,444	62,829,288
Returns with total income tax after credits ¹ ..	989,212	242,211,600	103,633,458	102,322,198	24,241,162	1,033,325	14,762,069	34,291	589,130	62,973,474
Under \$6,000	711,593	12,178,579	3,113,537	3,045,339	1,088,773	146,334	597,717	7,484	217,869	1,055,339
\$6,000 under \$10,000	79,298	3,827,887	832,776	809,034	5,618	31,921	145,227	1,188	34,926	613,895
\$10,000 under \$15,000	44,023	2,989,719	740,069	721,084	24,158	35,602	118,898	497	20,096	540,817
\$15,000 under \$20,000	25,259	2,199,191	603,408	589,135	26,862	31,393	89,061	1,578	16,656	438,058
\$20,000 under \$25,000	18,532	1,870,813	543,674	532,956	15,225	18,897	82,896	791	11,822	414,043
\$25,000 under \$50,000	39,397	5,415,805	1,835,306	1,795,653	54,204	132,065	242,237	2,505	26,133	1,378,161
\$50,000 under \$75,000	16,896	3,301,100	1,237,447	1,213,533	23,949	6,383	181,700	1,063	18,012	1,026,339
\$75,000 under \$100,000	10,753	2,943,606	1,168,730	1,149,260	53,572	27,606	145,379	652	9,931	931,591
\$100,000 under \$250,000	23,499	11,089,096	4,684,220	4,613,792	333,496	207,165	427,948	2,030	32,428	3,681,153
\$250,000 under \$500,000	9,640	9,631,640	4,220,983	4,164,822	307,862	156,641	366,702	1,333	24,149	3,364,496
\$500,000 under \$1,000,000	5,175	9,928,418	4,429,842	4,356,955	262,471	67,816	488,191	1,765	26,795	3,602,805
\$1,000,000 under \$10,000,000	4,615	42,320,286	19,093,553	18,746,177	3,727,818	171,502	2,664,033	5,686	63,404	12,461,110
\$10,000,000 under \$50,000,000	591	41,476,475	18,690,731	18,432,426	2,472,760	—	3,846,842	5,932	59,452	12,305,941
\$50,000,000 under \$100,000,000	82	20,223,877	9,133,507	9,050,118	1,939,227	—	1,425,706	804	11,843	5,755,926
\$100,000,000 or more	58	72,815,106	33,305,675	33,101,914	13,905,568	—	3,979,730	984	15,593	15,403,800

¹Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, and alcohol fuel credits.²Amount was reported by life insurance companies and banks with life insurance departments taxable under special provision of the Internal Revenue Code.

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."

The following explanations include definitions and limitations of terms used, and adjustments made in preparing the statistics. These explanations are designed to aid the user in interpreting the statistical content of this report and should not be construed as interpretations of the Internal Revenue Code or policies. Code sections cited were those in effect for the Income Years of the report. Whenever a year is cited, it refers to the calendar year, unless otherwise stated.

The instructions for the tax forms in section 6 will provide additional information about many items. Finally, definitions marked with the symbol (#) have been modified from prior year reports to reflect processing or tax law changes as well as clarifications of the explanations.

Accounting Periods

Among the several classifications used in this report, tax return data are classified according to the accounting periods used by corporations. For a detailed discussion of this classification, see "Time Period Employed" in section 1.

Accounts and Notes Payable

This item consisted of accounts payable and mortgages, notes, and bonds payable in less than one year. Each is described separately under its own heading below.

Accounts Payable

Relatively short-term liabilities arising from the conduct of trade or business which were not secured by notes of indebtedness were generally included under this heading. Nontrade payables, on the other hand, were generally includable in the estimates for "Other Current Liabilities."

Banks and savings institutions may have reported deposits and withdrawable shares in accounts payable. When these amounts could be identified, they were transferred to "Other Current Liabilities."

Additional Tax for Tax Preferences (#)

Additional tax for tax preferences, the so-called "minimum tax," was intended to make possible the taxation, to some extent, of selected income and deduction items (described by law as "tax preferences") afforded special tax treatment in the computation of taxable income.

For the most part, the 15 percent tax was levied on the sum of a corporation's tax preferences which exceeded \$10,000 or the current-year income tax (including tax from recomputing prior-year investment credit and tax from recomputing prior-year WIN credit) reduced by foreign tax credit, investment credit, U.S. possessions tax credit, work incentive (WIN)

credit, jobs credit, nonconventional source fuel credit and alcohol fuel credit. The carryover of regular taxes as an offset to preference income was discontinued (except for taxes due to income from timber) for tax years beginning after June 30, 1976.

Tax preference items were: (1) accelerated depreciation (depreciation in excess of the amount computed under the straight-line method allowed on personal property subject to a lease, low-income rental housing, certified historic structure rehabilitation expenses (including amortization under Code section 191), and other real property); (2) amortization (special rapid write-offs in excess of what otherwise would have been a depreciation deduction under Code section 167 for certified pollution control facilities, railroad rolling stock, on-the-job training facilities, and child care facilities); (3) reserves for losses on bad debts of financial institutions (additions to reserves for bad debts in excess of actual bad debt losses, based on prescribed rules); (4) depletion (depletion deduction in excess of the cost or other basis of the property, reduced by depletion taken in prior years); (5) capital gains (net long-term capital gain in excess of net short-term capital loss when this amount was taxed at the special lower capital gains rate; the preference item applied only if the alternative tax under Code section 1201 applied, and the preference items equaled the alternative tax on taxable income minus tax on taxable income figured under code section 11 or similar section, with the result divided by 0.46); and (6) intangible drilling costs. Tax preferences for "accelerated depreciation subject to a lease" and "intangible drilling costs" were not applicable to corporations other than Small Business Corporations electing to be taxed through their stockholders and Personal Holding Companies. There were also special rules in effect for timber income, including both gains from the cutting of timber and the long-term gains from the sale of timber.

In general, all corporations were liable for the additional tax. However, regulated investment companies and real estate investment trusts were subject to the tax only on amounts attributable to tax preferences not passed through to their stockholders for taxation. Small Business Corporations electing to be taxed through their stockholders were liable for the additional tax only on certain capital gains, on accelerated depreciation subject to a lease, and on intangible drilling costs. All other items of tax preference for these corporations were passed on to the stockholders for taxation. However, members that were Domestic International Sales Corporations (DISC's) were not subject to the additional tax for tax preferences.

In addition, members of a controlled group of corporations filing separate returns were required to apportion a single \$10,000 statutory exclusion among the members of the group either equally or based on a plan adopted for all members. The Revenue Act of 1978

revised the method of computing the exemption from the additional tax for tax preferences for members of controlled groups of corporations. The \$10,000 exemption was allocated to each of the component members of the group in proportion to each member's regular tax deduction.

Advertising

Advertising expenses were allowable as a deduction under Code section 162, if they were ordinary and necessary and bore a reasonable relation to the trade or business of the corporation. The amount shown in the statistics includes advertising identified as a cost of sales and operations as well as advertising reported separately as a business deduction.

The types of expenditures covered by the advertising deduction may have varied somewhat from company to company and a few companies did not separately identify advertising when it was included in the cost of sales and operations. In addition, certain kinds of advertising expenditures, such as for billboards, were capitalized and recovered only as part of depreciation.

Alcohol Fuel Credit (#)

The Crude Oil Windfall Profit Tax Act of 1980 provided for a nonrefundable income tax credit for alcohol (other than alcohol produced from petroleum, natural gas, or coal) used as a fuel of a type suitable for use in an internal combustion engine. See the discussion of this credit under Changes in Law in section 2.

Allowance for Bad Debts

Most corporations identified on their balance sheet the allowance or reserve set aside to cover uncollectible or doubtful notes, accounts, and loans as an adjustment to notes and accounts receivable. A few corporations, however, reported only net receivables and, thus, did not show their allowance for bad debts. In addition, tax return balance sheets used by life and certain mutual insurance companies did not require the allowance to be reported. The statistics for both the allowance and for the gross amount of "Notes and Accounts Receivable" are understated by these unidentified amounts.

Since corporation tax return balance sheets did not provide for the separate reporting of reserves for uncollectible mortgage and real estate loans, many banks and savings and loan associations may have included the item in the allowance for bad debts. If, on the other hand, these reserves were reported in supporting schedules, they were later added to the allowance for bad debts during statistical processing.

Alternative Tax

See "Income Tax."

Amortization (#)

Amortization was a deduction for recovery of certain expenditures over a certain period of time in a manner similar to straight-line depreciation. Typically, the period of time over which the expenditure was written off was much shorter than if depreciation had been used; often, depending on the specific provision of the law, the period of time was only 60 months. The following types of amortization, applicable to the statistics in this report, were specifically mentioned in the Code as allowable deductions:

- bond premiums (Code section 171)
- child care facilities (Code section 188)
- coal mine safety equipment (Code section 187)

- incorporation costs (Code section 248)
- lessee's improvements to leased property (Code section 178)
- on-the-job training facilities (Code section 188)
- organizational expenditures of corporations (Code section 248)
- pollution control facilities (Code section 169)
- railroad rolling stock (Code section 184)
- railroad tunnel bores and grading (Code section 185)
- rehabilitation expenses of certain historic structures (Code section 191) and demolition thereof (Code section 280B)
- research and experimental expenditures (Code section 174)
- trademark and trade name expenditures (Code section 177).

Of these, amortization of leasehold improvements was frequently reported as depreciation and amortization of bond premiums (as well as of such other financial items as loan or mortgage costs) was often reported as part of "other deductions." Write-offs of patents, copyrights, and other intangibles were usually included in depreciation. None of these amounts involved rapid write-offs of the assets concerned. Therefore, in order to confine the statistics insofar as possible to rapid write-offs, identifiable amounts reported as amortization that related to leasehold improvements, bond premiums (or other financial items), and intangible assets, and, in addition, to depreciable assets other than those eligible for rapid amortization, were transferred to "depreciation" or "other deductions," as appropriate. (See also "Depreciation" and "Other Deductions.")

The amounts shown in the statistics include any identifiable amortization (as described above) reported as part of the cost of sales and operations.

See also "Additional Tax for Tax Preferences."

Annual Returns (#)

Annual or calendar year returns were those filed for the 12-month period beginning in January and ending in December. Most of the larger corporations filed for this period. Figure B in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report.

Bad Debts (#)

Bad debts occurring during the year, or a reasonable addition to an allowance or reserve for bad debts, were allowable as a deduction under Code section 166.

Commercial banks, mutual savings banks, savings and loan associations, small business investment companies and other financial institutions were permitted to take a deduction for a reasonable addition to their bad debt balance which was far greater than that allowed other businesses. Unlike other businesses, which could deduct additions to their reserves only to the extent justified by their actual loss experience, these financial institutions could elect to increase their reserves based on percentages of outstanding loans. However, certain restrictions were introduced in 1969 to begin to bring these institutions in line with other businesses.

For commercial banks, beginning with 1969, deductible additions to the reserves were to decrease in three transitional steps. These steps were to be completed by 1988, at which time the deduction would have to be based on actual losses for the current and 5 preceding years, the same as for other businesses. For taxable years beginning after 1975, but before 1982, the percentage for eligible loans outstanding used as the basis for the deduction was 1.2 percent.

For small business investment companies, deductions for additions to the reserves, using an industry average as the norm, were permitted during the first 10 years of a company's existence. Thereafter, additions to the reserves had to be based on its own experience.

For mutual savings banks, savings and loan associations, and cooperative banks, the deduction was 40 percent of an adjusted taxable income figure before reduction by the bad debts deduction, provided it did not increase the reserve beyond 6 percent of qualifying loans.

For banks and other financial institutions, corporate or government debts evidenced by certain bonds which became worthless during the year were chargeable as bad debts under Code section 582. For other corporations, such losses were subject to the special capital gain or loss provisions of the law. See the explanation for "Net Capital Gains" in this section.

Recoveries of bad debts previously deducted by corporations which used the reserve method were netted against the year's bad debts deduction. However, amounts of recovered bad debts reported by corporations which deducted actual bad debts were included in "Other Receipts."

See also "Additional Tax for Tax Preferences."

Book Net Income (or Deficit)

This was the after-tax profits as reported in tax return schedules reconciling income per books of account with income per Internal Revenue Code (see Schedule M-1, "Reconciliation of income per books with income per return," on the Form 1120 return facsimile in section 6 of this report), or in the case of most insurance companies, from the annual statements filed with the return.

For the most part, tax law provisions agree with accepted accounting practices and recognize the application of general accounting principles to the conditions and practices of a particular trade or business. However, for certain kinds of income, deductions, or transactions, the law allowed or required special accounting that digressed from generally accepted accounting methods.

Three fundamental reasons account for most of the disparity between tax and book profits: (1) different methods of depreciation or amortization; (2) accounting differences in timing the receipt of income and the expensing of deductions, e.g., installment sales, income from construction contracts, prepaid income or anticipated future losses or expenses, income from foreign subsidiaries and expenses typically capitalized on the books but expensed on the tax return (e.g., intangible drilling costs), or vice versa; and (3) recognition of certain income and deductions for tax purposes only, e.g., the foreign dividend income resulting from foreign taxes deemed paid, or for book purposes only, e.g., interest on State and local Government obligations, lobbying expenses, and certain undistributed profits of foreign subsidiaries.

The data shown are subject to certain limitations. Although all corporations were required to provide data for a reconciliation of profits, some did not include them in their tax returns as originally filed, while others provided them in schedules of their own design from which total book net income could not always be determined. This last group included those consolidated returns in which book net income was shown separately for each affiliated corporation, but the consolidated net income after reduction by intercompany transactions was not shown. (See "Consolidated Returns" in this section.) Also, net income for tax purposes is likely to be more uniformly determined than net income for book purposes because of the necessity to conform to provisions of the Internal Revenue Code, although complete uniform-

ity is lacking because of the various elections, special treatments, and other provisions in the law.

In addition, book net income was calculated after taxes were deducted. The income tax liability reported on the tax return often differs from the book amount because of the several methods of accounting for taxes on the books. The statistics may be slightly overstated depending on how parent corporations accounted for the earnings of their nonconsolidated subsidiaries. Duplication resulted when the parent reported its equity in subsidiaries in its book net income and the subsidiaries then also reported their individual book net incomes on their own returns.

On a historical basis, both book income and net income are affected by changes in accounting practices by particular companies, in generally accepted accounting principles, and in tax law. Moreover, because more definitive measures of the differences between tax and book profits are not available, there is no way of knowing how much of the difference is permanent (because of different definitions) or only temporary (timing differences would be expected to "wash out" over a number of years).

Business Energy Investment Credit (#)

The Energy Tax Act of 1978 revised the amount of the investment tax credit to equal the sum of the following percentages of "qualified investment": (1) the regular percentage; (2) for energy property, the energy percentage; and (3) the "employee stock ownership plan" (ESOP) percentage.

The "regular percentage" was 10 percent for qualifying costs incurred on or after January 21, 1975. The "energy percentage" was 10 percent for qualifying costs incurred for the period beginning on October 1, 1978, and ending on December 31, 1982, and zero for all other periods. (The energy percentage was 5 percent instead of 10 percent for property which was financed in whole or in part by the proceeds of an industrial development bond, the interest on which was exempt from tax under Code section 103.) The "ESOP" percentage was 1 percent for the period beginning on January 21, 1975, and ending on December 31, 1983, and an additional percentage (not in excess of .5 percent) for the period beginning on January 1, 1977, and ending on December 31, 1983.

Eligibility for the energy investment credit did not affect the eligibility of the property for the regular investment credit. The rules for applying the regular investment credit also generally applied to the energy investment credit. Therefore, the energy credit applied was absorbed using the first-in first-out rules and the credit was permitted to be carried back for three years and carried forward for seven years as with the regular investment credit.

To qualify as energy property eligible for the energy investment credit, the property must have fallen within one of six categories: (1) alternative energy property (described below); (2) solar or wind energy property; (3) specially defined energy property (described below); (4) recycling equipment; (5) shale oil equipment; or (6) equipment for producing natural gas from geopressed brine. Any of the above property qualified if either the construction, reconstruction, or erection of the property was completed by the taxpayer after September 30, 1978, or the property was acquired new by the taxpayer after September 30, 1978, and its use by the taxpayer commenced after that date. In addition, the property must have been depreciable or amortizable and have a useful life of three years or more. The useful life was determined as of the time the property was placed in service.

Alternative energy property was:

(1) a boiler the primary fuel (i.e., more than 50 percent) for which was an "alternative substance" (described below);

(2) a burner for a combustor other than a boiler if the primary fuel for the burner was an alternate substance;

(3) equipment designed to modify existing equipment that used natural gas or oil as a fuel or a feedstock so that the equipment used either a substance other than oil and natural gas, or oil mixed with a substance other than oil and natural gas;

(4) equipment for converting an alternative substance into a synthetic liquid, gaseous, or solid fuel (other than coke or coke gas);

(5) equipment that used coal (including lignite) as a feedstock for the manufacture of chemicals or other products (other than coke or coke gas);

(6) "pollution control equipment" required by Federal, State, or local regulations to be installed on or in connection with equipment described in the above five categories;

(7) equipment used for the unloading, transfer, storage, reclaiming from storage, and preparation (including but not limited to washing, crushing, drying, and weighing) at the point of use of an alternate substance for use in equipment described in the above six categories; and

(8) equipment used to produce, distribute, or use energy derived from a geothermal deposit.

The term "alternate substance" was any substance other than oil and gas and any product of oil and natural gas. The term "pollution control equipment" did not include any equipment that was installed on or in connection with property that, as of October 1, 1978, was using coal (including lignite), and that was required to be installed by Federal, State, or local regulations in effect on October 1, 1978.

The term "specially defined energy property" meant: (1) a recuperator; (2) a heat wheel; (3) a regenerator; (4) a heat exchanger; (5) a waste heat boiler; (6) a heat pipe; (7) an automatic energy control system; (8) a turbulator; (9) a preheater; (10) a combustible gas recovery system; (11) an economizer; or (12) any other similar property which reduced the amount of energy consumed in any existing industrial or commercial process and that was installed in connection with an existing industrial or commercial facility.

When used in connection with a facility, the term "existing" meant that 50 percent or more of the basis of the facility was attributable to construction, reconstruction, or erection before October 1, 1978. When used in connection with an industrial or commercial process, the term "existing" meant that the process was carried on in the facility as of October 1, 1978. The term "industrial" included agricultural.

The limitation on the amount of the allowable investment credit and the carryover and carryback provisions (Code section 46) were applied first to the investment credit that was not attributable to the energy percentage; next, to the credit attributable to the application of the energy percentage to energy property which was not solar or wind energy property; and, finally, to the credit attributable to the application of the energy percentage to solar or wind energy property.

The investment credit for energy property for taxable years ending after September 30, 1978, was limited to 100 percent of tax liability reduced by the credit allowed that was not attributable to the energy percentage. The credit for energy property other than solar and wind energy property was nonrefundable, so that amounts in excess of the limitation could be carried to other years for use as a credit. The credit for investment in solar and

wind energy property acquired or constructed after September 30, 1978, was refundable; therefore, if there was no tax, the entire amount could be refunded.

Cooperative organizations could claim the energy credits to the same extent they were available to taxpayers in general. If the cooperative could not use any nonrefundable energy credit because of the tax liability limitation that applied to the credit, any excess or unused credits were allocated to the patrons of the cooperative.

See the discussion of this credit under Changes in Law, section 2. Table 14 provides data on the business energy investment credit.

Business Receipts (#)

Business receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances.

Business receipts included rents reported as a principal business income by real estate operators and by certain types of manufacturing, public utility, and service corporations. The latter corporations included manufacturers that frequently rented rather than sold products, such as automatic data processing equipment; lessors of public utility facilities, such as docks, warehouses, and pipelines; and companies engaged in rental services, such as the rental of automobiles or clothing.

Some corporations treated sales taxes and excise and related taxes included in the sales price of their products as part of their gross receipts from sales; others reported their receipts after adjustment for these taxes. When treated as receipts, sales taxes and excise and related taxes were deducted on the tax return as part of the cost of sales and operations or were included in the separately itemized deduction for taxes paid. In any case, the receipts as reported by the taxpayer were included in the statistics. See also "Cost of Sales and Operations" and "Taxes Paid."

In the finance, insurance, and real estate industries, business receipts included such banking items as fees, commissions, trust department earnings, exchange collections, discounts, and service charges, when identified in schedules attached to the return. Business receipts also included interest which could not be separately identified as such. (Interest, the principal operating income of banking and savings institutions, is shown separately in the statistics under "Other Interest" and is, therefore, excluded from business receipts.) Special statistical treatment was required for the few banking institutions which reported the purchase and sale of Federal funds as part of cost of sales and operations and business receipts, respectively. For the statistics, the amount paid by the banking institutions for these funds was excluded from the "Cost of Sales and Operations" and a corresponding amount was excluded from business receipts.

In the insurance minor industry group "total receipts" increased from \$226 billion in 1979 to \$282 billion in 1980, and "other receipts" increased from \$7.2 billion to \$64 billion. However, "business receipts" decreased from \$176 billion in 1979 to \$167 billion in 1980. This change was caused by revisions to the Code which permitted insurance companies to report "co-insurance" receipts in "other receipts" instead of "business receipts."

Also in the finance, insurance, and real estate industries, premium income of most insurance companies was included in business receipts. However, certain mutual insurance companies with total receipts of less than \$500,000 were not required to report premium income. Therefore, total business receipts for insurance carriers are slightly understated.

Generally, in the finance, insurance, and real estate industries, income from investments, when identified in schedules attached to the return, was allocated to one of the specific types of investment income for which statistics are shown separately. Rent reported by real estate operators, however, was accepted as business receipts.

Business receipts reported by stock and commodity brokers, dealers, and exchanges, by condominium management and cooperative housing associations, and by real estate subdividers, developers, and operative builders required special statistical treatment. For these operations, net profit or loss from the sale of stocks, commodities, or real estate, when identifiable, was allocated to the statistics for net gain or loss from sales or exchanges of noncapital assets. If the corporation reported both business receipts and cost of sales and operations without identifying the source, and the cost of sales and operations was 50 percent or more of the business receipts, the items were considered to include stock, commodity, or real estate transactions and only the net gain or loss was used for the statistics. Otherwise, business receipts for these companies were used as reported and included commissions and service fees.

Because of a processing error involving a few 1980 returns in the condominium management and cooperative housing minor industry group, business receipts is overstated, and increased from \$616 million in 1979 to \$1.6 billion in 1980 because the adjustment described above was not performed. Cost of goods is overstated, and increased from \$283,000 to \$94 million. Also, net gain, noncapital assets, is understated and decreased from \$21.3 million in 1979 to \$4.0 million in 1980. Net loss, noncapital assets, is overstated, and increased from \$14,000 in 1979 to \$1,435,000 in 1980. While "Total receipts" and "Total deductions" are similarly misstated, "Total Receipts Less Total Deductions" is unchanged.

For Domestic International Sales Corporations (DISC's), business receipts included only "qualified" export receipts, i.e., the sum of (1) gross receipts from noncommission sales of export property, leasing or renting of export property, services related and subsidiary to a qualified export sale or lease, engineering and architectural services, and export management services, and (2) commissions earned by DISC's acting as commission agents for someone else (rather than the gross receipts on which the commissions were earned). In other words, "qualified" receipts were those which were considered to be export-related and as such were the only receipts included in the statistics for business receipts. Receipts not considered to be export-related (i.e., "nonqualified" receipts) were included in "Other Receipts."

In addition to the income types described above which were uniquely treated by law, by the tax return, or for the statistics, there were certain other kinds of income from sales and operations that are not reflected in business receipts. In general, this income was included as part of the much broader category, sales of property used in trade or business. For additional information about this income, see "Net Capital Gains" and "Net Gain (or Loss), Non-capital Assets."

Capital Stock

This end-of-year balance sheet equity item included amounts shown for outstanding shares of both common and preferred stock.

Cash

This balance sheet asset item included the amount of actual money or instruments and claims which were

usable and acceptable as money on hand at the end of the taxable year.

For Domestic International Sales Corporations (DISC's), this item was the sum of the following accounts shown separately on the tax return: working capital (i.e., cash and necessary temporary investments) and funds awaiting investment (i.e., cash in U.S. banks in excess of working capital needed to acquire other qualified assets).

Compensation of Officers

Salaries, wages, stock bonuses, bonds, and other forms of compensation were included in this deduction item if they were identified as having been paid to officers for personal services rendered. Understatement was possible to the extent compensation was reported as part of another deduction item (such as an overall employee compensation figure) and, if not clearly identified, was included in the statistics for "Cost of Sales and Operations" or "Other Deductions."

Consolidated Returns (#)

Consolidated returns were income tax returns which contained the combined financial data of two or more corporations meeting the following requirements: (1) a common parent corporation owned at least 80 percent of the voting power of all classes of stock and at least 80 percent of each class of nonvoting stock (except stock which was limited and preferred as to dividends) of at least one member of the group; and (2) these same proportions of stock of each other member of the group were owned within the group.

Corporations electing to file consolidated returns in one year had to file consolidated returns in subsequent years, with certain exceptions. The consolidated filing privilege could be granted to all affiliated domestic corporations connected through stock ownership with a common parent corporation except: (1) regulated investment companies; (2) real estate investment trusts; (3) corporations for which an election to be treated as a possessions corporation under Code section 936(e) was in effect; (4) corporations designated tax-exempt under Code section 501; and (5) Domestic International Sales Corporations (DISC's). Under prior law, affiliated insurance companies were allowed to file a consolidated return if they were taxable under the same provisions of the Code; however, noninsurance companies with which they also may have been affiliated could not be included in the same return. Starting with taxable years beginning after December 31, 1980, insurance companies were allowed to file a consolidated return which included noninsurance companies as long as the noninsurance companies had been a member of the affiliated group for 5 taxable years, that is, since January 1, 1976. Since insurance companies generally filed for a calendar year, the impact of this change on the number of insurance companies was not significant for the statistics in this report, but the impact may be significant in future years.

A consolidated return, filed by the common parent company, was treated as a unit, each statistical classification being determined on the basis of the combined data of the affiliated group. Therefore, filing changes to or from a consolidated return basis affect year-to-year comparability of certain statistics (such as data classified by industry and size of total assets).

Constructive Taxable Income from Related Foreign Corporations

This item represented the sum of (1) "Includable Income from Controlled Foreign Corporations" and (2)

"Foreign Dividend Income Resulting from Foreign Taxes Deemed Paid."

Includable income from Controlled Foreign Corporations represented amounts, not actually received, which a domestic corporation owning at least 10 percent of a Controlled Foreign Corporation was required by Code section 951 to include in its gross income. For most purposes, the foreign corporation was considered controlled if more than 50 percent of its voting stock was controlled by U.S. persons, including domestic corporations, each of whom owned at least 10 percent of its voting stock.

The includable income consisted of:

- (1) subpart F income, defined below;
- (2) any previously excluded subpart F income which had been invested in qualified assets in "less developed countries," but which was now either withdrawn from these countries or remitted to the U.S. stockholders and was thereupon taxable; and
- (3) any increase in Controlled Foreign Corporation earnings due to investment in U.S. property.

Subpart F income, defined in Code section 952, included:

- (1) income attributable to premiums received by foreign insurance companies that were Controlled Foreign Corporations (here defined in terms of 25 percent voting stock ownership), 75 percent or more of whose insurance business was on U.S. risks; and
- (2) "foreign base company income," which included:

- (a) "foreign personal holding company income" (income derived from portfolio investments or from "passive" investments);

- (b) "foreign base company sales income" (generally from the sale of property produced in the United States or a foreign country by one corporation and sold by a related corporation, generally a trading company, organized in another country having a low rate of taxation, for use outside that country); and

- (c) "foreign base company services income" (in general, income from services performed or furnished for a related person, which included corporations, outside the country of incorporation of the Controlled Foreign Corporation, but with certain exceptions).

Foreign base company income excluded income from qualified investments in less developed countries or from sales of U.S. exports as well as income derived from use of aircraft or vessels in foreign commerce and related services.

Foreign dividend income resulting from foreign taxes deemed paid related to certain foreign taxes on profits of companies which were 10 percent or more owned by domestic corporations. If dividends were distributed to a domestic corporation (from these foreign profits), the domestic corporation was required to increase (or "gross-up") such dividends by a proportionate amount of the foreign taxes deemed paid on the foreign profits for which the domestic corporation claimed a foreign tax credit. See also "Foreign Tax Credit."

The Tax Reform Act of 1976 provided that dividends from less developed country corporations (as formerly defined in Code section 955) be treated the same as dividends from other foreign corporations. Thus, the amount of the dividend was grossed-up by the amount of foreign taxes deemed paid on that dividend. The gross-up treatment for distributions of current income was generally effective for taxable years beginning after December 31, 1975. However, distributions made in taxable years beginning after December 31, 1975, and received by domestic corporations before January 1, 1978, were to be grossed-up only to the extent that the distributions were made from earnings and profits of the foreign corporation accumulated in taxable years beginning after December 31, 1975. Prior to the 1976 Act, only those dividends received from "developed country" corporations were required to be grossed-up.

Analysis of returns of some of the larger corporations revealed instances where amounts reported as foreign dividend income resulting from foreign taxes deemed paid were actually dividends received from foreign corporations, and instances where amounts reported as dividends received from foreign corporations were actually the gross-up of foreign taxes deemed paid. (Both of these items were reportable on the dividends received schedule of the income tax return.) If these amounts were so identified on supporting schedules they were transferred to the correct item for the statistics.

In table 13 foreign dividend income resulting from foreign taxes deemed paid and includable income from controlled foreign corporations are shown separately. In all other tables these two items are combined and shown under the statistics for constructive taxable income from related foreign corporations.

Contributions or Gifts

Contributions or gifts to charitable, religious, educational, and similar organizations were deductible under Code sections 170, 809, and 882. In general, the deduction was limited to 5 percent of net income computed without regard to this deduction; certain additional adjustments were required in the case of life insurance companies. Amounts contributed in excess of this limitation during the 5 preceding years could be carried forward and included in the current-year deduction as long as the sum of the current-year contributions and the amounts carried forward did not exceed the limitation based on current-year income. The excess was again carried forward until the 5-year carryover period expired. The amounts shown, therefore, include some contributions actually made in previous years, and exclude some contributions made in the current year which exceeded the current-year 5-percent limitation.

Cost of Property Used for Investment Credit (#)

Amounts included under this heading are estimates for the total cost or basis of depreciable property (defined in Code section 48 and described under "Investment Credit" in this section) reported in connection with the computation of the investment credit. Only property with a useful life of 3 years or more was eligible for investment credit.

Although corporations generally reported their investments at cost, most corporations claiming the investment credit for leased property used the fair market value instead.

The statistics include amounts reported but not used for the computation of the investment credit. A limitation, for instance, was placed on the amount of used property which could be taken into account in the computation of the credit. (See "Investment Credit" and "Business Energy Investment Credit.") Also included were amounts which were ultimately used in the computation of the credit by end-of-the-year stockholders of Small Business Corporations electing to be taxed through those stockholders.

Cost of Sales and Operations (#)

Cost of sales and operations generally consisted of the direct costs incurred by the corporation in producing goods or providing services. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and certain overhead expenses, such as rent, utilities, supplies, maintenance, and repairs.

Corporations with manufacturing or production operations were required to compute taxable income in accordance with the "full absorption" method of inventory costing as prescribed by the income tax regulations. In general, under full absorption

costing, certain indirect production costs as well as direct production costs were allocated to goods produced during the taxable year, whether included as costs of the taxable year or as inventory at the close of the year determined in accordance with the corporation's method of identifying goods in inventory. In determining inventory costs, indirect production costs were: (1) always included, such as for repairs, indirect labor, and indirect materials and supplies; (2) not required to be included, such as for marketing expenses, selling or other distribution expenses, and interest; or (3) included or excluded from the cost of sales and operations depending on how such costs were treated in the corporation's books of account. These costs included insurance costs, taxes paid, and depletion expenses. Thus, the statistics also include certain indirect production costs reported by corporations as a cost of sales.

Corporations not using the full absorption method before September 19, 1973, had to change to that method. Corporations which made the election during the first 180 days of any taxable year beginning after September 18, 1973, and before November 29, 1975, could prorate any inventoriable costing adjustments over a period designated by the corporation at the time of the election, starting with the year of the transition. The transition period could not exceed the lesser of 10 taxable years or the number of years for which the prior inventory costing method was used. Corporations which switched after the transition period were not eligible to use the transitional rules. These inventory costing adjustments were included in the statistics for the income or deduction items in which they were reported by the corporation.

Included in cost of sales were costs incurred by Domestic International Sales Corporations (DISC's) for warehousing (which could include rental warehouse facilities, labor, heat and power) of export-related articles.

Sales taxes and excise and related taxes may have been reported in cost of goods sold schedules when corporations treated these taxes as part of the sales price of products. When taxes were identified in cost of goods sold schedules, they were added to the statistics shown for the separate deduction for "Taxes Paid." Similarly, expenses for depreciation, depletion, amortization, rent of buildings or real estate, advertising, contributions to pension plans, and contributions to employee benefit programs, whether direct or indirect costs in the case of corporations with manufacturing or production operations, were transferred to their respective deduction categories when identified in cost of goods sold schedules.

The income or loss from sales of securities, commodities, or real estate by stock and commodity brokers, dealers, and exchanges, and by real estate subdividers, developers, and operative builders was transferred from business receipts, and the net profit or loss from these transactions included in net gain or loss from sales or exchanges of noncapital assets.

See also "Business Receipts."

Cost of Treasury Stock

This item was the total value of issued common or preferred stock which had been reacquired and was held at the end of the accounting year by the issuing corporations. The stock, which was available again for resale or cancellation, may have been purchased by the corporation or acquired through donation or as settlement of a debt. Treasury stock was not a part of capital stock outstanding and did not include unissued capital stock.

The amounts shown may be somewhat understated. Treasury stock intended for resale may have been

reported as an asset on some tax returns and, if not clearly identified as for resale, would have been included in the statistics for "Other Investments." When identified, though, such stock was transferred to the statistics for "Cost of Treasury Stock."

Credit for Tax on Special Fuels, Nonhighway Gasoline and Lubricating Oil

Section 39 of the Code allowed a credit in full or in stated amounts for excise taxes on:

- (1) gasoline used on farms for farming purposes,
- (2) gasoline used for nonhighway purposes or by local transit systems,
- (3) lubricating oil used for nonhighway purposes, and
- (4) noncommercial aviation fuels used for nontaxable purposes or fuels which were resold during the taxable year.

These taxes could be applied as a credit against income tax liability as an alternative to having the taxes refunded directly. These items also included amounts refunded through Domestic International Sales Corporations (DISC's) although these corporations were nontaxable.

Credit for Tax Paid by Regulated Investment Companies

Regulated investment companies were required to pay a tax (at capital gains rates) on amounts of undistributed net long-term capital gain less net short-term capital loss. Stockholder corporations, for their part, were required to include in the computation of their long-term capital gains any such gains designated by the parent as undistributed dividends. The stockholder corporations were then deemed to have paid the tax on the undistributed long-term capital gain dividends and were allowed a credit (or a refund) for the tax they were deemed to have paid. It is this credit which comprises this item.

Depletable Assets

Depletable assets represented, in general, the gross end-of-year value of mineral property, oil and gas wells, other natural deposits, standing timber, intangible development and drilling costs capitalized, and leases and leaseholds, each subject to depletion. Accumulated depletion represented the cumulative adjustment to these assets shown on the corporation's books of account. In some instances, depletable assets may have been included with "Depreciable Assets," or may have been reported as land or as "other investments" by the taxpayer, and could not be identified for this report.

The value of depletable assets and accumulated depletion may not be closely related to the current-year depletion deduction. The depletable assets and accumulated depletion balance sheet accounts reflected book values; the depletion reflected the amount claimed for tax purposes.

Depletion (#)

This deduction was allowed for the exhaustion of natural deposits and timber. For standing timber, depletion was computed on the basis of cost. In the case of natural deposits, the depletion could be computed either on the basis of cost or upon a fixed percentage of the gross income, less rents and royalties, from the depletable property. Generally, for gas and oil wells the gross income was the actual sales price, or representative market or field price if the gas or oil was later converted or manufactured prior to sale. For other natural deposits, gross income was the gross

income from mining, defined to include extractive and certain treatment processes. Also included as gross income were exploration expenditures, previously deducted, that were required under provisions of Code section 617 to be recaptured when the mine reached the production stage.

Under elective provisions of the Code, exploration and development expenditures connected with certain domestic natural deposits (except gas and oil) could be deducted currently, treated as deferred expenses, or capitalized. The write-offs of amounts deferred or capitalized were not included as part of depletion.

Percentage depletion, though based on percentages of gross income from depletable property, was limited. Generally, it could not exceed 50 percent of the net income from the property computed without the depletion deduction. Percentage rates of gross income for each type of natural deposit were listed in Code section 613 and ranged from 5 to 22 percent.

The 22 percent depletion rate for oil and gas wells applied only to domestic crude oil and domestic natural gas. Specifically covered were: (1) regulated natural gas; (2) natural gas sold under a fixed contract; (3) any geothermal steam deposit in the United States or a U.S. possession which was determined to be a gas well according to Code section 613; and (4) small (independent) producers and royalty owners. The depletion rate applicable under the first three exceptions was 22 percent of gross income from the property, less rents and royalties paid, limited to 50 percent of the net income from the property before the depletion deduction. The limitation in the case of small (independent) producers and royalty owners was 65 percent of net income from all sources. If the 65 percent limitation caused an amount to be disallowed for a taxable year, the disallowed portion could be carried over to the next year for inclusion in the depletion deduction, provided it was within the limitation for that year.

Crude oil refiners and retailers that processed daily more than 50,000 barrels of crude oil and certain retailers of oil, natural gas, or any of their derivative products were specifically denied the use of the percentage depletion allowance. Retailers were defined for this purpose as those that sold such products through retail outlets they operated, or to any person who was obligated to sell under the taxpayer's trademark or permitted to operate one of the retailer's outlets. However, percentage depletion was allowed in connection with the following types of retail sales: (1) direct bulk sales of oil or natural gas to industrial or commercial users; (2) sales of oil, natural gas or any of their derivative products when gross receipts for a taxable year were less than \$5 million; and (3) sales by retail outlets of oil, natural gas or any of their derivative products, made outside the United States, if none of the corporation's domestic production was exported during the taxable year or the immediately preceding taxable year.

The depletion rate for oil and gas covered under the small (independent) producer and royalty owners exemption provisions was 22 percent of the maximum daily average of 1,000 barrels. The depletion rate was to be reduced to 20 percent for 1981 and subsequent years.

As explained under "Net capital gains", the cutting of timber was eligible for net long term capital gain treatment under Code section 1231. If timber depletion was used in the computation of gain (or loss), it could not be identified for the statistics. Because of taxpayer reporting variations involving the computation of gain or loss, or of gross receipts from sales (and the cost of sales and operations or depletion deduction), the depletion

statistics may be incomplete for industries in which sales of cut timber or of lumber or wood products are a major source of income.

The amounts shown in the statistics include any identifiable depletion reported as part of the cost of sales and operations.

See also "Additional Tax for Tax Preferences."

Depreciable Assets

Depreciable assets, reported on the corporation's end-of-year balance sheet, consisted of tangible property (such as buildings and equipment) which was used in the trade or business or held for the production of income and which had a useful life of 1 year or more. The statistics for this item could include fully depreciated assets still in use and partially completed assets for which no deduction was allowed, when the corporation reported them as depreciable in its balance sheet. The statistics for depreciable assets exclude those intangible assets which were depreciable or amortizable only for tax purposes. Such assets, patents and copyrights for example, were includable in "Intangible Assets." The amounts shown as accumulated depreciation represent the portion of the assets that were written off in the current year, as well as in prior years.

The amounts shown for depreciable assets are, in general, the gross amounts before adjustments for depreciation or amortization charged in current and prior years. Some corporations, however, reported only the net amount of depreciable assets after adjusting for these depreciation or amortization charges. Among the corporations reporting only a net amount of depreciable assets were many insurance carriers reporting balance sheet information in the format required by State insurance regulations. This format usually provided for the reporting of only net depreciable assets and only the home and branch office buildings and equipment were included. Other real estate holdings of these corporations were reported as "other investments."

The value of depreciable assets and accumulated depreciation may not be closely related to the current-year depreciation deduction. The depreciable assets and accumulated depreciation balance sheet accounts reflected book values; the depreciation deduction reflected the amount claimed for tax purposes.

Depreciation

Depreciation deducted as a reasonable allowance for the exhaustion, wear and tear, and obsolescence of business property was allowable under Code section 167. A deduction for depreciation was not allowable on inventories, or land apart from the physical improvements or developments added to it.

Several methods of computation could have been used in determining the deduction for the year. A common method was straight-line, whereby an equal amount of depreciation is deducted (after salvage value is taken) in each year of the useful life of the asset. The declining balance and the sum-of-the-years-digits methods, whereby a larger portion of the asset's cost is written off during the earlier years of its life than during its later years, were also commonly used. Accelerated methods of depreciation were restricted for public utilities and certain kinds of real property.

A corporation operating a railroad and using the retirement-replacement method was allowed a current depreciation deduction for the replacement of an existing railroad crosstie regardless of the quality or kind of material used.

Property lives could be based either on the corporation's own experience, asset-by-asset, or on the Class Life Asset Depreciation Range (CLADR) system which provided for generally shorter than average lives. For a detailed description of the CLADR system, see Statistics of Income--1976, Corporation Income Tax Returns.

Amounts shown as depreciation include any identifiable depreciation reported in schedules in support of the cost of sales and operations. Also included as depreciation were amounts deducted on leasehold improvements, patents, and copyrights, small amounts of additional first-year depreciation allowed under Code section 179, and amounts deducted for prepublication expenditures by corporations in the printing and publishing industries.

To comply with the definition of depreciation under the Internal Revenue Code, so-called amortization on station connections in the communications industry and of capitalized film production costs in the motion picture industry reported elsewhere in the return were also included in the statistics.

See also "Additional Tax for Tax Preferences."

Distributions to Stockholders

Distributions to stockholders consisted of the corporation's own stock, and of cash and other property, generally reported as part of the analysis of unappropriated retained earnings. Liquidating dividends, when identified, were excluded.

In those instances where a corporation reported only a single total for distributions to stockholders and did not identify these distributions as cash or stock or other property, that total was treated as a distribution to stockholders in cash and property other than in the company's own stock.

Regulated investment companies and real estate investment trusts could treat certain dividends paid after the close of their taxable year as distributions during the current taxable year. In a similar manner, for Small Business Corporations electing to be taxed through stockholders, distributions of money made within 2-1/2 months after the close of the taxable year were considered to be distributions of the corporation's undistributed taxable income of the preceding taxable year. Otherwise, the statistics do not include amounts taxed to stockholders in the current year, but which would not actually be distributed to them until a future year. Conversely, the statistics do include amounts taxed through stockholders in previous years, but which were not actually distributed until the current year.

For Domestic International Sales Corporations (DISC's), only amounts actually distributed (i.e., distributions that were made to meet the DISC qualification requirement under Code section 992, including "deficiency distributions" made after the close of the taxable year to avoid disqualification as a DISC, or other actual distributions) were included in the statistics. Dividends which were not actually distributed, but rather deemed distributed under section 995, were excluded.

Dividends Received from Domestic Corporations

Dividends received from domestic corporations represented most distributions from current as well as accumulated earnings and profits of companies incorporated in the United States. (For a discussion of other distributions of domestic corporations, see "Other Receipts" in this section.) For the most part, dividends received from domestic corporations represented those recognized in computing the special deduction from net income for domestic intercorporate dividends received. (See also "Statutory Special Deductions.")

Certain domestic dividends, although not deductible, were nevertheless included in dividends received from domestic corporations. These were dividends received by regulated investment companies, real estate investment trusts, and Small Business Corporations electing to be taxed through stockholders. Dividends from Domestic International Sales Corporations (DISC's) were also included as domestic dividends received, but were not deductible. Certain other dividends, not deductible, were treated for the statistics as "Other Receipts."

For most of the domestic dividends received, the deductible portion was equal to 85 percent (about 60 percent for dividends received on certain preferred stock of public utilities). However, a 100-percent deduction was allowed for dividends received by members of a controlled group from other members of the same controlled group when a consolidated return was not used to report for the group as a whole. This deduction was allowed when the group did not elect to file a consolidated return and agreed instead to apportion a single surtax exemption among the group members in computing income tax.

Dividend distributions among member corporations electing to file a consolidated return were eliminated from the statistics as part of the consolidated reporting of tax accounts. For tax purposes, dividends reported on these returns represented amounts received from corporations that were outside the tax-defined affiliated group.

For a discussion of the dividends received from a DISC see "Domestic International Sales Corporation Returns."

Dividends Received from Foreign Corporations

These dividends were paid from current as well as accumulated earnings and profits of companies incorporated in foreign countries.

Dividends received from foreign corporations consisted of:

(1) dividends, subject to the 85-percent deduction, received by U.S. corporations from those foreign corporations at least 50 percent or more of whose gross income was "effectively connected" with business conducted in the United States;

(2) dividends, subject to the 100-percent deduction, received by U.S. corporations from wholly-owned foreign subsidiaries all of whose gross income was "effectively connected" with the conduct of a U.S. trade or business; and

(3) any other foreign dividends, not subject to a deduction, which included: certain gains from the sale, exchange, or redemption of Controlled Foreign Corporation stock and foreign dividends received by Small Business Corporations electing to be taxed through stockholders.

Excluded from the dividend statistics was the "gross-up" of foreign taxes deemed paid on the profits from which the dividends of foreign subsidiaries were distributed. This was done even though "foreign dividend income resulting from foreign taxes deemed paid" (gross-up) was considered by law to be part of the dividends received. Dividends only constructively received from foreign subsidiaries, reported on the tax returns as "includable income from Controlled Foreign Corporations," were also excluded. If these amounts were actually distributed at a later date, they were neither retaxed nor reported. For the statistics, both items were combined and shown under "Constructive Taxable Income from Related Foreign Corporations."

The foreign dividend statistics presented in this report are subject to certain limitations. Some corporations reported certain foreign dividends as "includable income from Controlled Foreign Corporations," while others did the reverse, since both were

reported in the schedule for dividends received. Also, some corporations included as foreign dividends the gross-up of dividends by foreign taxes paid or deemed paid ("foreign dividend income resulting from foreign taxes deemed paid"), while others did the reverse. Where these variations in taxpayer reporting were identified, the amounts were transferred to the correct item for the statistics.

Domestic International Sales Corporation Returns (#)

Form 1120-DISC, Domestic International Sales Corporation Return, was filed by corporations which were established under the Revenue Act of 1971 in order to provide a system of tax deferral on profits derived from exports of U.S. goods and services.

The profits of DISC's were not taxed to the DISC's, but were instead taxed to the stockholders (mainly parent corporations) when distributed or deemed to be distributed to them. A stockholder of a DISC was treated as having received a distribution taxable as a dividend equal to the stockholder's pro rata share of the sum of: (1) the gross interest derived during the taxable year from producer's loans; (2) the gain recognized by the DISC during the taxable year on the sale or exchange of property, other than property which in the hands of the DISC is a qualified export asset, previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized; (3) the gain (other than the gain described in (2)) recognized by the DISC during the taxable year on the sale or exchange of property (other than property which in the hands of the DISC is stock in trade or other property described in Code section 1221(1)) previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized and would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the DISC; (4) 50 percent of the taxable income of the DISC for the year attributable to "military property" (i.e., property which is an arm, ammunition, or implement of war designated pursuant to the Military Security Act of 1954); (5) the taxable income for the taxable year attributable to "base period export gross receipts" (For taxable years beginning in 1976 through 1979, the base period years were 1972 through 1975. Starting with taxable years beginning in 1980, the base period advanced each year. For example, the base period was 1973 through 1976 for taxable years that began in 1980, and 1974 through 1977 for taxable years that began in 1981.) (6) the sum of: (a) one-half of the excess of the taxable income of the DISC for the taxable year, before reduction for any distributions during the year, over the sum of the amounts deemed distributed for the year under Code section 995; (b) an amount equal to (a) multiplied by the "international boycott factor;" and (c) any illegal bribe, kickback, or other payment paid by or for the DISC to a representative of a foreign government; and (7) the amount of foreign investment attributable to producer's loans of a DISC for the taxable year. For this purpose, taxable income was the DISC's net income minus statutory special deductions. See "Tax Deferred Income and Income Taxable to Stockholders."

The amount deemed distributed was fully taxable to the stockholders. Income taxation was deferred on the remainder of the DISC's taxable income which was not deemed distributed until one of the following events occurred: (1) the income was actually distributed to the DISC's stockholders; (2) a stockholder disposed of the DISC stock; (3) the DISC was liquidated; or

(4) the election to be treated as a DISC was terminated or revoked.

Corporate stockholders receiving DISC dividends were not permitted the intercorporate dividends received deduction. The dividends received deduction was designed to prevent multiple taxation of corporate earnings; consequently, as a DISC itself was not subject to taxation the dividends received deduction was not applicable.

Dividends (deemed or actual) paid by a DISC were treated as dividends from a foreign corporation to the extent the dividends were attributable to certain export receipts of the DISC. Thus, all stockholders could claim a foreign tax credit for any foreign taxes imposed on a DISC dividend. Stockholders that were corporations could also claim an indirect credit for foreign taxes paid by a DISC.

To qualify as a DISC, a corporation must have been organized under the laws of any State or the District of Columbia, have only one class of stock, issued outstanding capital stock with a par or stated value of at least \$2,500, and satisfied the "gross receipts" and "gross assets" tests.

The gross receipts test required that at least 95 percent of the corporation's gross receipts consist of "qualified export receipts." Qualified export receipts were: gross receipts from the sale, exchange, or other disposition of "export property" (described below); gross receipts from the lease or rental of export property, which were used by the lessee of such property outside the United States; gross receipts from the sale, exchange, or other disposition of "qualified export assets" (other than export property); gross receipts from services which were related and subsidiary to any qualified sale, exchange, lease, rental, or other disposition of export property; dividends with respect to stock of a related foreign export corporation; interest on any obligation which was a qualified export asset; gross receipts from engineering or architectural services for construction projects located (or proposed for location) outside the United States; and gross receipts from the performance of managerial services in furtherance of the production of other qualified export receipts of a DISC.

The gross assets test required that at least 95 percent of the corporation's assets be "qualified export assets." In general, qualified export assets were inventories of "export property" (i.e., property which: (1) had been manufactured, produced, grown or extracted in the United States by other than a DISC; (2) was held primarily for sale or lease in the ordinary course of business for direct use, consumption, or disposition outside the United States; and (3) had at the time of sale or lease by the DISC not more than one-half of its fair market value attributable to imported articles); necessary operational equipment and supplies; trade receivables from export sales (including commissions receivable); producer's loans (i.e., loans of the DISC's profits to a U.S. export producer whether or not related to the DISC); working capital (i.e., cash and necessary temporary investments); investments in related foreign export corporations (including real property holding companies and associated foreign corporations); obligations issued, guaranteed, or insured by the Export-Import Bank or the Foreign Credit Insurance Association; and, obligations of the Private Export Funding Corporation.

A DISC, which for a taxable year failed to satisfy the gross receipts test or the gross assets test, could nevertheless satisfy these qualification requirements by making a "deficiency distribution" for such a year, whereby the DISC made a distribution to its stockholders after the close of the taxable year. The DISC, at this time, had to demonstrate

that the failure to make these distributions prior to the close of the year was due to reasonable cause.

To qualify as a DISC, a new or previously existing corporation had to file an election requesting to be treated as a DISC. For the election to be valid, all stockholders of the corporation on the first day of the election year must have consented in writing. The election remained valid unless the corporation revoked it or failed to qualify as a DISC for 5 consecutive years.

A DISC usually acquired export property from its parent or an affiliated corporation ("related suppliers") and then sold the property abroad; however, it could act simply as a commission agent on export sales of related suppliers. The method used for allocating income between a DISC and its related suppliers was achieved through special intercompany pricing rules. This allocation of income was affected to the extent that the DISC itself incurred "export promotion expenses" (i.e., the ordinary and necessary expenses incurred to obtain qualified export receipts).

The types of corporate organizations not eligible to be treated as a DISC were: (1) tax-exempt corporations; (2) Personal Holding Companies; (3) banks and trust companies; (4) mutual and savings banks, domestic building and loan associations, and cooperative banks; (5) insurance companies; (6) regulated investment companies; and (7) Small Business Corporations electing to be taxed through their stockholders.

For any taxable year in which a corporation was a DISC or in which at any time it owned, directly or indirectly, stock in a DISC or a former DISC, the corporation was not allowed to take the Western Hemisphere Trade Corporation deduction.

For additional information regarding DISC's see Annual Reports, The Operation and Effect of the Domestic International Sales Corporation Legislation Issued by the Department of the Treasury as required by the Revenue Act of 1971.

Employee Benefit Programs

Contributions made by employers to such plans as death benefit plans, health plans, accident and sickness plans, and other welfare plans were deductible under Code section 162. The statistics for this item include amounts identified in the cost of sales and operations schedules.

Estimated Tax Payments (#)

Estimated tax payments were quarterly installments required if a corporation's income tax (including tax from recomputing prior-year investment and work incentive (WIN) credits and additional tax for tax preferences) after credits (including foreign tax, investment, work incentive (WIN), possessions tax, jobs, nonconventional source fuel, and alcohol fuel credits) was reasonably expected to exceed the sum of the exemption from estimated tax under Code section 6154 and any payment credits (including Federal excise tax paid on special fuels, nonhighway gasoline, and lubricating oil). Estimated tax was the excess of the expected tax over the exemption. The statutory exemption from estimated tax was \$40.

Estimated tax payments shown in this report may be somewhat less than the legal maximum percentages of tax due because, under the provisions of Code section 6655, certain tolerances were allowed in the relationship of the installments payments to the tax. For example, a corporation was not required to pay an estimated tax greater than the amount of tax liability for the previous year provided that the corporation had a tax liability for the previous year. Besides the limitations based on law, payments shown in the statistics may be slightly understated

because of taxpayer reporting variations and the inability to identify all of the amounts from the tax returns.

Separate statistics are presented for net estimated tax payments, 1979 overpayments claimed as a credit, 1980 estimated tax payments, and refund of estimated tax payments.

Foreign Tax Credit (#)

Code section 901 allowed a credit against the U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions including Puerto Rico. Credit was also allowed against the U.S. tax under sections 902 and 960 for foreign taxes "deemed paid." Foreign taxes included amounts paid by partnerships that were allocated directly to the partners (including those that were corporations) for their use as a credit (or a deduction, as described below).

The credit could be claimed by domestic corporations, and also by foreign corporations engaged in trade or business in the United States for foreign taxes on income "effectively connected" with the U.S. business.

However, the credit was not allowed for Small Business Corporations electing to be taxed through stockholders even when these corporations were taxed on certain capital gains income. These corporations had to deduct from gross income any foreign taxes they paid and could not pass them on to their stockholders for their use as a foreign tax credit. The credit was also not allowed, for regulated investment companies which elected under Code section 853 to allow their stockholders to claim the credit for the foreign taxes paid by these companies. Since Domestic International Sales Corporations (DISC's) themselves were not taxable, the foreign tax credit was not applicable; however, DISC stockholders could claim an indirect credit for foreign taxes paid by a DISC.

A corporation that claimed the foreign tax credit could not also claim a business deduction for foreign taxes paid. The U.S. income tax which could be reduced by the credit excluded the tax from recomputing prior-year investment credit, the tax from recomputing prior-year work incentive (WIN) credit, the additional tax for tax preferences (minimum tax), and the Personal Holding Company tax.

Under Code section 902, credit was allowed for foreign taxes deemed paid when a domestic corporation received a dividend from a foreign corporation in which it owned a 10-percent-or-more voting stock interest, for the taxes paid on the foreign corporation's profits out of which the dividends were paid. A portion of the taxes paid or accrued by the "first-tier" foreign corporation was deemed to have been paid by the domestic corporation. The taxes eligible for credit were determined based on the relationship between the foreign corporation's profits and the amount paid to the domestic corporation as dividends.

In addition, if the first-tier foreign corporation owned 10 percent or more of the voting stock of a "second-tier" foreign corporation from which it received a dividend, the first-tier foreign corporation was deemed to have paid a proportionate amount of the foreign taxes of the second-tier foreign corporation. In turn, the domestic corporation was deemed to have paid a portion of these same taxes. However, a foreign tax credit was not allowed unless the percentage of voting stock owned by the domestic corporation in the first-tier foreign corporation and the percentage of voting stock owned by the first-tier foreign corporation in the second-tier foreign corporation equalled at least 5 percent when multiplied together.

The second-tier foreign corporation was deemed to have paid a proportionate amount of the foreign taxes paid or accrued by a "third-tier" foreign corporation whenever it owned 10 percent or more of the voting stock of a third-tier foreign corporation from which it received a dividend, and the product of the following equalled at least 5 percent: the percentage of voting stock owned by the domestic corporation in the first-tier foreign corporation, the percentage of voting stock owned by the first-tier foreign corporation in the second-tier foreign corporation, and the percentage of voting stock owned by the second-tier foreign corporation in the third-tier foreign corporation. In turn, the first-tier foreign corporation and the domestic corporation were deemed to have paid a portion of these same taxes.

Credit computed the same way as that described above under Code section 902 was also allowed for taxes deemed paid on distributions constructively received from Controlled Foreign Corporations under section 951. The credit was allowed for these distributions if the domestic corporation owned 10 percent or more of the voting stock of the first-tier Controlled Foreign Corporation.

Domestic corporations were allowed to claim a credit on foreign taxes deemed paid by a third-tier foreign corporation whose undistributed subpart F income was taxed to its stockholders.

In the case of taxes paid on "foreign mineral income," the foreign tax credit was reduced to the extent that (1) the foreign tax exceeded the U.S. income tax payable on such income and (2) the excess was due to the lower profits recognized for U.S. tax purposes because of the deduction for percentage depletion. (See "Depletion.")

A special reduction of the foreign taxes available for credit was prescribed for foreign taxes paid on "foreign oil and gas extraction income" (i.e., taxable income derived from sources without the United States and its possessions from the extraction of minerals from oil or gas wells, or the sale or exchange of assets used by the taxpayer in the trade or business of such extraction) and otherwise eligible for the credit. The foreign oil and gas extraction taxes which could be used to compute the credit could not exceed 100 percent of the regular tax rate which applied to that corporation. Foreign taxes in excess of these rates were lost to the taxpayer for foreign tax credit purposes. They also could not be claimed as a business deduction.

These special reductions were in addition to the general limitation on the credit. The Tax Reform Act of 1976 repealed the per-country limitation on the foreign tax credit and required corporations to compute the limitation using the overall method. This mandatory use of the overall method was generally effective for taxable years beginning after December 31, 1975, but a later effective date applied to income from U.S. possessions and certain mining companies. The separate limitation for certain interest income that was previously computed using the per-country method was required to be computed using the overall method.

Generally, four types of income from foreign sources were specified for purposes of computing the foreign tax credit. For taxes paid in connection with certain interest income, the credit was computed separately. Also, for dividends received from DISC's that were attributed to certain export receipts (and were thereby regarded as foreign dividends), the foreign tax credit limitation was computed separately with respect to aggregate dividends received from all DISC's, and then to other foreign source income. Additionally, corporations had to compute their foreign tax credit separately for foreign oil-related income, which included foreign oil and gas extraction income. Finally, all other sources of income were treated, in the aggregate, separately.

Foreign taxes in excess of the limitation for any one year could be carried back, chronologically, to the 2 preceding years and then carried over to the 5 succeeding years to reduce income tax, subject to the foreign tax credit limitation of the years to which they were carried. (Excess taxes carried back or carried over were applied against the amount by which a limitation exceeded the creditable foreign taxes in a given year.)

Income Subject to Tax (#)

The 1954 Code provided different tax bases upon which tax was levied for different types of corporations. These were the "taxable income" base defined by Code section 63, used by the majority of corporations, and to which the tax rates applied; a variation of this base in combination with long-term capital gain when the lower capital gains rate was applicable; the special capital gains tax base of Small Business Corporations electing to be taxed through their stockholders; the several tax bases applicable to insurance companies; and the amounts taxable to regulated investment companies and real estate investment trusts. All of these tax bases are under the heading, Income Subject to Tax. However, small amounts of regulated investment company undistributed long-term capital gains (described below) were excluded. Since Domestic International Sales Corporations (DISC's) themselves were not taxable, income subject to tax for these corporations was not applicable (see "Domestic International Sales Corporation Returns").

For most corporations, income subject to tax consisted of net income minus certain "statutory special deductions" (described in this report under a separate heading). However, there were certain exceptions. In some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. For these returns, income subject to tax was reduced to zero and the excess of the two special deductions became the statutory loss for the year, available for net operating loss deduction purposes over the prescribed carryback and carryover periods.

Also, the tax bases applicable to Small Business Corporations electing to be taxed through their stockholders, life insurance companies, regulated investment companies, and real estate investment trusts were not defined as net income less statutory special deductions.

Depending on which resulted in the lowest tax, the tax base for Small Business Corporations electing to be taxed through their stockholders was: (1) net income; (2) net long-term capital gain in excess of \$25,000, when net long-term capital gain was more than 50 percent of a net income that was over \$25,000; or (3) the amount attributed to gain from the disposition of property using a "substituted basis" (i.e., the basis that was transferred from another corporation which was not a Small Business Corporation electing to be taxed through its stockholders). No net operating loss or "special deductions" were available.

For the life insurance company statistics, net income was derived from gain or loss from operations to which statutory special deductions were added back; income subject to tax was the smaller of gain from operations (which included statutory special deductions) or taxable investment income. To this amount the following were added: (1) when taxable investment income was smaller than gain from operations, 50 percent of the difference between these two amounts, and (2) amounts subtracted from the policyholders' surplus account (which contained income nontaxable in the year earned, but taxable later on when withdrawn from this reserve account, even if the company had no current-year net income).

In addition, the life insurance company provisions applied to life insurance departments of mutual savings banks, where the departments were separately taxed from the remainder of the banks. However, data for the banking and life insurance departments were combined in the statistics.

In the case of regulated investment companies and real estate investment trusts, any net long-term capital gain (reduced by net short-term capital loss) which was not distributed to stockholders was taxed to the companies at the capital gains rate, even though the alternative tax method was not allowed. The balance of undistributed income was taxed at the normal tax and surtax rates. Undistributed net long-term capital gain taxed at the capital gains rate was not available from the income tax computation schedule of the return form and no attempt was made to obtain it from attached schedules for the statistics.

See also "Income Tax."

Income Tax (#)

Income tax was the gross amount of income tax liability before deducting the foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel and alcohol fuel credits. (This item did not apply to DISC's, which are taxable through their stockholders; see "Domestic International Sales Corporation Returns" in this section.)

Effective for taxable years beginning after December 31, 1978, the corporate tax rates were:

<u>Taxable income</u>	<u>Tax rate</u>
Under \$25,000.....	17 percent
\$25,000 to \$50,000.....	20 percent
\$50,000 to \$75,000.....	30 percent
\$75,000 to \$100,000.....	40 percent
Over \$100,000.....	46 percent.

For corporations with net long-term capital gains, an alternative method of tax computation was required if using the alternative method resulted in a lower tax liability than the regular method. For these corporations the excess of net long-term capital gain over net short-term capital loss was taxed at the capital gains rate while the balance of income was taxed at the regular tax rate. This method of computing income tax was not available to regulated investment companies and real estate investment trusts. The alternative capital gains rate was 28 percent. (See "Net Capital Gains" in this section.)

In addition to the normal and alternative taxes, the statistics for income tax also include:

- (1) an additional tax for tax preferences ("minimum tax" described under a separate heading);
- (2) the tax from recomputing a prior-year investment credit (described under a separate heading);
- (3) the tax from recomputing a prior-year work incentive (WIN) credit (described under a separate heading);
- (4) the 28-percent tax on certain long-term capital gains of Small Business Corporations electing to be taxed through their stockholders; and
- (5) the 28-percent tax on undistributed net long-term capital gain (reduced by net short-term capital loss), and the normal tax and surtax on the balance of undistributed income of regulated investment companies and real estate investment trusts.

Income tax shown in this report for returns without net income was attributable to the small number of returns showing:

- (1) income tax under special provisions of the Internal Revenue Code applicable to life insurance businesses;

- (2) tax from recomputing a prior-year investment credit;

- (3) tax from recomputing a prior-year work incentive (WIN) credit; and

- (4) additional tax for tax preferences ("minimum tax").

Statistics for income tax do not reflect the Personal Holding Company tax, nor do they reflect any adjustments to the tax liability such as those resulting from:

- (1) recomputation of the current year taxable income to reflect the carryback of net operating losses and certain capital losses for future years;

- (2) reduction of income tax by foreign tax, investment, U.S. possessions tax, work incentive (WIN) and jobs credits recomputed to take account of the carryback of unused investment and WIN credits and of unused foreign taxes, of certain future years;

- (3) audit examinations and other enforcement activities; and

- (4) uncollectible taxes.

Therefore, the statistics differ somewhat from the actual income tax collections and the final income tax liability of corporations for the Tax Year. Publication 55, Annual Report of the Commissioner of Internal Revenue, contains income tax collection data on a fiscal year basis as opposed to the income year basis used in this publication. Publication 55 is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, 20402.

Intangible Assets

The total gross value (before the reduction by amounts of accumulated amortization) of contracts, copyrights, formulas, licenses, patents, registered trademarks, research or experimental expenditures and similar assets were included in this category only if amortization (or depreciation) was actually being taken. These assets could be amortized only if they had a definite life and value. Other intangible assets which were not amortizable were included in the statistics under "Other Assets."

Accumulated amortization represented the cumulative adjustment to these intangible assets as shown on the corporation's books of account. Amounts of accumulated depreciation shown as adjustments to intangible assets are included in the statistics with "Accumulated Amortization."

Interest on State and Local Government Obligations

The interest on obligations issued by States, municipalities and other local Governments, the District of Columbia, and U.S. possessions, including Puerto Rico, was exempt from the income tax. The amounts shown for this item are reduced by the amortizable bond premium.

For statistical presentation, this interest is shown as part of the income statement and is included in "Total Receipts." Most corporations reported this tax-exempt interest in the "Reconciliation of income per books with income per returns" (see Schedule M-1 on the Form 1120 tax return facsimile in section 6 of this report).

Interest on U.S. Government Obligations

This taxable interest, a component of total receipts, was received from obligations issued by the United States, its agencies, or its instrumentalities. The amounts shown for this item are reduced by the amortizable bond premium.

Interest Paid

These amounts include interest paid by corporations on business indebtedness including amounts paid on installment purchases if they were stated in the contract, as well as certain "unstated" amounts under Code section 483. For banking and savings institutions the amounts also included interest paid on deposits and withdrawable shares.

Inventories (#)

Based on amounts reported on the balance sheet, inventories included such items as raw materials, finished and partially finished goods (work in progress), merchandise on hand or in transit, and growing crops reported as assets by agricultural concerns. Inventories were generally valued at cost or at the lower of cost or market price. When valued at cost, inventories were generally identified by first-in, first-out (FIFO) or last-in, first-out (LIFO) methods.

Amounts reported by investment and holding companies (other than operating holding companies), security and commodity brokers, dealers and exchanges, and real estate developers and operative builders, were excluded from inventories and included in the statistics for "Other Investments." For 1980, amounts reported by banks were excluded from inventories and included in the statistics for "Other Current Assets." However, for consolidated returns which included these types of companies, amounts which could not specifically be identified on a company-by-company basis were accepted as reported and included in the statistics for inventories.

See also "Cost of Sales and Operations."

Investment Credit (#)

Investment credit was the reduction of income tax allowed corporations for investment in qualifying depreciable (or amortizable) property with a useful life of at least 3 years. Such property could not be disposed of or cease to be qualifying property prior to the end of the useful life used as the basis of the credit; otherwise, the credit already taken had to be repaid as an additional tax for the year in which the disposition or disqualification occurred. (See "Tax from Recomputing Prior-Year Investment Credit.")

Property eligible for investment credit also included "qualified progress expenditures", property the corporation elected to claim advance credits for taxable years before the qualified property was placed in service. The investment credit (before limitations) was equal to 10 percent for "investment qualified for credit" for all corporate taxpayers and 11 percent for corporations that contributed 1 percent of their qualified investment to an "employee stock ownership plan" (ESOP). As described below, the credit could be as much as 11.5 percent of the qualified investment if it were derived in connection with an ESOP. "Qualified investment" in used property was limited to \$100,000 per taxable year.

Special rules required that the ESOP (also referred to as a TRASOP or Tax Reduction Act Stock Ownership Plan) be established in writing, designed to invest primarily in securities, and funded by transfers of the corporation's securities (cash could be transferred if it were used to purchase the corporation's securities). Further, the ESOP qualifying rules required the total amount transferred to be allocated to the participants' account, and the participants had to be able to direct the plan as to how the allocation should be voted.

Corporations claiming the 1 percent ESOP credit could also claim up to a maximum of 0.5 percent additional credit if their employees matched the amount the corporation contributed to a qualified ESOP. Thus, the investment credit for these corporations could be up to 11.5 percent. The additional 0.5 percent credit was not allowed for public utilities which were required to pass through benefits of the investment credit to their consumers in the form of lower rates, instead of using the credit to offset the cost of capital investment.

For property acquired and placed in service during the 1975-1976 period, the 10 (or 11) percent rate generally applied. The 10 (or 11) percent rate was also applicable to the extent of the cost (or other basis) incurred for property constructed, reconstructed, or erected during this period. However, for property ordered during this period, but not placed in service until 1981, and property acquired after December 31, 1980, the credit was to be figured at 7 percent (or 4 percent of public utility property).

While a corporation could claim only one-half the regular investment credit, i.e., 5 percent, for such acquisitions, this restriction did not deny a larger credit if the property qualified under other investment credit provisions. Thus, corporations that did not use qualified withdrawals to purchase, construct, or reconstruct qualified vessels could claim the full investment credit. However, if borrowed funds were used, any amount that was repaid with qualified withdrawals had to be recaptured as tax from recomputing prior-year investment credit. Moreover, the amount of indebtedness being liquidated with the qualified withdrawals and subject to recapture could not exceed one-half of the full investment credit taken on the purchase price of the qualified vessel.

The income tax available for investment credit did not include the tax from recomputing prior-year investment credit, the tax from recomputing prior-year work incentive (WIN) credit, the additional tax for tax preferences, the Personal Holding Company tax, and the special capital gains tax on Small Business Corporations electing to be taxed through their stockholders. (Since these corporations were not eligible to claim the investment credit, their investment was allocated among the stockholders who then claimed the credit.) In addition, the tax available for credit was after reduction by the foreign tax credit and the U.S. possessions tax credit, but before reduction by the work incentive (WIN) credit, the jobs credit, the nonconventional source fuel credit and the alcohol fuel credit.

Under prior law, the investment credit could equal the income tax available for the credit, unless the available tax was in excess of \$25,000 plus 50 percent of the excess over \$25,000. The \$25,000 limitation was uniquely applied to members of controlled groups (as defined by Code section 1563) in that it was applied to the group as a whole and, thus, had to be apportioned among the component members of the group when separate tax returns were filed for each member.

The Revenue Act of 1978 provided that for taxable years ending after December 31, 1978, the 50-percent limitation be increased over a transitional period to 90 percent, to be phased in at 10 additional percentage points a year. Thus for taxable years ending in 1979 the percentage was 60, for taxable years ending in 1980 the percentage was 70, and for taxable years ending in 1981 the percentage was 80.

The 1978 Act extended the investment credit to rehabilitation expenditures for commercial buildings and certified historic structures. Qualified rehabilitation expenditures were costs that were required to be capitalized and that were incurred for

property or additions or improvements to property with a useful life of at least five years. The expenditures must have been incurred after October 31, 1978, in connection with the rehabilitation of a qualified rehabilitated building. A qualified rehabilitated building was a building (and its structural components) that satisfied the following requirements: (1) had been rehabilitated; (2) was placed in service before the beginning of the rehabilitation; (3) retained in place at least 75 percent of the existing walls of the building as external walls in the rehabilitation process; and (4) at least 20 years had to elapse between the date the physical work in the rehabilitation of the building began and the later of (a) the date the building was first placed in service or (b) the date the building was placed in service in connection with a prior rehabilitation for which an investment credit was allowed for rehabilitation expenditures.

Rehabilitation costs that qualified for the investment credit were treated as new property. Therefore, qualified expenditures were not subject to the \$100,000 used property limitation, except to the extent they were for property that otherwise qualified for the investment credit.

Costs of rehabilitating a historic structure (as defined in Code section 191) qualified for the investment credit only if the rehabilitation was certified as historic by the Secretary. If the taxpayer elected 60-month amortization for certified rehabilitation expenditures, the expenditures were not eligible for the investment credit.

Prior to the enactment of the 1978 Act, the investment credit was allowed for only half of a taxpayer's investment in a pollution control facility if the taxpayer had elected five-year amortization for the facility. The Revenue Act of 1978 increased the percentage allowable from 50 percent to 100 percent.

Under the Tax Reduction Act of 1975, for public utility companies that were adversely affected by increasing energy costs and whose total qualified investment was 75 percent or more "public utility property," the percentage limitation was increased from 50 percent to 100 percent. This increased limitation was to be reduced gradually to 50 percent over the 5-year period, 1977 through 1981, by 10 percent annual decrements. Thus, in 1978 the percentage limitation was to be 80 percent, and in 1979 the percentage limitation was to be 70 percent. However, the Revenue Act of 1978 permitted these selected public utilities to apply whichever limitation entitled them to use the greater amount of investment credits--the alternative decreasing limitation under the 1975 Act or the general increasing limitation under the 1978 Act.

Tentative investment credit represented the earned credit before taking into account the statutory limitations based on the presence and size of income tax.

Certain limitations on the credit were applicable to special classes or kinds of corporations. Code section 46 limited the applicability of the credit for mutual savings banks, building and loan associations, and cooperative banks by reducing the qualified investment and \$25,000 tax liability limitation by 50 percent. In the case of regulated investment companies and real estate investment trusts, the qualified investment and \$25,000 tax liability limitation were reduced in the same proportion in which the organization's taxable income was reduced by dividends paid to stockholders. Similarly, in the case of cooperatives, the qualified investment and \$25,000 tax liability limitation were reduced in the same proportion as that by which the organization's taxable income was reduced by patronage dividends and nonpatronage distributions. Code section 48 reduced the

tax and used property limitations for members of "controlled groups" so that the group as a whole was subject to the same dollar limitations as an individual corporation not part of a group. For this purpose, the controlled group was somewhat more broadly defined than it was for ordinary tax computation purposes.

Generally, the investment credit that could not be claimed due to the preceding limitations became the unused investment credit for the current taxable year and could be used to reduce the income tax liability in other years.

Other than for qualified progress expenditures credit was allowed for the first year that the property was placed in service. Property qualifying for the credit was defined as tangible personal property, tangible real property (except buildings and their structural components), elevators and escalators, and single-purpose agricultural and horticultural structures.

"Tangible personal property" comprised all property contained in or attached to a building, such as machinery or equipment. Certain types of property, even though physically located outside a building or accessory to a building, were also considered tangible personal property. Tangible personal property also included livestock other than horses, and certain motion picture and television film.

"Tangible real property" was property used as an integral part of manufacturing, production, or extraction; or, used in furnishing transportation, communication, electrical energy, gas, water, or sewage disposal services; or, used as a research or bulk storage facility in connection with any of these activities.

"Single-purpose agricultural structures" were structures used to house particular types of livestock (including poultry) and the equipment necessary to raise and feed that livestock. "Single-purpose horticultural structures" were greenhouses used for the commercial production of plants.

For the taxable year in which progress expenditure property was placed in service, investment qualified for credit was the full cost or basis of the property reduced by that portion of qualified progress expenditures on which credits were previously taken.

"Public utility property," which was generally eligible for the credit, was property used predominantly in the business of selling or furnishing: (1) electrical energy, water, or sewage disposal services; (2) gas through local distribution systems; (3) telephone services, and telegraph services by means of domestic telegraph operations; and (4) other communication services except international telegraph services. However, the rates for any of these services had to be established or approved by certain types of government regulatory bodies. When acquired by nonregulated companies, the type of communication property (or property used for communication purposes) normally used by regulated utilities was also included in public utility property subject to the credit.

Also ineligible for the investment credit were: (1) property used for lodging, except for coin-operated machines in apartment buildings; (2) property used predominantly outside the United States, except for commercial communication satellites, submarine telephone cable used exclusively in communication links between the United States and foreign countries, and drilling equipment used in international or territorial waters; (3) property used by certain tax-exempt organizations; (4) property used by governmental units, or international organizations; (5) property consisting of horses, or of other livestock if sold and replaced by substantially identical animals during a relatively short specified period of time; (6) pollution control facilities, railroad rolling stock, coal mine safety equipment,

on-the-job training and child care facilities, and expenditures for the rehabilitation of low-income rental housing, for which the special 5-year amortization was elected in lieu of ordinary depreciation; and (7) certain foreign-produced property that was stated under executive order of the President.

See also "Business Energy Investment Credit" and the discussion under Changes in Law in section 2.

Investment Credit Carryover

See "Investment Credit."

Investment Qualified for Credit

See "Investment Credit."

Investments in Government Obligations

This balance sheet asset item comprised (1) bonds or other obligations of a State or U.S. possession (including Puerto Rico), including obligations of political subdivisions and of the District of Columbia, and (2) U.S. obligations, including those of instrumentalities of the Federal Government. In those instances where a corporation reported only one total for investments in Government obligations and did not indicate whether the obligations represented those of the United States or of State and local Governments, the total was treated as investments in U.S. obligations.

Jobs Credit (#)

In place of the general jobs tax credit, which expired at the end of 1978, the Revenue Act of 1978 provided a new targeted jobs credit to encourage the hiring of needy youths and others who often had difficulty finding jobs even when the economy was prosperous.

The Revenue Act of 1978 created the targeted jobs credit. It was allowed to taxpayers who hired individuals from any of the following targeted groups: (1) vocational rehabilitation referrals; (2) economically disadvantaged youth; (3) Vietnam veterans from an economically disadvantaged family; (4) Supplemental Security Income (SSI) benefit recipients; (5) general assistance recipients; (6) economically-disadvantaged former felons; and (7) youths participating in a qualified cooperative education program.

The credit was limited to the sum of 50 percent of "qualified first-year wages" and 25 percent of "qualified second-year wages." The 1978 Act also limited the amount of qualified wages that could be taken into account in computing the credit. The limit was 30 percent of the total FUTA wages paid by the employer during the calendar year ending within the taxable year. The 30 percent limit applied only to qualified first-year wages. Qualified second-year wages were not subject to that limitation. The 1978 Act did not provide for any carryover of amounts in excess of that limitation. FUTA wages were defined as the first \$6,000 of wages per employee during the calendar year. The Revenue Act of 1978 further limited the credit to 90 percent of the employer's income tax liability. Furthermore, the credit was allowed only after all other nonrefundable credits were taken. If after applying all other nonrefundable credits, the remaining tax liability for the year was less than the targeted jobs credit, the excess could be carried back three years and carried forward seven years, beginning with the earliest year. For certain agricultural and railroad employees not covered by FUTA, the credit was computed using social security (FICA) or Railroad Unemployment Insurance Act (RUIA) records.

Excluded from the amount of qualified wages were on-the-job training payments; payments to individuals for whom a WIN credit was claimed; and wages paid or incurred after December 31, 1980. Additionally, more than 50 percent of the remuneration paid for qualified employees must have been paid for services in a trade or business of the employer.

Any new jobs credit that was not claimed currently based on the presence or size of income tax could have been carried back to each of the three preceding taxable years (beginning with the earliest year) to be applied against income tax for those years; any remaining amount could have been carried over for up to seven years. Any unused credit that was still not used at the end of a 10-year period was lost.

See discussion of this credit under Changes in Law, section 2.

Land (#)

Land, which was reported as a separate capital asset on the balance sheet, may be understated in this report because it could not always be identified. Some corporations may have included land as part of depreciable or depletable assets or included it in "other investments." Some corporations may have included land as part of depreciable assets; if so, the amount was reclassified as land.

Loans from Stockholders

This balance sheet liability item was regarded as long-term in duration and may have included loans from affiliated corporations as well as from other stockholders.

Loans to Stockholders

This balance sheet asset item was regarded as long-term in duration and included loans to affiliated corporations as well as to other stockholders.

Members of Controlled Groups (#)

Members of controlled groups were those corporations related to one another generally through 80 percent or more common stock ownership and which could file separate tax returns, under special provisions of the Code.

These provisions also effectively covered the filing prerequisites for most consolidated returns since the stock ownership requirement used to define an affiliated group eligible to file a consolidated return was similar to the controlled group ownership requirements. In computing income tax, Code section 1561 limited the surtax exemption to one per group, whether or not the group was included in a consolidated return. (See "Consolidated Returns.")

The controlled group provisions applied when (1) a common parent corporation had 80 percent or more control of one or more chains of subsidiaries (parent-subsidiary group), or (2) five or fewer persons (individuals, estates, or trusts), individually or in combination, had 80 percent or more control of each of two or more corporations, but where the sum of each person's "identical" ownership in the group totaled more than 50 percent (brother-sister group). "Identical" ownership was considered to be the lowest common percent of ownership of an individual owner in each of the corporations comprising the group. Thus, if a company had ownership in each corporation in a given group and the smallest percent ownership was, for example, 5 percent of corporation A, that company's identical ownership in the entire group was considered to be 5 percent. Combination groups were possible when a person or persons controlled two or more corporations, one of which was the parent of one or more subsidiary corporations.

Under prior law, two or more related life insurance companies were required to be treated as a controlled group separate from any other corporation to which they may have been related. Starting with taxable years beginning after December 31, 1980, insurance companies were allowed to be included with non-insurance companies as long as the noninsurance companies had been members of the affiliated group for 5 taxable years (see "Consolidated Returns"). Since insurance companies generally only filed for a calendar year, the impact of this change on the number of insurance companies was not significant for the statistics in this report, but the impact may be significant in future years. Domestic International Sales Corporations (DISC's) were generally members of controlled groups. However, control was defined in terms of 50 percent stock ownership.

Control was based on the total combined voting power or total value of all classes of outstanding shares. Certain stock was disregarded altogether and special constructive stock ownership rules applied depending on the type of controlled group involved. Certain corporations were not considered as members of controlled groups. Included in this category were franchised corporations, tax-exempt organizations, foreign corporations with income not effectively connected with a U.S. trade or business, and corporations which were members of the controlled group for less than one-half the days in their taxable year that preceded December 31.

Mortgage and Real Estate Loans

In general, mortgage and real estate loans were the total amount a corporation loaned on a long-term basis, accepting mortgages, deeds of trust, land contracts, or other liens on real estate as security.

Because the return form did not provide a separate place for reporting any reserve for uncollectible mortgage and real estate loan accounts, such reserves may have been included in the "Allowance for Bad Debts," shown in this report as an adjustment to "Notes and Accounts Receivable." If a corporation reported an uncollectible mortgage and real estate loan reserve on a separate schedule, those amounts were moved, in this report, to "Allowance for Bad Debts."

Mortgages, Notes, and Bonds Payable

These liabilities were separated on the balance sheet according to the length of time to maturity of the obligations. The length of time to maturity was based on the date of the balance sheet rather than on the date of issue of the obligations. Accordingly, long-term obligations, maturing within the coming year were included together with short-term obligations in the statistics for mortgages, notes, and bonds payable in less than one year.

Deposits and withdrawable shares may have been reported in mortgages, notes, and bonds payable by banks and savings institutions. When identified, such amounts were transferred to "Other Current Liabilities."

Net Capital Gains (Net long-term capital gain reduced by net short-term capital loss) (Net short-term capital gain reduced by net long-term capital loss) (#)

Net capital gains represented the excess of gains over losses from the sales or exchanges of capital assets subject to the limitations described below. Gains and losses were short-term if the asset was held for 12 months or less, or long-term if the asset was held for more than 12 months.

Net short-term gains (reduced by net long-term losses) were taxed as ordinary income. However, net

long-term gains (reduced by net short-term losses) were taxed at a rate of 28 percent.

Excess net losses could be carried back as short-term losses to be applied against the net capital gains of the 3 preceding years; any losses remaining after carryback were carried over the 5 succeeding years. Use of the carryback for excess net losses was limited; it was not allowed to increase or cause a deductible "net operating loss" for prior years and was not allowed for foreign expropriation capital losses (although a special carryover period of 10 years for such losses was allowed instead) or for capital losses of Small Business Corporations electing to be taxed through their stockholders. If the unused capital loss carryover was not eliminated within the prescribed span of years, it could not be taken.

In general, "capital assets" for tax purposes meant property regarded or treated as an investment, such as stocks and bonds. Code section 1221 defined the capital assets (or transactions) to which special treatment applied as all property held by the corporation except:

- (1) stock in trade, or property of a kind includable in inventories;
- (2) property held for sale to customers in the ordinary course of business;
- (3) notes and accounts receivable acquired in the ordinary course of business;
- (4) certain short-term Government obligations sold at a discount;
- (5) depreciable property used in the trade or business;
- (6) real property used in the trade or business; and
- (7) certain copyrights, literary, musical, or artistic compositions or similar properties.

Net gains from dispositions of some of the property types excluded from the definition of capital assets under Code section 1221 could receive capital gain treatment under special conditions set forth in other sections, while net gains from some of the property types included under the definition could be denied capital gain treatment under still other sections. The latter are referred to under the heading, "Net Gain (or Loss), Noncapital Assets."

Property used in trade or business, excluded from the tax definition of capital assets, received special treatment under Code section 1231. Gains and losses from sales or other dispositions of this property had to be aggregated first. If the overall result was a net gain, it was included in the computation of net long-term capital gain or loss. If the overall result was a net loss, it was included in the computation of net gain or loss from sales of property other than capital assets. Thus, a net gain under section 1231 could receive the more beneficial treatment of a long-term capital gain taxable at the alternative tax rate, while a net loss under section 1231 could receive the more beneficial treatment as an ordinary loss fully deductible against all types of income and not just against capital gain income.

The types of property (or transactions) to which Code section 1231 applied were:

- (1) real and depreciable property used in the trade or business, held for more than 12 months and not includable in inventory or not held for sale in the ordinary course of business;
- (2) timber cut by the taxpayer during the year, if owned, or held under contract to cut, for more than 12 months and if an election was made under Code section 631 to treat the cutting as a sale or exchange of property used in trade or business (the holding period was measured up to the time of cutting);
- (3) domestic iron ore, timber, or coal, held for more than 12 months, if disposed of under a royalty

contract whereby the owner retained an economic interest in the property, so that under Code section 631, the net gain or loss on the royalty income was treated as a net gain or loss on a sale or exchange of property used in trade or business;

(4) unharvested crops disposed of with the land on which they were growing and used in the business of farming if the land was held for more than 12 months; and

(5) certain livestock.

The amounts of gain eligible for capital gains treatment under Code section 1231 was reduced in the case of certain real and depreciable property by Code sections 1245, 1250, 1251, 1252, and 1254, and in the case of certain mining property, by section 617.

Code section 1245 provided that eligible gain for most depreciable property, except certain kinds of real property, be based on the amount of depreciation allowed on it prior to 1962. Code section 1250 provided that eligible gain for certain depreciable realty be based on a percentage of the excess of accelerated depreciation over straight-line depreciation allowed prior to 1963 and on the length of time the property was held. However, with certain exceptions for sales of housing, no gain based on excess depreciation taken after 1969 was eligible for capital gains treatment.

Code section 1251 further limited the eligible gain for certain types of real or depreciable property to the amount in excess of farm net losses accumulated after 1969 or, in the case of farmland, to an amount in excess of certain agricultural deductions accumulated during the most recent 5-year period. Code section 1252 went further, by then limiting the gain treatment of farmland depending on the length of time the property was held. Code section 1254 limited the gain treatment on sales of residential real property and on the disposal or sale of productive oil and gas wells.

Code section 617 limited eligible gain on certain mining property to an amount in excess of the sum of current- and recent-prior year deductions for exploration and development expenditures.

None of these Code provisions had any effect on the treatment under Code section 1231 of losses resulting from the disposition of such property. For a description of the property to which Code sections 1245, 1250, 1251, 1252, 1254, and 617 applied, see the explanation of "Net Gain (or Loss), Noncapital Assets."

Net gains and certain net losses under Code section 1231 also resulted from "involuntary conversions," not only of the property types or transactions otherwise covered by Code section 1231, but also of the capital assets defined in Code section 1221, if they were held for more than 6 months. Gain or loss from involuntary conversions such as by condemnation were included in the regular consolidation of Code section 1231 gains and losses previously described. However, a separate netting of gains and losses was required for involuntary conversions by theft, or from fire, storm, shipwreck or other casualty, whether insured or uninsured. If the result was a net loss, it was treated as a fully deductible loss (without regard to other Code section 1231 transactions) and was excluded from the capital gain statistics. If, on the other hand, the result was a net gain, then it was consolidated with other gains and losses under Code section 1231. See the discussions of "Net Gain (or Loss), Noncapital Assets" and "Other Deductions."

See also, "Additional Tax for Tax Preferences."

Net Gain (or Loss), Noncapital Assets (#)

In general, "noncapital assets" related to property of a business nature. The computation of

net gain or loss, noncapital assets, resulted mostly from the sale or exchange of: (1) certain depreciable, depletable, and real property (described below); (2) notes and accounts receivable acquired in the ordinary course of business for services rendered or from the sale of property includable in inventory, or ordinarily held for sale; (3) certain copyrights, literary, musical, or artistic compositions or similar properties; (4) securities by dealers; (5) securities, including Government obligations, and other evidence of indebtedness, such as convertible debentures, by banking, savings, and certain other financial institutions; (6) certain patents, inventions or designs, secret formulas or processes, and similar property rights by domestic corporations to their more-than-50-percent owned foreign subsidiaries; and (7) qualified export assets by Domestic International Sales Corporations (DISC's). Also included in the computation were amounts resulting from certain "involuntary conversions" including net losses from casualty and theft, and amounts resulting from certain sales, exchanges, or redemptions of Controlled Foreign Corporation stock (see "Dividends Received from Foreign Corporations").

With respect to the statistics for net gain or loss, noncapital assets, the following assumption was made in the case of sales of stocks and commodities by stock and commodity dealers; and sales of real estate by real estate subdividers, developers, and operative builders. If these transactions were included on the tax return in gross receipts and cost of goods sold, instead of in net gain or loss from noncapital assets, the resulting profit or loss from the transactions (representing the difference between the receipts and the cost of sales) was transferred to the statistics for net gain or loss, noncapital assets, but only if the cost of sales was 50 percent or more of the receipts (if less than 50 percent, the receipts were regarded as commission income). The tax return data for receipts and cost of sales were accordingly adjusted for the statistics. For the condominium management and cooperative housing associations minor industry, net gain, noncapital assets, decreased from \$21.3 million in 1979 to \$4.0 million in 1980, because of special statistical treatment. See "Business receipts" for a further explanation.

As explained under "Net Capital Gains," a net gain from dispositions of (or certain transactions involving) specified types of business assets that were considered noncapital assets based on Code section 1221 could receive capital gains treatment under section 1231. Gains and losses from these dispositions or transactions first had to be aggregated. If the overall result was a net gain, it was included in the computation of net long-term capital gain, but if the overall result was a net loss, it was included in the computation of net gain or loss, noncapital assets. The special treatment in this computation of gains and losses resulting from involuntary conversions, due mostly to casualty and theft, is described under "Net Capital Gains." Form 4797, Supplemental Schedule of Gains and Losses, called for net losses from casualty and theft to be included in the computation of "net gain or loss, noncapital assets" (although some corporations reported them in "other deductions").

The amount of gains (but not losses) on dispositions of property includable in the computation of net gain or loss under Code section 1231, was limited as a result of sections 1245, 1250, 1251, 1252, 1254 (described below), and 617. To the extent the amount eligible for capital gains treatment was thereby reduced, the amount included in the statistics for net gain or loss, noncapital assets, was increased.

Code sections 1245 and 1250 applied to certain depreciable property. Sections 1251 and 1252

prescribed additional rules for much of this same property if it was used in the business of farming, as well as for certain other types of property used in farming and covered under section 1231. Section 617 applied to certain depletable property.

Code sections 1245 and 1250:

The depreciable property to which Code section 1245 applied was: (1) personal property other than livestock, whether tangible (such as machinery and equipment) or intangible (such as patents and copyrights); and (2) other tangible property including certain realty other than buildings and their structural components, if it was an integral part of specified business activities, or which constituted research or storage facilities used in connection with such activities. The business activities qualifying were manufacturing, production, or the providing of transportation, communications, electrical energy, gas, water, or sewage disposal services.

Gain from the sale of residential rental property that was equal to the excess of accelerated depreciation over straight-line depreciation was recaptured as ordinary income.

The depreciable property to which Code section 1250 applied was real property not already covered by section 1245. In general, this property consisted of buildings and their structural components, in the case of tangible property; or leaseholds of land, in the case of intangible property.

The amount of gain on dispositions of depreciable property under Code sections 1245 and 1250, treated as ordinary income and included in the statistics for net gain or loss, noncapital assets, generally depended upon the amount of depreciation claimed on the asset after a certain date prior to its disposition, although other factors were also considered in the case of section 1250 dispositions.

Under Code section 1245, the amount of gain treated as ordinary income was based on the depreciation (or amortization in the case of defense "emergency facilities") allowed or allowable after 1961 (after 1963 for elevators and escalators and after 1969 for livestock (including fur-bearing animals such as chinchillas, minks, and foxes)). This "depreciation recapture" applied to dispositions of property made during taxable years beginning after 1962 (after 1963 for elevators and escalators and after 1969 for livestock).

Under Code section 1250, the amount of gain treated as ordinary income was based, in general, on the excess of accelerated over straight-line depreciation allowed or allowable after 1963. However, this "depreciation recapture" was further qualified in the case of depreciation taken during 1963-69 so that if the property was held for more than 20 months, the "recapture" was further reduced to a proportion of this difference until, when the property was held for 10 years, the "recapture" as ordinary gain was not applicable at all. For depreciation taken after 1969, these qualifications were rescinded (with certain exceptions for residential rental housing, housing rehabilitation expenditures, and Government-subsidized housing), so that the entire amount of post-1969 excess depreciation was "recaptured" as ordinary income.

Code sections 1251 and 1252:

Under Code section 1251, net gain or loss from noncapital assets included ordinary gains from the sale or other disposition of certain types of farm business property which would otherwise have been eligible for long-term capital gain treatment under section 1231. Dispositions already regarded as ordinary gain or loss using section 1250 rules were excluded.

Amounts treated as ordinary gain were based on farm net losses accumulated after 1969. These net losses were before consideration of the gain or loss under Code section 1231 and, over the years, were first offset against any farm net income. The resulting accumulated loss was then applied against the gain on farm property. If the gain exceeded the accumulated loss, it was treated as ordinary gain to the extent of the loss and only the excess gain was eligible for capital gains treatment. If the reverse was the case, the gain was similarly treated and the excess loss was carried over for use in connection with future gains. For electing Small Business Corporations, this recapture of farm losses was less restrictive and was applicable only if farm net loss exceeded \$25,000, nonfarm net income exceeded \$50,000, and none of the stockholders had a farm net loss of their own. Section 1251 was not applicable if farming operations were accounted for on an accrual basis, inventories used, and deductible amounts capitalized and recovered over the years through depreciation, even though the law permitted expensing of the full amount currently on an elective basis.

Code section 1231 property subjected to these recapture rules included depreciable personal property; livestock (including fur-bearing animals such as chinchillas, minks, and foxes), except poultry; unharvested crops sold with the land on which they were growing; and land. For land, there was a limitation under section 1251 on the amount of gain treated as ordinary income: the amount recaptured could not exceed accumulated deductions for soil and water conservation and land clearance expenditures in the current and 4 preceding taxable years. However, there was an additional recapture for land, under section 1252. This recapture was based on a declining annual percentage of total post-1969 deductions for these same expenditures. The percentage was reduced to zero when land was held for 10 years or more, at which time the additional recapture did not apply.

Code section 1254:

Code section 1254 required recapture of amounts deducted for intangible drilling expenses on productive wells to the extent that those amounts deducted exceeded the amounts which were allowable had the intangible drilling expenses been capitalized and amortized over the useful life of the well. This was in addition to the requirement that the gain on the sale of oil and gas property be recognized as ordinary income to the extent of depreciation of tangible personal property.

Code section 617:

Under Code section 617, corporations engaged in domestic mining operations that elected to claim unlimited deductions for exploration and development expenses (except for oil and gas) had to "repay" their post-1969 deductions when the mine reached the producing stage or when it was sold. If the mine was sold, the profit was treated as an ordinary net gain from a noncapital asset to the extent that the gain was equal to or less than any post-1969 deductions not already "recaptured" prior to the sale. Such gains are reflected in the statistics for net gain (or loss), noncapital assets. Any net gain in excess of the deductions was a net gain under section 1231, and eligible for capital gains treatment.

Net Income (or Deficit)

This is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Code, and reflects not only actual receipts but "constructive" receipts (i.e., certain

income from Controlled Foreign Corporations and foreign dividend income resulting from foreign taxes deemed paid) as well. Interest from State and local government obligations was excluded from these items.

Because certain statutory special deductions from net income were allowed most corporations in computing their income subject to tax, the statistics for net income are generally larger than the amounts shown for "Income subject to tax." Included in the net income statistics are amounts for Small Business Corporations (only certain long-term capital gains were taxable to these corporations). Also, the net income statistics include amounts for Domestic International Sales Corporations (DISC's); these corporations were not taxable.

For mutual insurance companies other than life or marine and other than certain fire or flood insurance companies, the net income (or deficit) in this report is the sum of the net investment income or loss, the statutory underwriting income or loss, and the subtractions from the Protection Against Loss (PAL) account before reduction by the statutory special deductions allowed corporations in general. Consequently, net income (or deficit) reflects not only the ordinary business deductions, but the statutory deductions from underwriting income allowed only to these mutual insurance companies. Net income (or deficit) also reflects the additions (if any) to taxable income of amounts in the PAL account previously deferred from taxation. Further, for some small mutual insurance companies electing to report under Code section 821(c), net income was net investment income only. (Electing companies were not required to report underwriting income.) The section 821(c) provisions were applicable only to companies with income from investments (other than capital gains), with premiums of less than \$500,000, and with no reserve in the PAL account.

For life insurance companies, the net income (or deficit) used for statistical purposes comprised the gain or loss from operations adjusted by adding back the dividends received and the operations loss deductions. Gain or loss from operations (which included both underwriting and investment income) represented gross taxable receipts reduced by ordinary and necessary business deductions and by additions to required reserves, certain other statutory deductions pertinent only to these companies, and by the dividends received and operations loss deductions.

Net Long-Term Capital Gain Taxed at Alternative Rate (#)

This part of the tax base was used for the tax computation for those returns using the alternative tax rate. The alternative method, allowed under Code section 1201, was used if it provided a lower tax liability than did the use of the tax rates on total taxable income. See the discussions of "Income Subject to Tax" and "Income Tax."

Income subject to tax for returns with alternative tax was the sum of (1) net long-term capital gain (reduced by net short-term capital loss), and (2) income taxed at regular rates (the balance of taxable income).

For most corporations, use of the alternative tax did not affect the amount shown as "Income Subject to Tax." However, when net long-term capital gain (reduced by net short-term capital loss) was greater than taxable income (net income minus statutory special deductions), but the alternative rate (28 percent) applied to the capital gains was less than the regular rates applied to taxable income, the capital gains, rather than taxable income, became the tax base and was used for the "Income Subject to Tax" statistics.

Net Worth (#)

Net worth represented the stockholders' equity in the corporation (total assets minus the claims of creditors). In the statistics, net worth comprises the net sum of the following items:

- (1) capital stock;
- (2) paid-in or capital surplus;
- (3) retained earnings, appropriated;
- (4) retained earnings, unappropriated;
- (5) less: cost of treasury stock; and
- (6) shareholders' undistributed taxable income (Form 1120S only)

Each of these items is explained under its own heading in this section. Tables 2, 3, 4, and 5 show these items separately; tables 1, 6, and 7 combine these items and show them under the statistics for net worth.

Noncalendar Year Returns (#)

Returns filed for a 12-month accounting period ending in other than December were included in this classification. Figure B in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report.

Nonconventional Source Fuel Credit (#)

The Crude Oil Windfall Profit Tax Act of 1980 provided for a nonrefundable income tax credit for the domestic production and sale of qualified fuels to unrelated persons. See the discussion of this credit under Changes in Law in section 2.

Notes and Accounts Receivable

In general, notes and accounts receivable were the gross amounts arising from business sales or services to customers on credit during the ordinary course of trade or business which would normally be converted to cash within 1 year. Current nontrade receivables were generally included in "Other Current Assets."

The balance sheets on most corporation income tax forms called for the reporting of both "gross" receivables and the "allowance for bad debts." However, some corporations reported only the net amount. In the case of insurance companies filing balance sheets in the form required under State law, only the net amount was reported.

Loans and mortgages may have been reported in notes and accounts receivable by savings and loan associations. When identified, such mortgage loans were transferred to "Mortgage and Real Estate Loans."

The "Allowance for Bad Debts," shown as an adjustment, may also include the reserves for the separate account "Mortgage and Real Estate Loans." As a result, it was possible for the "Allowance for Bad Debts" to exceed the amount of notes and accounts receivable.

In those tables where the item "Notes and Accounts Receivable, Net" appears, the amount shown includes a deduction of "Allowance for Bad Debts."

Number of Returns

Returns of inactive corporations were excluded from the statistics. (See "Returns of Inactive Corporations.") The number of Form 1120-DISC and Form 1120S returns filed, respectively, by Domestic International Sales Corporations and Small Business Corporations for which an election was made to be taxed through stockholders are included in each total number (except for those tables which specifically exclude these returns) and are also shown separately in some of the tables.

See also "Consolidated Returns" and "Returns of Active Corporations."

Number of Subsidiary Corporations (#)

This was the number of subsidiary corporations of the parent corporation included in a consolidated return. It excluded subsidiaries identified as Domestic International Sales Corporations, subsidiaries of subsidiaries, or inactive subsidiaries. See also "Consolidated Returns."

Other Assets

In general, other assets comprised noncurrent assets which were not allocable to a specific account on the balance sheet, and certain accounts for which no distinction could be made between current and non-current status.

Includable were items such as deferred charges reported as noncurrent by the corporations, interest discounts, guaranty deposits, and intangible assets not subject to amortization. Other assets of banks included property held in trust if included in the banks' assets. Other assets of life insurance companies included the market value of real estate, and that portion of stock and bond holdings in excess of book value. For Domestic International Sales Corporations (DISC's), this item also included "nonqualified assets" (i.e., assets that were not export-related or that failed to meet the requirements indicated for "qualified export assets" in Code section 993).

Other Capital Assets Less Reserves

This item consisted of depletable assets less accumulated depletion, land, and intangible assets less accumulated amortization. Each is described separately under its own heading in this section.

Other Current Assets (#)

Other current assets included assets not allocable to a specific current account in the return balance sheet, and assets specifically reported as short-term by the corporation, as well as marketable securities other than Government obligations.

Includable were prepaid expenses, nontrade receivables, coupons and dividends receivable, claims and judgments, and similar items. For construction corporations, amounts reported as current for contract work in progress in excess of billings were includable.

Also includable in other current assets were amounts reported as inventories on nonconsolidated returns of banks.

Other Current Liabilities

Other current liabilities included, for the most part, certain amounts due and payable within the coming year. The account comprised accrued expenses, as well as current payables not arising from the purchase of goods and services and not evidenced by bonds, notes, or mortgages. Examples of other current liabilities were taxes accrued or payable, accrued employee accounts such as for payrolls and contributions to benefit plans, dividends payable, overdrafts, accrued interest or rent, and deposits and withdrawable shares of banking and savings institutions.

For construction corporations, amounts of advances of deposits on uncompleted contracts or jobs in progress were included in this item, if reported as current.

Other Deductions

Other deductions comprised (1) business expenses which were not allocable to a specific deduction item on the return form, or which were not included elsewhere on the return form, and (2) certain amounts which were given special treatment in the course of statistical processing.

The first category included such items as administrative, general, and selling expenses; bonuses and commissions; delivery, freight, and shipping expenses; sales discounts; travel and entertainment expenses; utility expenses not reported as part of the cost of goods sold; and similar items. Included in this category are any amounts deducted for the removal of architectural and transportation barriers to the handicapped and elderly under Code section 190.

The second category included salaries and wages not reported as a cost of sales and operations and not reported as a part of another deduction item; amortization of bond premiums, loan and mortgage costs, and other financial items reported as amortization rather than as part of other deductions; unrealized profit on current-year installment sales; reported amounts of negative income; and certain "involuntary conversions" (described below). Also included were itemized business deductions and other deductions unique to Domestic International Sales Corporations (DISC's), life and most mutual insurance companies. In the case of DISC's, the statistics include deductions such as those for market studies, sales commissions, and freight and other expenses (whether or not they were considered export promotion expenses).

The statistics for other deductions may include losses resulting from involuntary conversions by theft, or from fire, storm, shipwreck, or other casualty, if these losses were reported in the taxpayer's own schedule for other deductions. For the statistics, no attempt was made to transfer the data to the ordinary gains or losses computation. Losses from involuntary conversions which were reported as ordinary losses derived from Form 4797, Supplemental Schedule of Gains and Losses, were included in the estimates for "Net Gain (or Loss), Noncapital Assets." See also the discussion under "Net Capital Gains" in this section.

Other Interest

Included in this item were amounts received on loans, notes, mortgages, bonds, bank deposits, and corporate bonds less amortizable bond premiums. For installment sales, interest received included amounts stated in the contract and certain unstated amounts of interest, as provided in Code section 483.

For Domestic International Sales Corporations (DISC's), this item included "Interest on Producer's Loans." See the explanation of "Domestic International Sales Corporation Returns" in this section.

Other Investments (#)

This category generally included long-term non-Government investments and certain investments for which no distinction could be made as to their current or long-term nature. Non-Government investments generally not held for conversion to another form within the coming year included stocks, bonds, loans on notes or bonds, loans to subsidiaries, and other types of financial securities. Also included in this category were investments unique to Domestic International Sales Corporations (DISC's), such as investments in related foreign export corporations, Export-Import Bank obligations, and producer's loans.

Real estate not reported as a fixed asset could also be included. In certain instances, land and buildings owned by real estate operators (except lessors of real property other than buildings), and real holdings of insurance carriers (other than their home office and branch office buildings and equipment), were reported as "other investments."

In one respect the statistics may be somewhat overstated. Treasury stock held for resale or for future distribution may have been reported as an asset on some tax returns and, if not clearly identified as Treasury stock, would have been included in the statistics for "Other Investments." When these amounts could be identified, they were transferred to the liability side of the balance sheet statistics under "Cost of Treasury Stock."

Also includable in other investments were amounts reported as inventories on nonconsolidated returns of holding and other investment companies (except operating holding companies); security and commodity brokers, dealers, and exchanges; and real estate subdividers, developers, and operative builders.

Other Investments and Loans

This item consisted of loans to stockholders, mortgage and real estate loans, and other investments. Each is described separately under its own heading in this section.

Other Liabilities

Other liabilities were obligations which were not allocable to a specific account on the balance sheet and which were either noncurrent accounts, in general not due within 1 year, or accounts which could not be identified as either current or long-term.

Examples of other liabilities were deferred or unearned income not reported as part of a current account, provisions for future taxes based on the effects of either accelerated depreciation or possible income tax adjustments such as for the investment credit, and principal amounts of employee and similar funds.

Other Receipts (#)

Other receipts included amounts not elsewhere reported on the return form, such as: profits from sales of commodities other than the principal commodity in which the corporation dealt; income from minor operations; cash discounts; income from claims, license rights, judgments, and joint ventures; net amount earned under operating agreements; profit from commissaries; profit on prior-years' collections (installment basis); profit on the purchase of a corporation's own bonds; recoveries of losses and bad debts previously claimed for tax purposes; refunds for the cancellation of contracts; and income from sales of scrap, salvage, or waste. Also regarded as other receipts were certain dividends received, such as from Federal Reserve and Federal Home Loan Banks, and from the following special classes of corporations: corporations deriving a large percent of their gross income from sources within a U.S. possession; and tax-exempt charitable, educational, religious, scientific and literary organizations, and mutual and cooperative societies including farmers' cooperatives.

For Domestic International Sales Corporations (DISC's), other receipts comprised all "nonqualified" gross receipts reported on the return except nonqualified dividends. In addition, in the case of DISC's acting as commission agents for someone else, only the commissions earned and not the underlying gross receipts on which the commissions were earned were included in the statistics. Nonqualified gross

receipts thus took into account: (1) sales of goods and services for ultimate use or consumption in the United States; (2) exports subsidized by the U.S. Government; (3) certain direct or indirect sales or leases for use by the U.S. Government; and (4) sales to other DISC's in the same controlled group of corporations.

In the insurance minor industry group other receipts increased from \$7.2 billion in 1979 to \$64 billion in 1980. This change was caused by revisions to the Code which permitted insurance companies to report "co-insurance" receipts in "other receipts" instead of "business receipts."

See also "Business Receipts."

Overpayments Claimed as a Credit (#)

This was the amount of the 1979 overpayment the corporation specifically requested to be credited to the 1980 year's estimated tax, in lieu of requesting a refund in 1979. The credit is reflected in the amount shown as estimated tax payments in table 13.

Paid-In or Capital Surplus

This balance sheet item comprised additions to the corporation's capital from sources other than earnings. These sources included amounts of surplus occasioned by donation, appreciation of assets, receipts from the sale of capital stock in excess of stated value, stock redemptions or conversions, and similar transactions. The amounts shown are after deducting any negative amounts.

Part-Year Returns (#)

Part-year returns were those filed for accounting periods of less than 12 months. Such returns were filed as a result of business liquidations, reorganizations, mergers, and changes to new accounting periods. Figure B in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report. Data from part-year returns are included in the statistics.

Payments With Applications for Extension of Filing Time (Forms 7004 and 7005)

These statistics were derived from the income tax returns rather than from the application for extension of time to file, Form 7004, and the application for additional extension of time to file, Form 7005, or their equivalents. Corporations which filed Form 7004 on time and paid the required amount of tax liability (tentatively determined) were granted an automatic extension of 3 months in which to file returns. A second extension (requested on Form 7005) of 3 months could be granted under certain conditions.

Requesting the extension of time to file the return did not postpone the payment of tax. When an extension was requested on Form 7004, at least half of the unpaid balance of the tax liability tentatively determined (taking into account any credits against tax, as well as any estimated tax payments) was due. If the option of paying the tentatively determined tax liability on an installment basis (with the balance due on or before 3 months after the regular filing date) was not used, the entire amount was due with the application. If a second extension of time to file was applied for, the balance of any unpaid tax liability was due at the time of the application.

The statistics may be slightly understated because of taxpayer reporting variations and because of the inability to identify the total amount from the tax returns.

Pension, Profit-Sharing, Stock Bonus, and Annuity Plans (#)

Contributions made by employers to these plans were deductible under Code section 404. The Code imposed limitations on the amounts deductible for the taxable year and provided a carryover feature for certain amounts paid in excess of these limitations. Deductions were also allowed for employer contributions made to benefit plans established for certain U.S. citizens employed for foreign subsidiaries and branches of domestic corporations. The statistics for this item include such amounts identified in the cost of sales and operations schedules.

The Employee Retirement Income Security Act of 1974 (ERISA) revised the requirements relating to participation, vesting, and funding private pension and employee benefit plans, and the deductibility of employer contributions for these plans. Under ERISA, employee benefit plans generally had to meet certain compulsory standards before the related trusts set up by the employer to administer them could be exempted from income taxation and before employers could deduct their contributions to these trusts.

Personal Holding Company Tax

In addition to being subject to regular income tax and additional tax for tax preferences, corporations classified as Personal Holding Companies were subject to another tax equal to 70 percent of their "undistributed Personal Holding Company income."

Briefly, the term Personal Holding Company was applied to certain closely-held corporations whose income was from passive sources (generally investments and personal service contracts) rather than from the actual active conduct of a trade or business. The 70 percent tax was imposed on the taxable income (especially defined) from passive sources reduced by amounts distributed to owners.

Since most Personal Holding Companies distributed all of their Personal Holding Company income, only a small number were actually subject to the tax. In addition, the tax is slightly understated because the Personal Holding Company tax was not always reported separately from the regular income tax.

The tax appears in the statistics for industries other than "Holding and other investment companies" because a Personal Holding company could be a subsidiary included in a consolidated return classified in some other industry.

Provision for Federal Income Tax

In general, this was the net amount of Federal income tax accrued, or the provision for such tax, for the taxable year as reported in corporations' books of account and in tax return schedules reconciling book and tax profits (see Schedule M-1, "Reconciliation of income per books with income per return," on the Form 1120 return facsimile in section 6 of this report), or in the case of most insurance companies, from the annual statements filed with the returns.

When corporations identified the amount of Federal income tax which was current and the amount which was deferred, only the amount reported as current was used for the statistics. Deferred Federal income tax as shown on the books of account represented the tax consequence resulting from differences between book and tax accounting in the recognition of various items of income and expenses. (See "Book Net Income (or Deficit).")

Corporations occasionally reported foreign and State taxes together with Federal taxes and the components were not separately identified. The resulting effect on the statistics was to overstate the provision for Federal income tax. This had no

effect, of course, on the after-tax profit amount shown in the statistics as "Book Net Income (or Deficit)."

Refunds of Estimated Tax Payments

A corporation which overpaid its estimated tax could have filed for a quick refund or adjustment of the overpayment even before it had filed its return. To have done so, the estimated tax overpayment had to be at least \$500 and at least 10 percent of the expected "final" income tax liability reported on the tax return.

The application for refund had to be made within 2-1/2 months after the close of the taxable year and before the corporation had filed its income tax return. If the refund (or credit against another tax owed, in lieu of a refund) was subsequently determined to be excessive, the tax on the excess included an amount determined at a rate of 90 percent of the adjusted prime rate (as determined under section 6621) per year of the excess.

Rent Paid on Business Property

This deduction consisted of rents paid for the use of land or structures, and rents paid for leased roads, rolling stock, and work equipment for railroad companies. Identifiable amounts of taxes paid and other expenses of lessees in connection with rent paid were included in their respective deduction headings.

Rents

These were the gross amounts received for the use or occupancy of property. Expenses related to rental property, such as depreciation, repairs, interest paid, and taxes paid, were not deducted directly from the rental income, but were reported as business deductions from total receipts. The rental income of manufacturing, public utility, and service corporations, which frequently leased rather than sold their products, was included in the "Business Receipts" rather than in rents.

Repairs

Repairs reported as an ordinary and necessary business expense were the costs of maintenance and incidental repairs and could include the cost of labor, supplies and other items which did not add to the value or appreciably prolong the life of the property. Expenditures for new buildings, machinery or equipment, or for permanent improvements which increased the cost or basis of the property were not deductible currently and were charged to capital expenditures, which were generally depreciable.

For taxpayers using the Class Life Asset Depreciation Range (CLADR) system (see Statistics of Income--1976, Corporation Income Tax Returns), a relatively few elected an alternative method of computing the deduction for repairs. This method was available when ambiguity existed as to whether expenditures for repairs, maintenance, rehabilitation, or improvement of depreciable property could be deducted in the year paid or incurred, or had to be capitalized and depreciated over the useful life of the property.

Under the rules prescribed, all qualifying expenditures within a given asset guideline class were treated as currently deductible repairs provided they did not exceed the "repair allowance." The repair allowance for an asset guideline class was based on the percentage prescribed for that class applied to the "average" cost or unadjusted basis of "repair allowance property" in that class. Amounts in excess of the percentage had to be capitalized and recovered as depreciation.

Retained Earnings, Appropriated

Earnings set aside for specific purposes and not available for distribution to stockholders were included under this heading. Included were guaranty funds and reserves for plant expansion, bond retirements, and contingencies for extraordinary losses. Specifically excluded were the reserves for bad debts, for depreciation, for depletion, and for amortization, which were shown separately; and, the reserves for taxes, and unrealized profits or unearned income, which were includable in "Other Liabilities."

Retained Earnings, Unappropriated

Retained earnings, unappropriated, consisted of the retained earnings and profits of the corporation less any reserves (shown in the statistics as "Retained Earnings, Appropriated"). The statistics shown are net figures after deduction of any negative amounts.

For Domestic International Sales Corporations (DISC's), this item included previously taxed income, accumulated DISC income, and other earnings and profits.

Similarly, for Small Business Corporations electing to be taxed through their stockholders, this item included earnings from before the corporation's election as well as earnings since the election, to the extent that they had not yet been distributed to the stockholders. (See "Stockholders' Undistributed Taxable Income Previously Taxed.")

Returns of Active Corporations

These returns were the basis for all financial statistics presented in the report. They comprised the vast majority of the returns filed, and were defined for the statistics as returns of corporations reporting any income or deduction items.

Returns of Inactive Corporations

Corporations in existence during any portion of the taxable year were required to file a return even though they may have been inactive. Inactive corporations are defined for this report as returns showing no item of income or deduction. Financial data from these returns were excluded from the statistics.

Returns With Net Income

Returns with net income were those showing gross taxable receipts exceeding the ordinary and necessary business deductions allowed by the Code. (See "Net Income (or Deficit).")

Returns Without Net Income

Returns without net income were those for which ordinary and necessary business deductions allowed by the Code exceeded gross taxable receipts. In addition to deficit returns, this classification also included returns whose gross taxable receipts and business deductions were equal. (See "Net Income (or Deficit).")

Royalties

Royalties were payments received, generally on an agreed percentage basis, for the use of property rights. Included were amounts received from such properties as copyrights, patents, and trademarks; and from natural resources such as timber, mineral mines, and oil wells. The amount reported was the gross amount received. Expenses relating to royalties, depletion or taxes, for example, were not

deducted directly from this income, but were reported among the various business deductions from total gross income.

Excluded from the statistics were certain royalties received under a lease agreement on timber, coal deposits, and domestic iron ore deposits, which were allowed special tax treatment. Under elective provisions of Code section 631, the net gain or loss on such royalties was included in the computation of net gain or loss on sales or exchanges of certain business property under section 1231. If the overall result of this computation was a net gain, it was eligible for treatment as a long-term capital gain, taxable at the capital gains rates. If the overall result was a net loss, it was fully deductible in the current year as an ordinary noncapital loss. See the discussions of "Net Capital Gains" and "Net Gain (or Loss), Non-capital Assets."

Size of Business Receipts

Size of business receipts was based on the gross amounts from sales and operations for industries except those in the finance, insurance, and real estate divisions. For these industries, total receipts, which is the sum of business receipts and investment income, were used as the basis for classification. See the discussions of "Business Receipts" and "Total Receipts."

Size of Income Tax After Credits (#)

Income tax after credits was the net amount of income tax liability after deducting the foreign tax, investment, possessions tax, jobs, work incentive (WIN), nonconventional source fuel, and alcohol fuel credits. It included the tax, surtax, and alternative tax. As such, it excluded the tax from recomputing prior-year investment credit, tax from recomputing prior-year WIN credit, and additional tax for tax preferences.

Size of Total Assets

Size of total assets was based on the amount reported in the end-of-year balance sheet. Returns with zero assets were used as a classification for returns of: (1) liquidating or dissolving corporations which had disposed of all their assets and whose income tax returns were final returns; (2) merging corporations whose assets and liabilities were included in the returns of the acquiring corporations; (3) corporations filing a part-year tax return because of a change in accounting period; and (4) foreign corporations with income effectively connected with the conduct of a trade or business within the United States (except foreign insurance companies providing balance sheet information for U.S. branches). See also "Total Assets and Total Liabilities."

Small Business Corporation Returns (#)

Form 1120S, U.S. Small Business Corporation Income Tax Return, was filed by corporations electing to be taxed through stockholders under section 1372 of the Code.

To qualify as a Small Business Corporation, a firm had to be a domestic corporation, with no more than ten stockholders, each of which was an individual (or an estate) and none of which was a nonresident alien. For taxable years beginning after December 31, 1976, a Small Business Corporation which had been an electing Small Business Corporation for 5 consecutive taxable years could have as many as fifteen stockholders (see "Number of Stockholders"). The Revenue Act of 1978 permitted the number of

stockholders to be 15 even if the five-year rule was not met. This provision was effective for taxable years beginning after December 31, 1978. This 1978 Act also provided that a husband and a wife were to be treated as one stockholder for purposes of determining the number of stockholders in a corporation to determine eligibility to qualify as a Small Business Corporation. The corporation could have only one class of stock and could not be a member of an affiliated group eligible to file a consolidated return. Moreover, the corporation could not receive more than 80 percent of its gross receipts from sources outside the United States nor more than 20 percent from passive investments (interest, rents, royalties, annuities, and gains from the sale or exchange of stock and securities). The 20 percent passive-income limitation did not apply during the first 2 years of business unless such income, for the year in question, was \$3,000 or more.

Net income of Small Business Corporations was computed in the same manner as for most corporations. The net operating loss deduction and other statutory special deductions allowed most corporations, such as for dividends received, could not be taken.

An electing Small Business Corporation was generally not taxed. However, an existing corporation that elected (under Code section 1372) to become a Small Business Corporation was subject to a special tax for the first 3 taxable years of the election. On the other hand, a new corporation which was an electing Small Business Corporation for each year of its existence was not subject to the special tax at all. Section 1378 of the Code provided that the amount of the tax was the lower of the following: (1) 30 percent of the excess of net long-term capital gain (reduced by net short-term capital loss) over \$25,000 when net long-term capital gain was more than 50 percent of a net income that was over \$25,000; (2) 30 percent of the gain from the disposition of property using a "substituted basis" (i.e., the basis that was transferred from another corporation which was not also an electing Small Business Corporation); or (3) the normal tax and surtax rates applied to net income. Foreign tax credit, investment credit, U.S. possessions tax credit, work incentive (WIN) credit, jobs credit, nonconventional source fuel credit and alcohol fuel credit were not available to the corporation to reduce this tax (although the cost of investment credit property and WIN program salaries and wages were allocated to stockholders for their use in computing the credits).

Generally, the income of the Small Business Corporation was taxable to its stockholders as ordinary income. Net long-term capital gains (reduced by any tax paid on them by the corporation) were not taxable as ordinary income, but instead retained their character in the hands of the stockholders. Also, stockholders were allowed to deduct their share of the corporation's deficit from other forms of individual (or fiduciary) income as part of their net operating loss deduction. Undistributed income earned in previous years was taxable to stockholders in the year it was earned, and could be distributed during the current year without any further tax.

Statutory Special Deductions (#)

Statutory special deductions is the term used for the statistics to describe the deductions for: (1) net operating losses of prior years, and (2) total "special deductions" as defined by the Code, i.e., the sum of deductions for intercorporate dividends received, for dividends paid on certain preferred

stock of public utilities, and for Western Hemisphere Trade Corporations. Since these deductions were allowed by law, in addition to ordinary and necessary business deductions, they are shown as deductions from net income.

In general, net income less statutory special deductions equalled income subject to tax. However, the two dividend deductions were not restricted to returns with net income, nor, in general, to the amount of net income, and thus became part of the statutory "net operating loss" for some corporations. Statutory special deductions were not allowed to Small Business Corporations for which an election was made to be taxed through stockholders, nor to regulated investment companies and real estate investment trusts.

Although Domestic International Sales Corporations (DISC's) were not taxable, in order to compute "tax deferred income and income taxable to stockholders," two of the statutory special deductions, i.e., net operating loss deduction and intercorporate dividends received deduction, discussed below, were allowed.

Definitions for the statutory special deductions contained in the statistics are as follows:

(1) Net operating loss deduction.—The total net operating loss deduction was based on statutory net operating losses of prior or subsequent years which could be used to reduce taxable income for a specified number of years. The amount shown in this report, however, consists only of losses from prior years actually used to reduce taxable income for the current year. Losses incurred after the current year and carried back to that year at a later date could not be reported on the returns used for this report. In general, losses were carried back over a 3-year period, chronologically, and any amount not offset against income during that time could then be carried forward against income for a period not exceeding 5 years. Longer carryover periods were allowed for certain foreign expropriation losses, and for corporations applying for tax assistance under the Trade Expansion Act of 1962, for regulated transportation corporations, and for new life insurance companies.

Net operating losses on which the current-year deduction was based included: (a) the excess of ordinary and necessary business expenses over income in the previous loss years, and (b) statutory special deductions claimed in the loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

The net operating loss deducted for the current year was limited to net income reduced, first, by the deductions for dividends received and, second, for dividends paid on certain preferred stock of public utilities.

Net operating losses incurred by Domestic International Sales Corporations (DISC's) were deductible from net income only if the DISC had been a corporation prior to its election to become a DISC and only for losses incurred prior to the election. The statistics are overstated to the extent small amounts of net operating loss deductions were reported by DISC's without net income; no attempt was made to suppress these amounts for the statistics.

For a "parent-subsidiary" controlled group that had elected separate surtax exemptions for each group member under prior law, but which had shifted to a single group exemption and filed a consolidated return under subsequent law, special provisions for the treatment of net operating losses of the individual group members applied. The net operating losses of such individual group members sustained in years during which the election of multiple surtax exemptions was in effect could be carried over and deducted from consolidated net income.

(2) Total special deductions.—The total special deductions contained in this report was the sum of the following deductions:

(a) Intercompany dividends received deduction.—The intercompany dividends received deduction, under Code sections 243-246, was the sum of the following components:

(1) A deduction equal to 85 percent of dividends received from domestic corporations which were themselves subject to the income tax. This particular deduction accounted for the major portion of the intercompany dividends received deduction. Since DISC's were not subject to tax, the intercompany dividends received deduction was not allowed for dividends received by their stockholders. However, if the dividends were paid out of earnings and profits from a year before the election was made to become a DISC, the stockholders were entitled to the deduction for such dividends.

(2) A deduction equal to 85 percent of certain dividends received from foreign corporations (a) which had been engaged in a trade or business within the United States for at least 3 years, and (b) which also had at least 50 percent of their gross income "effectively connected" with the U.S. trade or business.

(3) A deduction equal to 100 percent of certain intragroup dividends allowed members of controlled groups not electing to file consolidated returns, but sharing instead, a single surtax exemption under Code section 1561.

(4) A deduction equal to 100 percent of dividends received from wholly-owned foreign subsidiaries whose entire gross income was "effectively connected" with the conduct of a trade or business within the United States.

(5) A deduction equal to about 59.13 percent of dividends received on certain preferred stock of public utilities for which a dividends paid deduction, described below, was also allowed the distributing corporation. The applicable percentage was based on the income tax rate.

(6) A deduction equal to 100 percent of dividends received by small business investment companies. For tax returns with net income for the taxable year, there was a limitation on the deduction, based on net income, for dividends received not subject to the 100 percent deduction (Code section 246). For these returns the deduction could not exceed 85 percent of net income less any Western Hemisphere Trade Corporation deduction (described below) and less any 100 percent deduction for domestic intragroup dividends. This limitation was not applicable if the corporation had no net income for the year. In this case, the deduction became part of the statutory net operating loss previously described. In the case of life insurance companies, the above percentage deductions were further reduced by the ratio of investment yield less total exclusions (operations) to investment yield.

(b) Deduction for dividends paid on certain preferred stock of public utilities.—For public utility companies, as defined by law, a special deduction was allowable under Code section 247 for dividends if paid on certain

preferred cumulative stock deemed issued prior to October 1, 1942. This deduction, based on the income tax rate, amounted to about 30.4 percent of the dividends paid on such stock.

If the dividends paid were greater than net income reduced (in general) by all other statutory special deductions for the year, the deduction could not exceed the above-described percentage of net income after this adjustment.

(c) Western Hemisphere Trade Corporation deduction.—This deduction was allowed certain domestic companies which qualified under section 921 of the Code. These companies conducted almost all of their business outside the United States, but within the Western Hemisphere. The deduction was equal to taxable income (computed without regard to the deduction, i.e., net income minus the statutory special deductions for net operating losses and for intercompany dividends received and for dividends paid on certain public utility stock) multiplied by a fraction having a numerator of 14 percent and a denominator equal to the regular U.S. tax rate. The Tax Reform Act of 1976 provided for a phaseout of the 14 percent figure. For 1978, the numerator was 5 percent; for 1979, the numerator was 2 percent. The Act also repealed the Western Hemisphere Trade Corporation deduction for taxable years beginning after December 31, 1979.

Stockholders' Undistributed Taxable Income Previously Taxed

This end-of-year balance sheet item was the accumulated taxable income, i.e., net income (or deficit), earned by Small Business Corporations since they had first elected to be taxed through their stockholders, to the extent that it had not yet been distributed to the stockholders. Taxable income, whether distributed or not to the stockholders, was taxable to the stockholders in the year earned so that later distributions from this account were nontaxable. (See "Small Business Corporation Returns.") This item is reflected in the statistics for "Retained Earnings, Unappropriated" and "Net Worth" in those tables which show these items.

Tax Deferred Income and Income Taxable to Stockholders

This amount represented the net income (less deficit) of a Domestic International Sales Corporation (DISC) minus statutory special deductions (described under a separate heading). This "taxable income" was used in determining the amount of the DISC's earnings and profits that were considered to be "amounts deemed distributed" to stockholders of the DISC. Generally, taxation on a portion of this amount could be deferred indefinitely and the remainder was taxable to stockholders in the year earned.

See also "Domestic International Sales Corporation Returns."

Tax Due at Time of Filing (#)

Tax due was the amount of income tax liability reported as due at the time the return was filed. To show a tax due the return had to have income tax after foreign tax, investment, work incentive (WIN), possessions tax, jobs, nonconventional source fuel and alcohol fuel credits. For this purpose, the income tax included tax from recomputing prior-year investment credit, tax from recomputing prior-year work incentive (WIN) credit, additional tax for tax preferences, and tax on undistributed Personal Holding Company income. Tax due based on this total

tax was the amount payable after taking into account (a) credit for taxes deemed paid by regulated investment companies on undistributed capital gain dividends; (b) payments with applications for extension of time in which to file; (c) payments on estimated tax; and (d) credit for taxes on special fuels, nonhighway gasoline, and lubricating oil.

The entire tax due could be paid with the return at the time of filing, or the corporation could elect to pay the tax due in two equal installments. One installment had to be paid at the prescribed time of filing. The balance was due on or before 3 months after that date.

The amounts shown do not reflect adjustments made after the return was filed. The results of tax audit, the carryback of net operating losses, the carryback of foreign taxes paid or accrued in future years, the carryback of unused investment credit, WIN credit, or jobs credit or the carryback of certain capital losses, may affect the final tax liability and the tax due.

Taxes Paid

Taxes paid included the amounts reported as an ordinary and necessary business deduction as well as identifiable amounts reported in the cost of goods sold and operations schedules. Included among the deductible taxes were ordinary State and local taxes paid or accrued during the year; social security and payroll taxes; unemployment insurance taxes; import and tariff duties; and business, license and privilege taxes. Income and profits taxes paid to foreign countries or U.S. possessions were also deductible unless claimed as a credit against income tax. However, Small Business Corporations electing to be taxed through their stockholders had to deduct from gross income any foreign taxes they paid. They could not claim a foreign tax credit, nor could they pass these taxes on to their stockholders for their use as a foreign tax credit. (See "Foreign Tax Credit.")

Taxes not deductible included Federal income and excess profits taxes, gift taxes and taxes assessed against local benefits.

Some corporations included sales taxes and excise and related taxes, which were part of the sales price of their products, as receipts. When this occurred, an equal and offsetting amount was usually included in the cost of sales and operations or as part of the separate deduction for taxes paid. When included in the cost of sales and operations, these taxes often were not identifiable and, therefore, could not be included in the statistics for taxes paid.

Tax from Recomputing Prior Year Investment Credit

This tax, a recapture of investment credit, was required when depreciable (or amortizable) property used in computing the investment credit of a prior year was either disposed of or ceased to be qualifying property before the end of its useful life assumed at the time the credit was originally computed.

The tax was payable for the year in which the property was disposed of or became disqualified. It amounted to the difference between the credit originally claimed based on the intended life in the year of acquisition and the credit that would have been allowed based on the actual life in the year of disposition or disqualification. Useful life classes for investment credit purposes were shortened for property acquired after August 15, 1971. The revised useful life classes applied to investment credit property disposed of or disqualified after this date, even if the property was acquired (and the credit claimed) using the longer useful life classes specified under prior law.

Recapture of investment credit was required after August 15, 1971, when investment credit property was effectively disposed of prematurely by reason of casualty or theft. Recapture was also required when the following subsequent elections caused property for which credit had been claimed earlier to cease to be qualifying property: (1) 5-year accelerated depreciation elected for expenditures to rehabilitate low-income rental housing, and (2) 5-year rapid amortization elected for certain expenditures for child care facilities and certain railroad rolling stock.

Transferor railroad companies were exempted from additional tax on the transfer of their rail properties to the Consolidated Rail Corporation (ConRail), i.e., such railroad companies were not liable for tax from recomputing prior-year investment credit.

Unless otherwise indicated, tax from recomputing prior-year investment credit is included in the statistics for "Income Tax" in this report.

See also "Investment Credit."

Tax from Recomputing Prior Year Work Incentive (WIN) Credit (#)

A "recapture" of the work incentive (WIN) program credit was required whenever an employer that had claimed the credit in a prior year (1) terminated without cause the employment of an employee hired under the WIN program, or (2) failed to pay a WIN employee wages comparable with non-WIN employees for the same services. Generally, if the WIN employee's employment did not last at least 24 months, the WIN credit had to be paid back, even though a WIN credit could be taken for only the first 12 months of employment.

Unless otherwise indicated, tax from recomputing prior year work incentive (WIN) credit is included in the statistics for "Income tax" in this report.

Tax Net Income (or Deficit) (#)

In order to facilitate comparison between after-tax book and tax profits in table 15, an effort was made to adjust the net income computed under the Internal Revenue Code (and described under a separate heading) in order to recognize taxes in a consistent manner under the two profit concepts, insofar as possible.

Corporations were asked to report book net income as after income tax. Because the net income under the Code was reported before taxes, net income (less deficit) after tax, net, was the term used for the statistics to describe the net income after it was reduced by the income tax. For this purpose, the taxes subtracted from net income were defined to include the sum of the regular income tax, the additional tax for tax preferences, and the taxes from recomputing prior-year investment and work incentive (WIN) credits, reduced by the current year's investment, WIN, jobs, nonconventional source fuel and alcohol fuel credits, but not by the foreign tax credit nor U.S. possessions tax credit.

Thus, an "economic" or "accounting" approach was used to compute tax net income in regard to the treatment of foreign income and taxes to the extent that foreign income was included in the income statistics. The U.S. possessions tax credit was also excluded for this purpose.

It was felt that the corresponding income tax, whether domestic or foreign, should be uniformly reflected to the extent possible in the taxes used in this computation. By disregarding the foreign tax credit, foreign income taxes in effect were recognized as a deduction in arriving at tax net income, just as they were in arriving at book net income. To have done otherwise, by treating these

taxes as a credit against U.S. tax, would have meant disregarding the effect of foreign income taxes on tax net income altogether. This was because corporations with a foreign tax credit could be thought of as having satisfied their U.S. income tax liabilities by paying taxes (to the extent of the credit) to foreign governments instead of the U.S. Government. The foreign tax credit was, after all, merely a device to prevent double taxation of foreign income.

This approach to foreign taxes for the statistics has drawbacks. The foreign tax credit, because of the limitations required in its computation, was not synonymous with total foreign income taxes. Because of the carryover provisions, some of the taxes credited for the current year were actually paid in other years while other amounts, paid on the current year income, had to be carried to other years for crediting. In addition, most foreign dividends had to be "grossed up" by the foreign taxes deemed paid on this income (see "Constructive Taxable Income from Related Foreign Corporations"). To the extent that such taxes were included as income, tax net income, conceptually, is overstated in comparison to book net income.

The user of the statistics can derive another estimate of tax net income (or deficit) by taking into account only the income tax payable to the United States. Under this approach, the before-tax net income (or deficit) shown in the statistics should be reduced by income tax after the possessions tax, foreign tax, investment, WIN, jobs, nonconventional source fuel, and alcohol fuel credits.

Aside from conceptual problems associated with the treatment of foreign income and taxes, it should be noted that Domestic International Sales Corporations (DISC's) and, for the most part, Small Business Corporations electing to be taxed through stockholders, were not subject to the corporation income tax. Therefore, "Tax Net Income (or Deficit)" (the after-tax concept) for these companies is the same as "Net Income (or Deficit)" (the before-tax concept).

See also "Book Net Income (or Deficit)" for some of the other reasons for differences between book and tax profits.

Tax Overpayment (#)

This was the amount reported as the excess of payments and credits for the tax already paid over total income tax liability at the time the return was filed. For this purpose, the income tax liability included tax from recomputing prior-year investment credit, tax from recomputing prior-year work incentive (WIN) credit, additional tax for tax preferences, and tax on undistributed Personal Holding Company income, and was, after reduction by the foreign tax, possessions tax, investment, work incentive (WIN), jobs, nonconventional fuel, and alcohol fuel credits. Overpayment then, was the excess of payments and credits over total tax liability after taking into account (a) credit for taxes deemed paid by regulated investment companies on undistributed capital gain dividends; (b) payments with applications for extension of time in which to file; (c) payments on estimated tax; and (d) credit for taxes on special fuels, nonhighway gasoline, and lubricating oil.

The overpayment could be credited toward the following year's estimated tax, refunded, or partially refunded and partially credited.

The amounts shown do not reflect adjustments made after the return was filed. The results of audit, the carryback of net operating losses incurred in future years, the carryback of certain foreign taxes paid or accrued in future years used to increase the current year foreign tax credit, the carryback of

unused investment credit, unused WIN credit or unused jobs credit, or the carryback of certain capital losses, may affect the final tax liability and the tax overpayment.

Since Domestic International Sales Corporations (DISC's) had no tax, tax overpayment reported on Form 1120-DISC consisted solely of the refund of U.S. excise tax on special fuels, nonhighway gasoline, and lubricating oil.

Tax Preference Items (#)

These items constituted the basis (after adjustments described under "Additional Tax for Tax Preferences") upon which the 15 percent additional tax for tax preferences (or "minimum tax") was levied. They comprised various kinds of tax-favored income and deductions, which, in effect, provided corporations with nontaxable "economic" income.

In general, the tax preference items were attributable to U.S. sources. However, the capital gain preference (described below) included amounts from foreign sources if they were not subject to foreign taxation, or if the foreign tax was a preferential one. Other items attributable to foreign sources were treated as preferences only to the extent they reduced U.S. taxable income.

For Small Business Corporations electing to be taxed through their stockholders, all of the tax preference items described below were reported, but only the capital gain preference and the intangible drilling cost preference were taxable to the corporations themselves. The other items were taxable only to the stockholders of such corporations.

The items of tax preference were:

(1) Accelerated depreciation (depreciation in excess of the amount computed under the straight-line method) allowed on: (a) low-income rental housing; (b) certified historic structure rehabilitation (defined in Code section 167 or Code section 191); (c) other real property (defined in Code section 1250); and (d) personal property (defined by section 1245) subject to a lease. The tax preference in connection with personal property subject to a lease did not apply to corporations other than Personal Holding Companies and Small Business Corporations electing to be taxed through their stockholders.

(2) Amortization of (a) certified pollution control facilities, (b) railroad rolling stock, (c) on-the-job training facilities, and (d) child care facilities. The tax preference was the excess of these special rapid write-offs over what otherwise would have been a depreciation deduction under Code section 167.

(3) Reserves for losses on bad debts of financial institutions. Financial institutions (mostly banks and savings and loan associations) were allowed deductions for additions to a reserve for bad debts under prescribed rules. When these deductions exceeded amounts based on the actual bad debt loss experience of the institution (or in the case of a new company, industry experience), the excess was considered a tax preference. (The appearance of this preference for other than finance division corporations was caused chiefly by the filing of consolidated returns that included finance subsidiaries.)

(4) Depletion. The excess of the depletion deduction over the cost or other basis of the property (reduced by depletion taken in prior years) was a tax preference.

(5) Capital gains. This tax preference was based on the excess of net long-term capital gain over the net short-term capital loss, when these net gains were taxed at the special lower capital gain rate. The amount treated as a preference was this amount multiplied by a ratio of the regular tax rate less the rate applicable to capital gains (generally 28 percent) to the regular corporate tax rate.

(6) Intangible drilling costs. This was the excess of deductible intangible drilling and development costs incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) over the amount that would have been deductible if such costs had been capitalized and depreciated under the straight line method.

Items (5) and (6) above were the only tax preferences for which Small Business Corporations electing to be taxed through their stockholders (Form 1120S) would be liable (see the discussion under "Small Business Corporation Returns" in this section). Tax preferences for these corporations were ordinarily passed on to the stockholders for taxation. Regulated investment companies and real estate investment trusts also included capital gains as a tax preference but only to the extent that such gains were not passed on to their stockholders.

Tentative Investment Credit

See "Investment Credit."

Total Assets and Total Liabilities

Total assets and total liabilities were those reported in the end-of-year balance sheet in 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. When reserves for bad debts were reported as liabilities, they were treated as reductions from the asset accounts to which they related and the totals of assets and liabilities were adjusted accordingly. When used in this report, the term total liabilities includes both the claims of creditors and stockholders' equity (see "Net Worth"). In addition, total liabilities were net amounts after reduction by the cost of Treasury stock. Moreover, when Treasury stock intended for resale was identified in "Other investments" on the asset side of the balance sheet, it was moved to the liability side for the statistics, and the totals of assets and liabilities were also adjusted.

Asset and liability estimates for returns of corporations that failed to provide complete balance sheet information were imputed from data in other schedules on the return form or by using either reference books or relationships between income statement and balance sheet items on similar returns in the same industrial group.

Because Forms 1120L and 1120M used by life insurance companies and certain mutual insurance companies did not provide for the complete reporting of balance sheet information, asset and liability data for these companies were obtained from reference books or from balance sheets filed with the returns in the form required by State law. These sources were also used for any other insurance companies, not filing returns on Forms 1120L or 1120M, which filed balance sheets in the form required by State law in lieu of the income tax return schedule. (See also "Size of Total Assets.")

Total Deductions

As presented in the tables of this publication, total deductions comprised (1) the cost of sales and operations, (2) the ordinary and necessary business deductions from gross income, and (3) net loss from sales of noncapital assets. Components of total deductions are shown in the income statement segment of various tables throughout this report.

For certain mutual insurance companies, with total receipts under \$500,000, total deductions represents only investment expenses; business expenses were excluded by law.

Total Receipts

The components of total receipts are shown in the income statement segment of various tables throughout this report. This amount was derived as follows:

Included items--(1) Gross taxable receipts (before deduction of cost of sales and operations, ordinary and necessary business expenses, and net loss from sales of noncapital assets), and (2) Nontaxable interest received from State and local Government obligations.

Excluded items--(1) Other nontaxable income recognized by the corporation, and (2) Certain taxable income from related foreign corporations only constructively received.

For certain mutual insurance companies, with total receipts under \$500,000, the gross taxable receipts included in the statistics represent only the receipts from investments; operating income was excluded by law.

Total Receipts Less Total Deductions

This item differed from net income (less deficit) for tax purposes in that it included nontaxable "Interest on State and Local Government Obligations" and excluded "Constructive Taxable Income from Related Foreign Corporations." As such, it included all of the income "actually" (as opposed to "constructively") received by the corporation and reported on the income tax return.

Unused Investment Credit

This was the portion of the tentative investment credit (plus the carryover of unused credit from prior years) which was in excess of the actual investment credit claimed for the current year. Subject to limitations, the unused credit could be carried back or carried over for use in other years as described under "Investment Credit."

The amounts shown in the statistics were computed on a return-by-return basis by taking the difference between the credit claimed and the sum of the tentative credit and the credit carryover.

U.S. Possessions Tax Credit (#)

In order to provide a tax incentive for domestic corporations to invest in Puerto Rico and U.S. possessions (including American Samoa, Guam, Johnston Island, Midway Islands, the Panama Canal Zone, and Wake Island, but not the Virgin Islands), the Tax Reform Act of 1976 added, under Code section 936, a new tax credit - the U.S. possessions tax credit. Under Code section 936, the U.S. possessions tax credit was equal to the U.S. tax on the corporations' income from sources within a possession in which the corporations actively conducted a trade or business.

Before the U.S. possessions tax credit could be claimed, a domestic corporation had to make an election and satisfy two tests: (1) receive for the "applicable" period immediately preceding the close of the taxable year at least 80 percent of its gross income from sources within a U.S. possession, and (2) receive for the "applicable" period at least 50 percent of its gross income from the active trade or business within a U.S. possession. "Applicable" period was the lesser of 3 years or the period during which the corporation was engaged in the active conduct of a trade or business within a U.S. possession.

For additional information regarding the possessions tax credit see Operation and Effect of the Possessions Corporation System of Taxation, Fourth Report, issued by the Department of the Treasury as required by the Tax Reform Act of 1976.

Work Incentive (WIN) Credit (#)

This credit was intended to expand job opportunities for Aid to Families with Dependent Children (AFDC) program recipients. Taxpayers were allowed a credit against their income tax liability if they were engaged in a trade or business and hired AFDC recipients under the Work Incentive (WIN) program of the Social Security Act (as authorized by the Revenue Act of 1971) or if they hired AFDC recipients under the Social Security Act, regardless of whether or not they were covered by the WIN program (as authorized by the Tax Reduction Act of 1975).

The Revenue Act of 1978 modified the WIN-welfare recipient credit to make it compatible with the targeted jobs credit. Under the 1978 Act, the WIN-welfare recipient credit was allowed only to taxpayers who paid or incurred "work incentive program expenses" during the taxable year. Work incentive program expenses were the amount of wages paid or incurred by the taxpayer for services rendered by an eligible employee.

An eligible employee must have been either a member of an Aid to Families with Dependent Children (AFDC) family that had been receiving financial assistance for at least 90 continuous days immediately preceding the hiring date, or a WIN registrant. In addition, the employee must have been employed by the taxpayer for more than 30 consecutive days on a substantially full-time basis. Any individual who had displaced another from the taxpayer's employment, or who was a migrant worker, did not qualify as an eligible employee. An individual who performed services for a taxpayer could qualify as an eligible employee even though the services were not performed in the taxpayer's trade or business.

The credit was equal to 50 percent of qualified first-year wages plus 25 percent of qualified second-year wages limited to the taxpayer's actual tax liability. Qualified first-year wages consisted of wages attributable to services rendered by an eligible employee during the one-year period beginning with the day the individual first begins

work for employer. Qualified second-year wages consisted of wages attributable to services rendered during the one-year period beginning at the close of the first-year period. The amount of eligible wages that were taken into account in computing the WIN credit were limited to \$6,000 per employee. This limit applied to both the first and second year of employment.

The ordinary deduction for wages had to be reduced by the amount of the WIN credit. This rule was designed to prevent the combination of the credit and the ordinary wage deduction from producing a tax reduction greater than the amount of eligible wages, and to make the percentage reduction in labor costs equal for all trade or business employers, regardless of their tax bracket. This rule applied even though the credit could exceed the tax liability for the year. Any excess WIN credits were subject to carryback and carryover rules.

Qualified WIN credit expenses in excess of the limitation for any one year could have been carried back, chronologically, to the 3 preceding years and then carried over to the 7 succeeding years to reduce income tax, subject to the WIN credit limitations of the years to which they were carried.

Zero Assets

In general, returns in this total assets-size class were:

- (1) final returns of liquidating or dissolving corporations which had disposed of all assets;
- (2) final returns of merging corporations whose assets and liabilities were reported in the returns of the acquiring corporations;
- (3) part-year returns of corporations (except initial returns of newly incorporated businesses); and
- (4) returns of foreign corporations with income "effectively connected" with the conduct of a trade or business in the United States (however, balance sheet data for U.S. branches of foreign insurance companies are included in the statistics and are classified by the size of total assets of these branches).

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Schedule A Cost of Goods Sold (See instructions for Schedule A)
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- 1 Inventory at beginning of year
- 2 Merchandise bought for manufacture or sale
- 3 Salaries and wages
- 4 Other costs (attach schedule)
- 5 Total—Add lines 1 through 4
- 6 Inventory at end of year
- 7 Cost of goods sold—Subtract line 6 from line 5. Enter here and on line 2, page 1

8 (a) Check all methods used for valuing closing inventory: (i) ☐ Cost (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4 (see instructions) (iii) ☐ Writedown of "subnormal" goods as described in Regulations section 1.471-2(c) (See instructions)

(b) Did you use any other method of inventory valuation not described above? ☐ Yes ☐ No

If "Yes," specify method used and attach explanation ▶

(c) Check if this is the first year LIFO inventory method was adopted and used. (If checked, attach Form 970.) ☐ Yes ☐ No

(d) If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. ☐ Yes ☐ No

(e) Is the corporation engaged in manufacturing activities? ☐ Yes ☐ No

If "Yes," are inventories valued under Regulations section 1.471-11 (full absorption accounting method)? ☐ Yes ☐ No

(f) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

Schedule C Dividends (See instructions for Schedule C)

- 1 Domestic corporations subject to 85% deduction
- 2 Certain preferred stock of public utilities
- 3 Foreign corporations subject to 85% deduction
- 4 Dividends from wholly-owned foreign subsidiaries subject to 100% deduction (section 245(b))
- 5 Other dividends from foreign corporations
- 6 Included income from controlled foreign corporations under subpart F (attach Forms 3646)
- 7 Foreign dividend gross-up (section 78)
- 8 Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(a)(3))
- 9 Taxable dividends from a DISC or former DISC not included in line 1 (section 245(d))
- 10 Other dividends
- 11 Total dividends—Add lines 1 through 10. Enter here and on line 4, page 1

Schedule E Compensation of Officers (See instruction for line 12)

1. Name of officer	2. Social security number	3. Time devoted to business	Percent of corporation stock owned		6. Amount of compensation	7. Expense account allowances
		4. Common	5. Preferred			

Total compensation of officers—Enter here and on line 12, page 1

Schedule F Bad Debts—Reserve Method (See instruction for line 15)

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1975						
1976						
1977						
1978						
1979						
1980						

Schedule J Special Deductions (See instructions for Schedule J)

- 1 (a) 85% of Schedule C, line 1
- (b) 59.13% of Schedule C, line 2
- (c) 85% of Schedule C, line 3
- (d) 100% of Schedule C, line 4
- 2 Total—Add lines 1(a) through 1(d). See instructions for limitation
- 3 100% of Schedule C, line 8
- 4 Deduction for dividends paid on certain preferred stock of public utilities (see instructions)
- 5 Total special deductions—Add lines 2 through 4. Enter here and on line 29(b), page 1

Schedule J Tax Computation (See instructions for Schedule J on pages 6 and 7)

1 Taxable income (line 30, page 1)

2 (a) Are you a member of a controlled group? ☐ Yes ☐ No
 (b) If "Yes," see instructions and enter your portion of the \$25,000 amount in each taxable income bracket:
 (i) \$ (ii) \$ (iii) \$ (iv) \$

3 Income tax (see instructions to figure the tax; enter this tax or alternative tax from Schedule D, whichever is less). Check if from Schedule D ☐

4 (a) Foreign tax credit (attach Form 1118)
 (b) Investment credit (attach Form 3468)
 (c) Work incentive (WIN) credit (attach Form 4874)
 (d) Jobs credit (attach Form 5884)

5 Total—Add lines 4(a) through 4(d)

6 Subtract line 5 from line 3

7 Personal holding company tax (attach Schedule PH (Form 1120))

8 Tax from recomputing prior-year investment credit (attach Form 4255)

9 Minimum tax on tax preference items (see instructions—attach Form 4626)

10 Total tax—Add lines 6 through 9. Enter here and on line 31, page 1

Schedule K Record of Federal Tax Deposit Forms 503
(List deposits in order of date made—See instruction C3)

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount

Additional Information (See page 7 of instructions)

G (1) Did you claim a deduction for expenses connected with:
 (a) Entertainment facility (boat, resort, ranch, etc.)?
 (b) Living accommodations (except employees on business)?
 (c) Employees attending conventions or meetings outside the U.S. or its possessions?
 (d) Employees' families at conventions or meetings?
 If "Yes," were any of these conventions or meetings outside the United States or its possessions?
 (e) Employee or family vacations not reported on Form W-2?

(2) Enter total amount claimed on Form 1120 for entertainment, entertainment facilities, gifts, travel, and conventions that requires substantiation under section 274(d). (See instructions.)

H (1) Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)
 If "Yes," attach a schedule showing: (a) name, address, and identifying number; (b) percentage owned; (c) taxable income or (loss) (e.g., if a Form 1120: from Form 1120, line 28, page 1) of such corporation for the tax year ending with or within your tax year; (d) highest amount owed by you to such corporation during the year; and (e) highest amount owed to you by such corporation during the year.

(2) Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of your voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (e).
 (a) Attach a schedule showing name, address, and identifying number; (b) Enter percentage owned ☐
 (c) Was the owner of such voting stock a person other than a U.S. person? (See instructions.)
 If "Yes," enter owner's country ☐
 (d) Enter highest amount owed by you to such owner during the year ☐
 (e) Enter highest amount owed to you by such owner during the year ☐

(Note: For purposes of H(1) and H(2), "highest amount owed" includes loans and accounts receivable/payable.)

I Did you ever declare a stock dividend?
 J Taxable income or (loss) from Form 1120, line 28, page 1, for your tax year beginning in: 1977 1978 1979

K If you were a member of a controlled group subject to the provisions of section 1561, check the type of relationship:
 (1) ☐ parent-subsidiary (2) ☐ brother-sister
 (3) ☐ combination of (1) and (2) (See section 1563.)

L Refer to page 8 of instructions and state the principal:
 Business activity
 Product or service

M Did you file all required Forms 1087, 1096, and 1099?

N Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 3466 for each such corporation

O At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see instructions)?

P Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it?
 If "Yes," you may have to file Forms 3520, 3520-A or 926.

Q During this tax year, did you pay dividends (other than stock dividends and distributions in exchange for stock) in excess of your current and accumulated earnings and profits? (See sections 301 and 316.)
 If "Yes," file Form 5452. If this is a consolidated return, answer here for parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

R During this tax year was any part of your tax accounting records maintained on a computerized system?

S (1) Did you elect to claim amortization (under section 191) or depreciation (under section 167(e)) for a rehabilitated certified historic structure (see instructions for line 20)?
 (2) Amortizable basis (see instructions for line 20):

Schedule L Balance Sheets

	Beginning of tax year	End of tax year		
	(A)	(B)	(C)	(D)
ASSETS				
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3 Inventories				
4 Gov't obligations: (a) U.S. end instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other depreciable assets				
(a) Less accumulated depreciation				
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable				
16 Mtes., notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mtes., notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock				
(b) Common stock				
22 Paid-in or capital surplus				
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated				
25 Less cost of treasury stock				
26 Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

1 Net income per books	7 Income recorded on books this year not included in this return (itemize) (a) Tax-exempt interest \$
2 Federal income tax	8 Deductions in this tax return not charged against book income this year (itemize) (a) Depreciation (b) Contributions carryover \$
3 Excess of capital losses over capital gains	9 Total of lines 7 and 8
4 Income subject to tax not recorded on books this year (itemize)	10 Income (line 28, page 1)—line 6 less 9
5 Expenses recorded on books this year not deducted in this return (itemize) (a) Depreciation (b) Contributions carryover	
6 Total of lines 1 through 5	

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)

1 Balance at beginning of year	5 Distributions: (a) Cash
2 Net income per books	(b) Stock
3 Other increases (itemize)	(c) Property
	6 Other decreases (itemize)
	7 Total of lines 5 and 6
4 Total of lines 1, 2, and 3	8 Balance at end of year (line 4 less 7)

1980

Department of the Treasury
Internal Revenue ServiceInstructions for Form 1120
U.S. Corporation Income Tax Return

(References are to the Internal Revenue Code.)

General Instructions

A. Purpose of Form 1120

In general, this form is used to report income, gains, losses, deductions, and credits of U.S. corporations.

B. Filing the Return

Who Must File Form 1120

The organizations listed below must file this form. Note: If an organization more nearly resembles a corporation than a partnership or trust, it will be considered an association taxed as a corporation.

- Domestic corporations, whether or not they have any taxable income, unless exempt under section 501.
- Real estate investment trusts defined in section 856.
- Regulated investment companies defined in section 851.
- Insurance companies described in section 831.

Special Returns for Certain Organizations

Certain organizations, listed below, may have to file special returns.

- Foreign corporations other than life and mutual insurance companies filing Forms 1120L and 1120M: File Form 1120F.
- Life insurance companies (section 802): File Form 1120L.
- Mutual insurance companies (section 821): File Form 1120M.
- Exempt farmers' cooperatives (section 1381): File Form 990-C.
- Exempt organizations with unrelated trade or business income: File Form 990-T.
- Small business corporations (section 1372(a)): File Form 1120S.
- Domestic International Sales Corporations (section 992): File Form 1120-DISC.
- Political organizations (section 527): File Form 1120-POL.
- Homeowners' associations (section 528): File Form 1120-H.

When to File

In general, a corporation must file Form 1120 by the 15th day of the 3d month after the end of the tax year. A new corporation filing a short period return must generally file by the 15th day of the 3d month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3d month after the date it dissolved.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120.

File Form 7005 to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

Period covered.—File the 1980 return for calendar year 1980 and fiscal years that begin in 1980 and end in 1981. For a fiscal year, fill in the tax year space at the top of the form.

Final return.—If the corporation ceases to exist, write "Final return" at the top of the form.

Where to File

If the corporation's principal business, office, or agency is located in:

Use the following Internal Revenue Service Center address	
New Jersey, New York City and counties of Nassau, Rockland, Dutchess, and Westchester	Holtzville, NY 08551
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina, Michigan, Ohio	Atlanta, GA 31101
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Cincinnati, OH 45999
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Austin, TX 73301
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

Corporations having their principal place of business outside the United States or claiming a possessions tax credit (section 930) must file with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

Other Forms, Returns, Schedules, and Statements That May Be Required

a. Forms.

The corporation may have to file any of the following:

Forms W-2 and W-3. Employee's wage and tax statement; and Transmittal of income and tax statements.

Form W-2P. Statement for recipients of periodic annuities, pensions, retired pay, or IRA payments.

Forms 1087-DIV, INT, MED, MISC, and QID. Nominees' information returns for reporting dividends, interest, medical and health care payments, miscellaneous income, and original issue discount that were received as a nominee on behalf of another person.

Form 1095. Annual summary and transmittal of U.S. information returns.
Form 5452. Corporate report of nontaxable dividends.

Form 966 and 1099L. Information returns regarding dissolution or liquidation, and distributions in liquidation.

Forms 1099-BCD, DIV, F, INT, MED, MISC, NEC, QID, PATR, and R. Information returns for reporting interest on bearer certificates of deposit, certain dividends and distributions, payments for certain fishing boat crew members, interest income, medical and health care payments, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements.

Form 4136-T. For use by the ultimate purchaser to claim a credit for Federal tax paid on gasoline, diesel fuel, and special fuels used after December 31, 1978, in a qualified taxi providing qualified taxi service.

Form 5713. International boycott report for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott, may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and DISC benefits.

b. Consolidated return.

The parent corporation of an affiliated group of corporations must attach Form 951, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122, Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments:

- Items of gross income and deductions.
- A computation of taxable income.
- Balance sheets as of the beginning and end of the tax year.
- A reconciliation of retained earnings.
- A reconciliation of income per books with income per return.

Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

c. Real estate investment trusts.

Attach the appropriate schedules. See sections 856-860 for special rules.

d. Statements.

Stock ownership in foreign corporations. Attach the required statement if the corporation owned 5% or more in value of the outstanding stock of a foreign person holding company. See section 551(c).

A corporation that controls a foreign corporation, or that is a 10%-or-more shareholder of a controlled foreign corporation, may have to file Forms 2952, Information Return with Respect to

Controlled Foreign Corporations, and 3646, Income from Controlled Foreign Corporation.

Transfers to a corporation controlled by the transferor. If a person receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the person (transferor) and the transferee must attach the information required by section 1.351-3 of the regulations.

Corporations that liquidate within one calendar month under section 333. These corporations must attach a computation of accumulated earnings and profits, including all items of income and expense accrued up to the date the transfer of all property is completed. Use the format in Rev. Proc. 75-17, 1975-1 C.B. 677.

e. Amended return.

Use Form 1120X, Amended U.S. Corporation Income Tax Return, to correct any error in a previously filed income tax return.

f. Financial statements.

You may use either Schedule L or copies of other balance sheets required by Federal, State, or other authorities. The balance sheets must agree with your books and records. You must reconcile any differences. On line 1 of whatever balance sheet you use, include as cash any certificates of deposit and other cash equivalents.

Banks, insurance companies, and other corporations required to file substantially similar statements of income and expense to any Federal, State, or other authority may file copies of such statements instead of the information required on lines 1 through 30 of Form 1120. Railroads may substitute Form 1090. In these cases, use Schedule M-1 to reconcile taxable income with the net profit that is shown on the statement and that would be entered as line 30.

Statements filed under this procedure must contain sufficient information to enable IRS to reconstruct an income and expense statement and a balance sheet similar to that contained on Form 1120, without contacting the taxpayer during processing.

g. Attachments.

If you need more space on forms or schedules, attach separate sheets to the back of Form 1120. Attach schedules in alphabetical order and forms in numerical order. Be sure to put the taxpayer's name and employer identification number (EIN) on each sheet.

Signature

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in Form 1120, the Paid Preparer's space under "Signature of officer" should remain blank. If someone prepares Form 1120 and does not charge the corporation,

that person should not sign the return. Certain others who prepare Form 1120 should not sign. For example, a regular, full time employee of the corporation such as a clerk, secretary, etc., does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120 must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

If the preparer is self-employed (that is, is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box. If you have questions about whether a preparer is required to sign Form 1120, please contact an IRS office.

The preparer required to sign the return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120 to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, lists some of the preparers' other responsibilities and penalties for which they may be liable. The publication also contains the regulation citations which govern their work.

C. Figuring and Paying the Tax

1. Accounting

Accounting methods.

Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Corporations engaged in farming operations may be required to use the accrual method of accounting. See section 447 for exceptions to the general rule.

Unless the law specifically permits otherwise, the corporation may change the method of accounting used to report taxable income in earlier years (only as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method. Also see Publication 538, Accounting Periods and Methods.

Change in accounting period.

Before you can change an accounting period, you must get the Commissioner's approval (section 1.442-1 of the regulations) by filing Form 1128, Application for Change in Accounting Period. Also see Publication 538, Accounting Periods and Methods.

2. Rounding Off

You may show money items as whole-dollar amounts by dropping amounts under 50 cents and increasing amounts from 50 to 99 cents to the next higher dollar.

3. Depositary Method of Tax Payment

The corporation must pay the tax due (line

33) either 1. in full when the return is filed or 2. in two equal installments. The installments are due by the 15th day of the 3d month and the 15th day of the 6th month after the end of the tax year.

Deposit corporation income tax payments (and estimated tax payments) with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the corporation is located. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions on the back of Form 503 for more information and exceptions.

In Schedule K, list all deposits on FTD Form 503 that relate to the tax year for which this return is filed and which were made before or at the same time this form was filed.

Preinscribed FTD Forms 503 will be mailed to the corporation on a regular basis depending on the corporation's tax year. You may apply for these forms from the Internal Revenue Service Center where the corporation files its return. If you do not have these forms when a deposit is due, mail your payment to the Internal Revenue Service Center where the corporation files its return. When applying for FTD Form 503 (and also when making a deposit without FTD Form 503), include the corporation's name, identification number, address, and the tax year to which the deposits relate.

4. Estimated Tax

A corporation must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be \$40 or more.

You may use Form 1120-W, Corporation Estimated Tax, as a worksheet to compute estimated tax.

If the corporation overpaid estimated tax, you may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both 1. at least 10% of expected income tax liability and 2. at least \$500. To apply, you must file Form 4466 within 2½ months after the end of the tax year and before Form 1120 is filed.

D. Penalties

Avoid penalties and interest by correctly filing and paying tax on time. The corporation may have to pay the following penalties unless it can show that failure to file or to pay was due to reasonable cause and not willful neglect. (These penalties are in addition to the interest charge on unpaid tax at a rate under section 6621.)

- A corporation that fails to file its tax return when due (including any extensions of time for filing) may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due.)
- A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the

tax is not paid. (The penalty is imposed on the net amount due.)

A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment.

If the corporation underpaid estimated tax, attach Form 2220, Understatement of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets. Also be sure to check the box below line 33, Form 1120. If the corporation owes a penalty, enter the amount in the space below line 33.

If there is tax due on line 33, include the amount of the penalty in with the total. If there is a refund due, subtract the amount of the penalty from the overpayment on line 34.

Specific Instructions

These instructions are numbered to correspond to the line items of Form 1120 and its schedules. Other line items on the form are self-explanatory.

Identification Information. Enter the information called for at the top of the form. Business codes are listed on page 9 of the instructions.

Employer Identification Number. If the employer identification number (EIN) on the label is wrong or if the corporation did not receive a label, enter the correct number at the top of the return.

A corporation that does not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number. You can get this form at any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which you send Form 1120. If you have not received the EIN by the filing time for Form 1120, write "Applied for" in the space for the EIN. **Total Assets.** Enter the total assets of the corporation. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

Gross Income

Line 1

Gross receipts

Enter gross receipts or sales from all business operations except those that must be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see section 1.451-5 of the regulations.

If the installment method is used, enter on line 1 the gross profit on collections from installment sales, and carry the same amount to line 3. Attach a schedule showing the following for the current year and the 3 preceding years: a. gross sales, b. cost of goods sold, c. gross profits, d. percentage of gross profits to gross sales, e. amount collected, and f. gross profit on amount collected.

Line 2

Cost of goods sold

See the instructions for Schedule A.

Line 4

Dividends

See the instructions for Schedule C.

Line 6

Other interest

Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

Line 7

Gross rents

Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

Line 9(a)

Capital gain net income

Every sale or exchange of a capital asset must be reported in detail on Schedule D, even though no gain or loss is indicated. If the net long-term capital gain is more than the net short-term capital loss, or if there is only a net long-term capital gain, compute the alternative tax on Schedule D to see if it produces a smaller tax.

Line 9(b)

Net gain or (loss)

Enter the net gain or loss from Form 4797, Supplemental Schedule of Gains and Losses, line 11(a), Part II.

Line 10

Other income

Enter any other taxable income not listed above, and explain its nature on an attached schedule. Examples of other income are recoveries of bad debts deducted in prior years under the specific charge-off method; the amount of credit for alcohol used as fuel that was entered on Form 6478, line 13; and refunds of taxes deducted in prior years. Do not offset current year's taxes with tax refunds. If "other income" consists of only one item, explain what it is in parentheses on line 10.

Deductions

Transaction between related taxpayers. See section 267 for limitation on deductions for unpaid expenses and interest.

Line 12

Compensation of officers

Complete Schedule E, columns 1 through 6, for all officers. Complete Schedule E, column 7, for your six highest paid officers.

To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means 1. amounts, other than compensation, received as advances or reimbursements and 2. amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer whose combined amount is less than \$30,000.

In a consolidated return, each member of an affiliated group must furnish this information.

Line 13

Salaries and wages

Enter on line 13(a) the amount of total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on your return, such as contributions to a Simplified Employee Pension Plan which are deducted on line 24.

Enter on line 13(b) the sum of 1. the amount of WIN credit from Form 4874, Credit for Work Incentive (WIN) Program Expenses, line 12, and 2. the amount of jobs credit from Form 5884, Jobs Credit, line 9.

Line 14

Repairs

Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life. Include in this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLADR) System.

Expenditures to remove architectural and transportation barriers to handicapped and elderly. For rules for expenses in tax years beginning after December 31, 1976, and before January 1, 1983, to remove architectural and transportation barriers to handicapped and elderly persons, see section 190 and related regulations.

Line 15

Bad debts

Bad debts may be treated in either of two ways: 1. as a deduction for debts that become worthless in whole or in part, or 2. as a deduction for a reasonable addition to a reserve for bad debts. (See section 166.) Use Form 3115 if you want to apply for a change in the method of computing bad debts.

Line 17

Taxes

Enter taxes paid or accrued during the tax year.

Do not include the following: 1. Federal income taxes; 2. foreign or U.S. possession income taxes if a tax credit is claimed; or 3. taxes not imposed on the corporation. See section 164(d) for apportionment of taxes on real property between seller and purchaser.

Line 18

Interest

Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (For exceptions, see section 265(2).)

Mutual savings banks, building and loan associations, and cooperative banks can deduct the amounts paid or credited to the accounts of depositors as dividends, interest, or earnings. (See section 591.)

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, a cash basis calendar year taxpayer, who in 1980 prepaid interest allocable to any

period after 1980, can deduct only the amount allocable to 1980. Please see Publication 545, Interest Expense.

Line 19

Contributions

Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not be more than 5% of taxable income (line 30) computed without regard to the following: 1. any deduction for contributions; 2. the special deductions in line 29(b); 3. deductions allowed under sections 249 and 250; 4. any net operating loss carryback to the tax year under section 172; and 5. any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions over the 5% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3d month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined. Special rule for contributions of certain property. For a charitable contribution of property, you must reduce the contribution by the sum of:

1. the ordinary income, short-term capital gain and
2. 1 - certain contributions, 60.87% of the long-term capital gain, that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to 1. contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and 2. contributions of any property to or for the use of certain private foundations. (See section 170(e) and Regulation section 1.170A-4.)

For special rules for contributions of inventory, and other ordinary income property to certain organizations, see section 170(e)(3).

Bargain sale to a charitable organization. For a charitable contribution deduction for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount that is in the same ratio to the adjusted basis as the

amount realized is to the fair market value of the property.

Line 20

Amortization

Generally, if a deduction is claimed for amortization, you must attach a schedule showing the following: 1. a description of the expenditures being amortized; 2. date acquired, completed, or expended; 3. amount being amortized; 4. amortization deducted in prior years; 5. amortization period (number of months); 6. amortization for this year; and 7. the total amount of amortization minus the amount claimed in Schedule A and elsewhere on the return.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 and related regulations for amortization over a 60-month period of certain expenditures made before January 1, 1982, for child care facilities.

Certified Historic Structures. You may elect to amortize rehabilitation expenditures or take accelerated depreciation for certain certified historic structures. Section 191 allows amortization to be figured using a period of 60 months. Section 167(c) allows an accelerated method of depreciation if you substantially rehabilitate a certified historic structure.

If you elect to amortize for these expenditures or to take an accelerated method of depreciation, do the following: 1. Answer "Yes" to Question S(1) on page 3. 2. Attach to the return a copy of the final certification letter issued by the Department of the Interior approving the rehabilitation. 3. If no letter in 2 has been issued, attach to the return a copy of a completed first page of U.S. Department of the Interior Form FHR-8-253a, Historic Preservation Certification Application—Part 2 (as submitted to the Department of the Interior).

In the space under S(2), include the amortizable basis of the property. This is the amount you are permitted to deduct over the 60-month period.

Line 21

Depreciation

See the instructions for Form 4562, Depreciation.

Line 22

Depletion

See sections 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if you claim a deduction for depletion of timber.

Line 24

Pension, profit-sharing, etc., plans

Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan (other than a Simplified Employee Pension) whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. The Employee Retirement Income Security Act of 1974 imposes penalties for failure to timely file these forms.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-R.—Complete the applicable form for each plan with fewer than 100 participants.

Note: Only one return is required to be filed for a plan of a controlled group of corporations or a multiemployer collectively-bargained plan. Individual participating employers or contributing employers are not required to file separately.

Line 25

Employee benefit programs

Enter the amount of contributions to employee benefit programs (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

Line 26

Other deductions

Generally, you may not take a deduction for the amount of any item or part of it allocable to a class of exempt income. (See section 265(2) for exceptions.)

If patronage dividends are included in line 26, show this deduction and any other deduction not listed above on an attached schedule.

Line 28

Taxable income

Special "at risk" rules under section 465, generally apply to closely held corporations engaged in any activity as a trade or business or for the production of income. Such corporations may have to adjust the amount on line 28. See below. However, the "at risk" rules do not apply to 1. holding real property other than mineral property and 2. equipment leasing under section 465(c)(4), (5), and (6). These "at risk" rules apply to a closely held corporation that may or may not be a personal holding company.

A closely held corporation that is NOT a personal holding company. Adjust the amount on line 28 for section 465(d) losses. These losses are limited to the amount for which the closely held corporation is "at risk" for each separate activity at the close of the tax year.

For a corporation involved in more than one activity that incurs a loss for the year, report each loss separately. Attach a schedule reflecting the amount "at risk" and gross income and deductions for each activity that has a loss.

If the corporation sells or otherwise disposes of an asset or its interest (either total or partial) in an activity to which the "at risk" rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the "at risk" rule.

Treat any loss from an activity not allowed for the tax year as a deduction

allocable to the activity in the next tax year. See section 204(c)(2) and (3) of the Tax Reform Act of 1976 for special transitional rules for movies, video tapes, and leasing activities.

A closely held corporation that is a personal holding company. For the amount to enter on line 28, see Schedule PH (Form 1120). Specific instructions for line 1, regarding section 465 losses.

Line 29(a)

Net operating loss deduction

The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(b).)

Generally, you may carry a net operating loss back to each of the 3 years preceding the year of the loss and carry it over to each of the 7 years following the year of the loss. (For tax years beginning after September 30, 1979, you may carry back 10 years the part of the net operating loss attributable to a product liability loss. (See section 172(b)(1)(H).)) There is also an available election to carry a net operating loss over to just each of the 7 years following the year of the loss. You may make the election by attaching a statement to a return that is filed on time (including extensions). The election is irrevocable. After applying the net operating loss to the first tax year to which it may be carried, the portion of the loss you may carry to each of the remaining tax years is the excess, if any, of the loss over the sum of the taxable income for each of the prior tax years to which you may carry the loss. (See section 172(b).)

If there is a carryback of a net operating loss, net capital loss, an unused investment credit, unused work incentive (WIN) credit, or unused job credit, file Form 1139 within 12 months after the close of the tax year for a "quick refund" of taxes. (See section 6411.)

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers.

Line 29(b)

Special deductions

See the instructions for Schedule I.

Line 32(e)

Credit for overpaid windfall profit tax

A corporation that has overpaid its windfall profit tax may claim a credit on its income tax return. Use Form 6249, Computation of Overpaid Windfall Profit Tax, to figure the credit. Include the amount of the credit in the total for line 32(e). Write in the margin, next to the entry on line 32(e), the amount of the credit and identify it as "Overpaid Windfall Profit Tax."

Schedule A

Cost of Goods Sold

Valuation Methods. Your inventories can be valued at: 1. cost; 2. cost or market value (whichever is lower); or 3. any other

method that is approved by the Commissioner of Internal Revenue and that conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such change should be made by filing Form 3115. For more information about the change, see Regulation section 1.446-1(e)(3) and Rev. Proc. 70-27, 1970-2 C.B. 509.

In line 8(a), check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For more requirements, see Regulation section 1.471-4.

Inventories may be valued below cost when the merchandise is 1. unsalable at normal prices or 2. unusable in the normal way because the goods are "subnormal" (that is because of damage, imperfections, shop wear, etc.) within the meaning of Regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price minus direct cost of disposition (but not less than scrap value) if you can establish such a price. See Regulation section 1.471-2(c) for more requirements.

In line 8(b), indicate whether you used a method of inventory valuation other than those described in line 8(a). Attach a statement describing the method used.

If this is the first year you adopted and used the "Last-in-First-out" (LIFO) inventory method provided in section 472, attach Form 970 or a statement with the information required by Form 970. Also check the LIFO box in line 8(c). Enter the amount or percent (estimates are OK) of total closing inventories covered under section 472 in line 8(d).

Full absorption method of inventory costing. For a corporation engaged in manufacturing or production operations, use the full absorption method of inventory costing. If the corporation is not using the full absorption method, it must change to it. Under this method both direct and certain indirect production costs are included for inventory valuation purposes. You may change to full absorption by filing Form 3115. For more details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and section 1.471-11 of the regulations.

Cost of operations (where inventories are not an income-determining factor). If the amount on line 2, Schedule A, includes an amount applicable to cost of operations, attach a schedule showing 1. salaries and wages and 2. other costs in detail.

For certain cooperatives, if per unit retain allocations (defined under section 1388(f)) are included on line 4, Schedule A, show this cost and any other costs not included in lines 1 through 3 on an attached schedule to Form 1120.

Schedule C

Dividends

Line 1

Enter dividends that are received from domestic corporations subject to income tax and that are subject to the 85% deduction under section 243(a)(1). Include on this line taxable distributions from a DISC or former DISC that are designated as being eligible for the 85% deduction.

Small business investment companies must enter dividends received from domestic corporations subject to income tax even though a deduction is allowed for the entire amount of such dividends in line 1 of Schedule I. For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest. Do not treat them as dividends.

Line 2

Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

Line 3

Enter dividends that are received from foreign corporations and that qualify for the 85% deduction provided in section 245(a).

Line 4

Enter dividends that are received from wholly owned foreign subsidiaries and that are eligible for the 100% deduction provided in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which 1. all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends and 2. all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

Line 5

Enter foreign dividends not reportable on lines 3 and 4. Exclude distribution of amounts constructively taxed in the current year or in prior years under subpart F (sections 951-964).

Line 6

Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported in Schedule A, Form(s) 3664.

Line 7

Include gross-up for taxes deemed paid under sections 902 and 960.

Line 8

Enter only those dividends that are subject to the elective provisions of section

243(b) and that are entitled to the 100% dividends-received deduction under section 243(e)(3). Corporations making this election are subject to the provisions of section 1561.

Line 9

Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% deduction.

Line 10

Include the following: 1. dividends (other than capital gain dividends and exempt interest dividends) that are received from regulated investment companies and that are not subject to the 85% deduction; 2. dividends from tax-exempt organizations; 3. dividends (other than capital gain dividends) received from a real estate investment trust which, for the tax year of the trust in which the dividends are paid, qualify under sections 856-860; 4. dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and 5. any other taxable dividend income not properly reported above. If patronage dividends or per-unit retain allocations are included in Schedule C, line 10, identify the total of these amounts in a schedule attached to Form 1120.

Schedule I

Special Deductions

Line 1

A small business investment company operating under the Small Business Investment Act of 1958 may deduct 100% of dividends received from domestic corporations subject to income tax. (Section 243(a)(2).)

No deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)) to the extent the dividend 1. is paid out of the corporation's accumulated DISC income or previously taxed income, or 2. is a deemed distribution under section 995 (b)(1).

In general, no dividends-received deduction will be allowed on any share of stock 1. that is disposed of if the corporation held it 15 days or less, or 2. to the extent the corporation is under an obligation to make corresponding payments for substantially identical stock or securities.

Line 2

Limitation on dividends-received deduction.

Line 2 may not be more than 85% of line 28, page 1, Form 1120, minus line 2, Schedule I. For this purpose, compute line 28 (Form 1120) without regard to any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 85% limitation does not apply

even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

For a small business investment company, the dividends-received deduction of 100%, included in line 2 is not subject to the overall 85% limitation.

Financial institutions should see section 596 for the special limitation on the dividends-received deduction.

Line 4

Deduction for dividends paid on certain preferred stock of public utilities. Section 247 allows public utilities a deduction of 30.435% of either 1. dividends paid on their preferred stock during the tax year, or 2. taxable income computed without regard to this deduction, whichever is less. In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). (See section 172(d).)

Schedule J

Tax Computation

A corporation that is not a member of a controlled group (these members should see item 1 below) will compute the tax on its taxable income as follows:

If the amount on Schedule I, Line 1 is:	Enter on Schedule I, Line 3:	Of the amount over—
Over—	But not over—	
0	\$25,000	17%
\$25,000	50,000	\$4,250 + 20%
50,000	75,000	9,250 + 30%
75,000	100,000	16,750 + 40%
100,000		26,750 + 46%
		100,000

If the alternative tax does not apply, enter on line 3 of Schedule J the amount computed above. If the alternative tax applies, see Schedule D (Form 1120).

(Personal holding companies—see Schedule PH (Form 1120) before completing Schedule J.)

1. Members of a Controlled Group.—Members of a controlled group, as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the \$25,000 in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulation section 1.1561-3(b) for them and for the time and manner of making the consent.

Equal Apportionment Plan. If no apportionment plan is adopted, the members of the controlled group must divide the \$25,000 in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an unequal apportionment plan. Therefore,

corporation A is entitled to \$12,500 (one-half of \$25,000) in each taxable income bracket. Corporation B is also entitled to \$12,500 in each taxable income bracket.

Unequal Apportionment Plan. Members of a controlled group may elect an unequal apportionment plan and divide the \$25,000 in each taxable income bracket any way they want. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the \$25,000 in a taxable income bracket. (But the total amount for all members of the controlled group cannot be more than \$25,000 in any taxable income bracket.) Each member of a controlled group must compute the tax as follows:

Note: If alternative tax applies, do the following: (1) Complete lines 2(a) and (b) of Schedule I. (2) On line 1 below, instead of entering amount from line 30, page 1, Form 1120, enter amount from line 12, Schedule D. (3) Complete lines 2 through 15 below, and, (4) Enter amount from line 15 below on line 13 of Schedule D and complete balance of Schedule D.

1. Enter taxable income (line 30, page 1) _____
2. Enter line 1 or your portion of the first \$25,000 taxable income bracket, whichever is less _____
3. Subtract line 2 from line 1 _____
4. Enter line 3 or your portion of the second \$25,000 taxable income bracket, whichever is less _____
5. Subtract line 4 from line 3 _____
6. Enter line 5 or your portion of the third \$25,000 taxable income bracket, whichever is less _____
7. Subtract line 6 from line 5 _____
8. Enter line 7 or your portion of the fourth \$25,000 taxable income bracket, whichever is less _____
9. Subtract line 8 from line 7 _____
10. 17% of line 2 _____
11. 20% of line 4 _____
12. 30% of line 6 _____
13. 40% of line 8 _____
14. 46% of line 9 _____
15. Total of lines 10 through 14. Enter this amount on line 3 of Schedule I. _____

2. Tax installment payments under the Bank Holding Company Tax Act of 1976.—Section 6158 provides that a bank holding company may elect to pay in installments the tax attributable to the sale of certain assets whose divestiture is certified by the Board of Governors of the Federal Reserve System. If the bank holding company chooses this election, attach a statement showing the tax computation and the amount of each installment paid with this return. Also, in the right-hand margin next to line 3, Schedule J, enter the amount of the installment payment followed by the words "computed under section 6158." If an election under section 1103(g) or (h) applies, enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be. **Distributions under the Bank Holding Company Act.** If an election under section 1103(g) or (h) applies to a section 1101 distribution, the bank holding company making the distribution must enter the

words "section 1103(g) election" or "section 1103(h) election," as the case may be, in the right-hand margin next to line 5, Schedule M-2 (Form 1120).

3. Mutual savings banks conducting life insurance business. The tax under section 594 consists of the sum of 1. a partial tax computed on Form 1120 on the taxable income of the bank determined without regard to income or deductions allocable to the life insurance department, and 2. a partial tax on the taxable income computed on Form 1120L of the life insurance department. Enter the combined tax on line 3 of Schedule J, Form 1120. Attach Form 1120L as a schedule and identify it as such.

4. Possessions tax credit. See Form 5712, Election to be Treated as a Possessions Corporation Under Section 936, for rules on how to elect to claim the possessions tax credit (section 936). Compute the credit on Form 5735, Computation of Possessions Corporation Tax Credit, Allowed Under Section 936, and include the amount of the credit in the total for line 5, Schedule J (Form 1120). Write in the margin, next to the entry on line 5, the amount of the credit and identify it as a section 936 credit.

5. Credit for wages paid or incurred in work incentive (WIN) program. Generally, employers may claim a credit of 50% of qualified first-year wages and 25% of qualified second-year wages. See Form 4874 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits. Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the amount of the WIN credit, determined without regard to the limitation based on tax (section 50A(a)(2)).

6. Investment credit. In most cases, the investment credit is 10% of the qualified investment in regular investment credit property. The corporation may elect an 11% or 11.5% credit for regular investment credit property (instead of the 10% if the corporation meets the requirements of section 48(n)(1)).

The corporation is also allowed an energy investment credit for investment in qualified energy property. The energy credit is in addition to the regular investment credit if the energy property is also regular investment credit property.

Use Form 3458, Computation of Investment Credit, to figure these credits.

7. Tax from recapturing a prior year investment credit. If property is disposed of before the life-years category used in computing the investment credit, you must recapture the credit. (See Form 4255, Recapture of Investment Credit.)

8. Job credit. The credit, if elected, is allowed only for hiring members of seven targeted groups during the tax year. Generally, the allowable credit is equal to 50% of qualified first-year wages paid or incurred and 25% of qualified second-year

wages paid or incurred. See Form 5884 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the amount of the job credit (determined without regard to the limitation based on the tax (section 53)).

9. Minimum tax. Attach Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries, if the corporation has tax preference items in excess of \$10,000, OR if there is any minimum tax liability deferred from a prior tax year.

10. Real estate investment trust excise tax. For tax years beginning after December 31, 1979, an excise tax is imposed on certain real estate investment trust taxable income not distributed during the tax year (section 4981). Attach a copy of your tax computation and include the amount of tax in the total for line 10, Schedule J (Form 1120). Write in the margin, next to the entry on line 10, the amount of the tax and identify it as "section 4981 tax."

11. Alcohol fuel credit.—You may be able to take a credit for alcohol used as fuel after September 30, 1980. This applies to straight alcohol you sell at retail or use as fuel in your trade or business. It also applies to an alcohol mixture you sell or use as fuel in your trade or business. Use Form 6478, Credit for Alcohol Used As Fuel, to figure the credit. Include the amount of the credit in the total for line 5, Schedule J (Form 1120). Write to the left, next to the entry on line 5, the amount of the credit and identify it as "Alcohol Fuel Credit."

12. Credit for fuel produced from a non-conventional source.—Effective for tax years ending after December 31, 1979, a credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 44D contains a definition of qualified fuels, provisions for figuring a separate schedule to your return showing the computation of the credit. Include the amount of the credit in the total for line 5, Schedule J (Form 1120). Write to the left, next to the entry on line 5, the amount of the credit and identify it as "Nonconventional Source Fuel Credit."

Additional Information

Be sure to answer questions G through S on page 3, Form 1120. The instructions that follow are keyed to these questions.

Question G(2).

Travel and entertainment expenses (section 274(d)). Enter the total amount spent during the year for entertainment, entertainment

facilities, gifts, travel, and conventions, which must be substantiated under section 274(d).

Report in the total any expenditures paid or incurred in tax years beginning in 1980 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., as if they were fully deducted on the return. Do this even though all or a portion of the expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See Regulation section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item G(2).

Question H(2)(c).

U.S. person

The term "U.S. person" means: 1. a citizen or resident of the United States; 2. a domestic partnership; 3. a domestic corporation; or 4. any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

"Owner's country," for individuals, is the owner's country of residence. For all others, it is the country where incorporated, organized, created, or administered.

Question O.

Foreign financial accounts

Check the Yes box if either 1. or 2. below applies to you.

1. At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if any of the following apply to you:

• The combined value of the accounts was \$1,000 or less during the whole year.

• The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

2. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question O, file Form 90-22.1 by June 30, 1981, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS. But be sure to file your Form 1120 with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question P.

Foreign trusts

Check the Yes box if you were a grantor of, or a transferor to, a foreign trust that existed during the tax year.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Federal Statistical Policy and Standards, Department of Commerce, to classify enterprises by type of activity in which they are engaged. The system follows closely the Stand-

ard Industrial Classification used to classify establishments.

Using the list below, enter on page 1, under C, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1, page 1) plus

all other income (lines 4 through 10, page 1). On page 3, under L, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

Agriculture, Forestry, and Fishing

Code
0400 Agricultural production, except horticulture
0600 Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.

Mining

Code
1010 Iron ores
1070 Copper, lead and zinc, gold and silver ores
1090 Other metal mining
1150 Coal mining
1300 Crude petroleum, natural gas, and natural gas liquids
1380 Crude oil and gas field services
Nonmetallic minerals, except fuels:
1430 Dimension, crushed and broken stone, sand and gravel
1490 Other nonmetallic minerals, except fuels.

Construction

General building contractors and operative builders:
1510 General building contractors
1530 Operative builders
1600 Heavy construction contractors
Special trade contractors:
1711 Plumbing, heating, and air conditioning
1731 Electrical work
1798 Other special trade contractors.

Manufacturing

Food and kindred products:
2010 Meat products
2020 Dairy products
2030 Preserved fruits and vegetables
2040 Grain mill products
2050 Bakery products
2060 Sugar and confectionery products
2081 Malt liquors and malt
2088 Alcoholic beverages, except malt liquors and malt
2089 Bottled soft drinks, and flavorings
2096 Other food and kindred products
Textile mill products:
2100 Tobacco manufacturers
2228 Weaving mills and textile finishing
2250 Knitting mills
2298 Other textile mill products
Apparel and other textile products:
2315 Men's and boys' clothing
2345 Women's and children's clothing
2388 Other apparel and accessories
2390 Miscellaneous fabricated textile products
Lumber and wood products:
2415 Logging, sawmills and planing mills
2430 Millwork, plywood, and related products
2498 Other wood products, including wood buildings and mobile homes
2500 Furniture and fixtures
Paper and allied products:
2625 Pulp, paper, and board mills
2698 Other paper products
Printing and publishing:
2710 Newspapers
2720 Periodicals
2735 Books, greeting cards, and miscellaneous publishing.

Code
2799 Commercial and other printing, and printing trade services
Chemicals and allied products:
2813 Industrial chemicals, plastics materials and synthetics
2830 Drugs
2840 Soap, cleaners, and toilet goods
2850 Paints and allied products
2898 Agricultural and other chemical products
Petroleum refining and related industries (including those integrated with extraction):
2910 Petroleum refining (including integrated)
2920 Rubber and misc. plastics products
3050 Rubber products: plastics footwear, hose and belting
3070 Misc. plastics products
Leather and leather products:
3140 Footwear, except rubber
3225 Glass products
3270 Cement, hydraulic
3270 Concrete, gypsum, and plaster products
3298 Other nonmetallic mineral products
Primary metal industries:
3370 Ferrous metal industries: misc. primary metal products
3380 Nonferrous metal industries: fabricated metal products
3400 Metal cans and shipping containers
3428 Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products
3430 Plumbing and heating, except electric and warm air
3440 Fabricated structural metal products
3460 Metal forgings and stampings
3470 Coating, engraving, and allied services
3480 Ordnance and accessories, except vehicles and guided missiles
3490 Misc. fabricated metal products
Machinery, except electrical:
3540 Metalworking machinery
3550 Special industry machinery
3560 General industrial machinery
3570 Office, computing, and accounting machines
Electrical and electronic equipment:
3630 Household appliances
3655 Radio, television, and communications equipment
3670 Electronic components and accessories
3698 Other electric equipment
Transportation equipment:
3710 Motor vehicles and equipment
3725 Aircraft, guided missiles and parts
3730 Ship and boat building and repairing
3815 Scientific instruments and measuring devices; watches and clocks
3845 Optical, medical, and ophthalmic goods
3860 Photographic equipment and supplies
3998 Other manufacturing products.

Transportation, Communication, Electric, Gas, and Sanitary Services

Transportation:
4000 Railroad transportation.

Code
4100 Local and interurban passenger transit
4200 Trucking and warehousing
4400 Water transportation
4500 Transportation by air
4500 Pipeline, except natural gas
4700 Miscellaneous transportation services
Communication:
4825 Telephone, telegraph, and other communication services
4830 Radio and television broadcasting
Electric, gas, and sanitary services:
4910 Electric services
4920 Gas production and distribution
4930 Sanitation utility services
4990 Water supply and other sanitary services.

Wholesale Trade

Durable:
5008 Machinery, equipment, and tools
5010 Motor vehicles and automotive equipment
5020 Furniture and home furnishings
5030 Lumber and construction materials
5040 Sporting, recreational, photographic, and hobby supplies, toys and supplies
5050 Metals and minerals, except precious metals and scrap
5060 Electrical goods
5098 Other durable goods
Nondurable:
5110 Paper and paper products
5129 Drugs, drug preparations, and druggists' sundries
5130 Apparel, piece goods, and notions
5140 Groceries and related products
5150 Farm-product raw materials
5160 Chemicals and allied products
5170 Petroleum and petroleum products
5180 Alcoholic beverages
5190 Misc. nondurable goods.

Retail Trade

5220 Building materials dealers
5251 Hardware stores
5265 Garden supplies and mobile home dealers
Food stores
5300 General merchandise stores
5410 Grocery stores
5490 Other food stores
Automotive dealers and service stations:
5515 Motor vehicle dealers
5541 Gasoline service stations
5598 Other automotive dealers
5600 Apparel and accessory stores
5700 Furniture and home furnishings stores
5800 Eating and drinking places
5912 Drug stores and proprietary stores
5921 Liquor stores
5995 Other retail stores.

Finance, Insurance, and Real Estate

Banking:
6010 Mutual savings banks
6060 Bank holding companies.

Code
6090 Savings banks, except mutual savings banks and bank holding companies
Credit agencies other than banks:
6120 Savings and loan associations
6140 Personal credit institutions
6150 Business credit institutions
6199 Other credit agencies
Security, commodity brokers, and services:
6210 Security brokers, dealers, and flotation companies
6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services
Insurance:
6325 Life insurance
6356 Mutual insurance, except life or marine and certain fire or flood insurance companies
6359 Other insurance companies
6411 Insurance agents, brokers, and service
Real estate:
6511 Real estate operators and lessors of buildings
6516 Lessors of mining, oil, and gas properties
6518 Lessors of railroad property and other real property
6530 Condominium management and cooperative housing companies
6550 Subdividers and developers
6599 Other real estate services
Holding and other investment companies, except bank holding companies:
6742 Regulated investment companies
6743 Real estate investment trusts
6744 Small business investment companies
6749 Other holding and investment companies except bank holding companies

Services
7000 Meals and other lodging
7200 Personal services
Business services:
7310 Advertising
7389 Business services, except advertising
Auto repair; miscellaneous repair services:
7500 Auto repair and services
7600 Misc. repair services
Amusement and recreation services:
7812 Motion picture production, distribution, and services
7830 Motion picture theaters
7900 Amusement and recreation services, except motion pictures
Other services:
8015 Offices of physicians, including osteopathic physicians
8021 Offices of dentists
8040 Offices of other health practitioners
8050 Nursing and personal care facilities
8060 Hospitals
8071 Medical laboratories
8099 Other medical services
8111 Legal services
8200 Educational services
8300 Social services
8600 Membership organizations
8911 Engineering services
8930 Accounting, auditing, and bookkeeping
8980 Miscellaneous services (including janitorial services)

SCHEDULE D
(Form 1120)
 Department of the Treasury
 Internal Revenue Service

Capital Gains and Losses

▶ Attach to your income tax return.

1980

Employer identification number

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price (less expense of sale)	e. Cost or other basis	f. Gain or (loss) (d less e)
1					

2 Unused capital loss carryover (attach computation)

3 Net short-term capital gain or (loss)

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

4 Enter section 1231 gain from Form 4797, line 5(a)(1)

5					

6 Net long-term capital gain or (loss)

Part III Summary of Schedule D Gains and Losses

7 Enter excess of net short-term capital gain (line 3) over net long-term capital loss (line 6)

8 Net capital gain. Enter excess of net long-term capital gain (line 6) over net short-term capital loss (line 3)

9 Total of lines 7 and 8. Enter here and on Form 1120, line 9(a), page 1

Note: If there is no entry on line 9, see instructions on capital losses for explanation of capital loss carrybacks.

Part IV Alternative Tax Computation

10 Taxable income (Form 1120, line 30, page 1)

11 Net capital gain from line 8

12 Subtract line 11 from line 10

13 Partial tax. Compute the tax on line 12 in accordance with the instructions for Form 1120, Schedule J

14 28% of line 11

15 Alternative tax—total of lines 13 and 14. If less than amount of tax figured by regular method, enter here and on Form 1120, line 3, Schedule J, and check box for Schedule D

Instructions

(References are to the Internal Revenue Code.)

Purpose

Schedule D should be used by corporations to report sales or exchanges of capital assets. Sales or exchanges of property other than capital assets, including property used in a trade or business, involuntary conversions (other than casualties or thefts), and gain from the disposition of interest in oil, gas, or geothermal property, should be reported on Form 4797, Supplemental Schedule of Gains and Losses. See the instructions for Form 4797 for more information.

If property is involuntarily converted because of a casualty or theft, use Form 4684, Casualties and Thefts.

Parts I and II

Generally, you should report the sales and exchanges even though there is no gain or loss. No loss is allowed for a wash sale of stock or securities or from a transaction between related persons. (Sections 1091 and 267.)

In Part I report the sale or exchange of capital assets held one year or less. In Part II report the sale or exchange of capital assets held more than one year.

What are Capital Assets.—Each item of property held by a corporation (whether or not connected with its trade or business) is a capital asset except:

1. Assets that can be inventoried or property held mainly for sale to customers.
2. Depreciable or real property used in the trade or business.
3. Certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property.
4. Accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in 1. above.
5. Certain short-term Federal, State, and municipal obligations.
6. A U.S. Government publication (including the Congressional Record), received from the Government or any of its agencies in a manner other than by buying it at the price offered for public sale, which is held by a taxpayer who received the publication or by a second taxpayer in whose hands the basis of the publication is determined, for purposes of determining gain from a sale or exchange, by referring to its basis in the hands of the first taxpayer.

Special Rules for the Treatment of Certain Gains and Losses

Note: For more information, get Publication 544, Sales and Other Dispositions of Assets.

• **Gain from installment sales.**—If you sold property on the installment basis at a gain, get Publication 537, Installment and Deferred-Payment Sales. In addition, attach a computation titled "Installment Sale Computation."

• **Gain or loss on an option to buy or sell property.**—See section 1234 for the rules that apply to a purchaser or grantor of an option.

• **Gain or loss from a short sale of property.**—Report the gain or loss to the extent that the property used to close the short sale is considered a capital asset in the hands of the taxpayer.

• **Gains and losses on futures transactions.**—Report the gain or loss on futures transactions (but not options on futures transactions) in any commodity subject to the rules of a board of trade or commodity exchange. These are subject to long-term treatment under the more than 6-month holding period rules. (Section 1222.)

• **Loss from the sale or exchange of an insurance company's capital assets.**—Report the loss if the assets were sold or exchanged to get funds to meet abnormal insurance losses. If you are an insurance company taxed under section 831 and are reporting a loss on Schedule D, also attach a schedule similar to Schedule C of Form 1120M. If you are an insurance company taxed under section 821, all references to line numbers on Form 1120 are to be considered as references to the appropriate line on Form 1120M.

• **Loss from securities that are capital assets that become worthless during the year.**—Except for securities held by a bank, treat the loss as a capital loss as of the last day of the tax year. (See section 582 for the rules on the treatment of securities held by a bank.)

How to Determine the Cost or Other Basis of the Property

In determining gain or loss, the basis of property will generally be its cost (section 1012). The exceptions to the general rule are provided in sections contained in subchapters C, K, O, and P of the Code. For example, if the corporation acquired the property by dividend, liquidation of another corporation, transfer from a shareholder, reorganization, contribution of gift, bankruptcy, tax-free exchange, in-

voluntary conversion, or wash sale of stock, see sections 301, 334, 362 (or 358), 1015, 1014 (and 1023), 372 (or 374 or 1026), 1031, 1033, and 1091, respectively. Attach an explanation if you use a basis other than actual cash cost of the property.

If you are allowed a charitable contribution deduction because you sold property to a charitable organization, figure the adjusted basis for determining gain from the sale by dividing the amount realized by the fair market value and multiplying that result by the adjusted basis.

Capital Losses.—The amount of capital losses allowed may not be more than capital gains. A net capital loss may be carried back 3 years and forward 5 years as a short-term capital loss. Carry back a capital loss to the extent it does not increase or produce a net operating loss in the tax year to which you carry it. You may not carry back foreign expropriation capital losses, but you may carry them forward 10 years instead of 5. A net capital loss for a regulated investment company may be carried forward 8 years instead of 5.

At risk limitations (section 465).—If the corporation sold or exchanged an asset used in an activity to which the at risk rules apply, combine the gain or loss on the sale or exchange with the profit or loss from the activity. If the corporation has a net loss from the activity, it may be subject to the at risk rules.

Part III—Summary of Schedule D Gains and Losses

If the net long-term capital gain is more than the net short-term capital loss, there is a net capital gain. In that case, you may want to complete Part IV to determine if the resulting alternative tax is less than the tax figured using the regular method.

Part IV—Alternative Tax Computation

In figuring the alternative tax, you do not have to refigure deductions limited by the amount of taxable income (such as contributions and the special deductions in Schedule I).

If the alternative tax amount on line 15 is less than the tax figured by the regular method, enter the amount of alternative tax on Form 1120, line 3, Schedule J and check the box for Schedule D.

If there is a net capital gain, you may be liable for minimum tax. See Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries, for more information.

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Domestic International Sales
Corporation Return

(PLEASE TYPE OR PRINT)

1980

For calendar year 1980 or other taxable year beginning

1980, ending

19

A Date of DISC election

Name

C Employer identification number

Number and street

D Date incorporated

B Business code number
(See page 8 of instructions)

City or town, State, and ZIP code

E Enter total assets from line 3, column
(B), Schedule L (see instruction 1)

F (1) Did any corporation, individual, partnership, trust or estate at the end of your taxable year own, directly or indirectly, 50% or more of your voting stock? Yes No

If "Yes," enter below the owner's name, identifying number, address, percentage of voting stock owned and, if a corporation, total assets. (See General Instruction Q)

Name	Identifying number	Address	Percentage of voting stock owned	Total assets (Corporations only)	Foreign owner
					Yes No

(2) For corporation(s) listed above, enter the following for the corporation(s) that will report the income of the DISC

Taxable year of first corporation	IRS Service Center where filed
Taxable year of second corporation	IRS Service Center where filed

G Indicate by placing an "X" in the appropriate box(es) the inter-company pricing rule or rules which were applied to 25% or more of total receipts (line 4, page 1).

☐ 50-50 combined taxable income method, ☐ 4% gross receipts method, ☐ Section 482 method ("arm's length pricing")

All Computations Must Reflect Inter-Company Pricing Rules
Under Section 994 If Used (See Schedule P (Form 1120-DISC))

Gross Income

1 Qualified export receipts from the sale of export property (line 1(c), column E, Schedule B)	
2 Other qualified export receipts: (line 2(j), column E, Schedule B)	
3 Nonqualified gross receipts: (line 3(g), column E, Schedule B)	
4 Total (add lines 1, 2, and 3)	
5 Cost of goods sold (line 7, Schedule A) and/or operations (attach schedule)	
6 Total income (subtract line 5 from line 4)	

Deductions

7 Export promotion expenses: (line 1(o), Schedule E)	
8 Other expenses not deducted above: (line 2(h), Schedule E)	
9 Total deductions (add lines 7 and 8)	

Computation of Taxable Income

10 Taxable income before net operating loss deduction and dividends-received deduction (subtract line 9 from line 6)	
11 (a) Net operating loss deduction (see instructions—attach schedule)	
(b) Dividends-received deduction (line 2, Schedule I)	
12 Taxable income (subtract line 11 from line 10)	

13 Refund of U.S. tax on special fuels and oils (attach Form 4136)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here	Signature of officer	Date	File
	Preparer's signature and date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
Paid Preparer's Use Only	Firm's name (or yours, if self-employed) and address	E.I. No.	ZIP code

Schedule A Cost of Goods Sold (See instructions for Schedule A)
Reflect ACTUAL purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994, if used. See Schedule P (Form 1120-DISC).

1 Inventory at the beginning of the year	
2 Purchases	
3 Salaries and wages	
4 Other costs (attach schedule)	
5 Total (add lines 1 through 4)	
6 Inventory at the end of the year	
7 Cost of goods sold (subtract line 6 from line 5)—Enter here and on line 5, page 1	
8 (a) Check all methods used for valuing closing inventory: <input type="checkbox"/> Cost <input type="checkbox"/> Lower of cost or market as described in regulations section 1.471-4 (see instructions) <input type="checkbox"/> Writedown of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions)	
(b) Did you use any other method of inventory valuation not described above? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If "Yes," specify method used and attach explanation	
(c) Check if this is the first year LIFO inventory method was adopted and used <input type="checkbox"/>	
If checked, attach Form 970.	
(d) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO	
(e) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If "Yes," attach explanation.	

Schedule B Gross Income (See instructions for Schedule B)

A. Type of receipt	Commission sales		D. Other receipts	E. Total (add columns C and D)
	B. Gross receipts	C. Commission		
1 Qualified export receipts from the sale of export property:				
(a) To unrelated purchasers:				
(i) Direct foreign sales				
(ii) Foreign sales through a related foreign entity				
(iii) To persons in the U.S. (other than an unrelated DISC)				
(iv) To an unrelated DISC				
(b) To related purchasers:				
(i) Direct foreign sales				
(ii) To persons in the U.S.				
(c) Total—Enter amount in column E on line 1, page 1				
2 Other qualified export receipts:				
(a) Leasing or renting of export property				
(b) Services related and subsidiary to a qualified export sale or lease				
(c) Engineering and architectural services				
(d) Export management services				
(e) Qualified dividends (line 10, Schedule C)				
(f) Interest on producer's loans				
(g) Other interest (attach schedule)				
(h) Capital gain net income (Attach Schedule D (Form 1120))				
(i) Ordinary gain or (loss) from Part II, Form 4797 (attach Form 4797, see instructions)				
(j) Total—Enter amount in column E on line 2, page 1				
3 Nonqualified gross receipts:				
(a) Ultimate use in U.S.				
(b) Exports subsidized by the U.S. Government (see instructions)				
(c) Certain direct or indirect sales or leases for use by the U.S. Government				
(d) Sales to other DISCs in the same controlled group				
(e) Nonqualified dividends (line 11, Schedule C)				
(f) Other (see instructions—attach schedule)				
(g) Total—Enter amount in column E on line 3, page 1				
4 Total—Enter amount in column E on line 4, page 1				

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Schedule C Dividends (See instructions for Schedule C)

- 1 Domestic corporations subject to the 85% deduction
- 2 Certain preferred stock of public utilities
- 3 Foreign corporations subject to the 85% deduction
- 4 Dividends from wholly-owned foreign subsidiaries subject to the 100% deduction (section 245(b))
- 5 Other dividends from foreign corporations
- 6 Includable income from controlled foreign corporations under subpart F (attach Forms 3646)
- 7 Taxable dividends from a DISC or former DISC not included in line 1 (section 246(d))
- 8 Other dividends
- 9 Total (add lines 1 through 8)
- 10 Qualified dividends—Enter the qualified dividends here and on line 2(e), column D, Schedule B.

11 Nonqualified dividends (subtract line 10 from line 9)—Enter here and on line 3(e), column D, Schedule B.

Schedule E Deductions (See instructions for Schedule E)

- 1 Export promotion expenses:
 - (a) Market studies
 - (b) Advertising
 - (c) Depreciation (attach Form 4562)
 - (d) Salaries and wages
 - (e) Rents
 - (f) Sales commissions
 - (g) Warehousing
 - (h) Freight (excluding insurance—see instructions)
 - (i) Compensation of officers
 - (j) Repairs (see instructions)
 - (k) Amortization (attach schedule)
 - (l) Pension, profit-sharing, etc. plans (see instructions)
 - (m) Employee benefit programs
 - (n) Other (list):

(c) Total (add lines 1(a) through 1(n))—Enter here and on line 7, page 1.

2 Other expenses not deducted above:

- (a) Bad debts (Schedule F if reserve method is used)
- (b) Taxes
- (c) Interest
- (d) Contributions (not over 5% of line 12, page 1 adjusted per instructions—attach schedule)
- (e) Freight
- (f) Freight insurance
- (g) Other (attach schedule)

(h) Total (add lines 2(a) through 2(g))—Enter here and on line 8, page 1.

Schedule F Bad Debts—Reserve Method

1. Year	2. Trade notes and accounts receivable outstanding at the end of the year	3. Sales on account	Amount added to the reserve		6. Amount charged against the reserve	7. Reserve for bad debts at the end of the year
			4. Current year's provision	5. Recoveries		
1975						
1976						
1977						
1978						
1979						
1980						

Schedule I Dividends—received Deduction (See instructions for Schedule I)

- 1 (a) 85% of line 1, Schedule C
- (b) 59.13% of line 2, Schedule C
- (c) 85% of line 3, Schedule C
- (d) 100% of line 4, Schedule C

2 Total—See instructions for limitation. Enter here and on line 11(b), page 1.

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Schedule J Deemed and Actual Distributions to Shareholders for the Taxable Year (See instructions for Schedule J)**PART I—Deemed Distributions under Section 995(b)(1)**

- 1 Gross interest derived during the year from producer's loans (section 995(b)(1)(A))
- 2 Gain recognized on the sale or exchange of property (section 995(b)(1)(B)) (see instructions—attach schedule)
- 3 Gain recognized on the sale or exchange of property (section 995(b)(1)(C)) (see instructions—attach schedule)
- 4 50% of taxable income attributable to military property (section 995(b)(1)(D)) (see instructions—attach schedule)
- 5 Total (add lines 1 through 4)
- 6 Taxable income (line 12, page 1)
- 7 Adjusted taxable income (subtract line 5 from line 6) (enter here and on line 1, Part II)
- 8 Taxable income attributable to base period export gross receipts (section 995(b)(1)(E)) (from line 22, Part II)
- 9 Subtract line 8 from line 7 (enter zero if less than zero)
- 10 50% of line 9 (section 995(b)(1)(F)(i))
- 11 International boycott income (section 995(b)(1)(F)(ii)) (see instructions)
- 12 Amount of illegal bribes and other payments (section 995(b)(1)(F)(iii)) (see instructions)
- 13 Total of lines 5, 8, 10, 11, and 12
- 14 Earnings and profits for year (see instructions—attach schedule)
- 15 Enter the smaller of line 13 or line 14 (but not less than zero)
- 16 Foreign investment attributable to producer's loans (section 995(b)(1)(G)) (see instructions—attach schedule)
- 17 Total deemed distributions under section 995(b)(1) (add lines 15 and 16)

PART II—Computation of Taxable Income Attributable to Base Period Export Gross Receipts

- 1 Adjusted taxable income (from line 7, Part I)
- 2 Enter the larger of (a) 365 (see instructions) divided by the number of days in your taxable year or (b) 1 (one)
- 3 Annualized adjusted taxable income (line 1 times line 2)
- 4 Annualized adjusted taxable income of all other DISCs in your controlled group (see instructions for exceptions)
- 5 Line 3 plus line 4 (if \$100,000 or less see instructions)
- 6 Taxable years beginning in 1973, 1974, 1975, and 1976 (use a separate line for each full or part year, starting with the earliest):

A. Beginning of year (month, day, year)	B. End of year (month, day, year)	C. Qualified export receipts as described in Sections 993(a)(1)(A), (B), (C), (G), and (H) (see instructions for certain exclusions)	D. 50 percent of qualified export receipts in column C attributable to military property
(a)			
(b)			
(c)			
(d)			
(e)			
(f) Totals (add lines (a) through (e))			
- (g) Base period export gross receipts (subtract Column 6D, line (f) from Column 6C, line (f))

- 7 Enter the smaller of (a) 1,461 divided by the number of days in your base period or (b) 1 (one)
- 8 Line 6(g) times line 7
- 9 Adjustment factor
- 10 Adjusted base period export gross receipts (line 8 times line 9)
- 11 Additions to adjusted base period export gross receipts:
 - (a) Adjusted base period export gross receipts of all other DISCs in your controlled group
 - (b) Other additions (attach schedule—see instructions)
 - (c) Total additions (line 11(a) plus line 11(b))
- 12 Line 10 plus line 11(c)
- 13 (a) Qualified export receipts as described in sections 993(a)(1)(A), (B), (C), (G), and (H). (Add the amounts from Schedule B, Columns B and D, lines 1(c), 2(a), 2(b), 2(c), and 2(d))
- (b) 50 percent of qualified export receipts on line 13(a) attributable to military property
- (c) Export gross receipts (subtract line 13(b) from line 13(a))
- 14 Annualized export gross receipts (line 2 times line 13(c))
- 15 Annualized export gross receipts of all other DISCs in your controlled group
- 16 Line 14 plus line 15
- 17 Enter the smaller of (a) line 12 divided by line 16 or (b) 1 (one)
- 18 Line 5 times line 17
- 19 Small DISC phaseout:
 - (a) Enter the greater of (a) \$150,000 less line 5 (but not more than \$50,000) or (b) zero
 - (b) Line 19(a) times 2 (two)
- 20 Subtract line 19(b) from line 18 (enter zero if less than zero)
- 21 Line 1 divided by line 5
- 22 Taxable income attributable to base period export gross receipts (line 20 times line 21) (enter here and on line 8, Part I)

PART III.—Deemed Distributions Under Section 995(b)(2)

- 1 Annual installment of distribution attributable to revocation of election in a prior year
- 2 Annual installment of distribution attributable to a failure to qualify as a DISC in a prior year
- 3 Total deemed distributions under section 995(b)(2) (add line 1 and line 2)

PART IV.—Actual Distributions

- 1 Distributions to meet qualification requirements under section 992(c) (attach computation)
- 2 Other actual distributions
- 3 Total of line 1 and line 2
- 4 Amount on line 3 treated as distributed out of:
- (a) Previously taxed income
- (b) Accumulated DISC income (including DISC income of the current year)
- (c) Other earnings and profits
- (d) Other

Schedule K Shareholder's Statement of DISC Distribution
 (Attach a separate Copy A, Schedule K (Form 1120-DISC) for each shareholder receiving a deemed or actual distribution. Give Copy B to the shareholder. See instructions on the back of Copy C.)

Additional Information Required

- H** Did you claim a deduction for expenses connected with:
- (1) Entertainment facility (boat, resort, ranch, etc.)?
- (2) Living accommodations (except employees on business)?
- (3) Employees attending conventions or meetings outside the U.S. or its possessions?
- (4) Employees' families at conventions or meetings?
- If "Yes," were any of these conventions or meetings outside the United States or its possessions?
- (5) Employee or family vacations not reported on Form W-2?
- I** Enter total amount claimed on Form 1120-DISC for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d) of the Internal Revenue Code. (See instruction S.) ▶
- J** Refer to page 8 of the instructions and state the principal:
- Business activity ▶
- Product or service ▶
- K** Were you a U.S. shareholder of any controlled foreign corporation?
- (See sections 951 and 957.) If "Yes," attach Form 3646 (and Form 2952 where appropriate) for each corporation.
- L** Did you file all required Forms 1087, 1096, and 1099?
- M** (1) Did 95% or more of your gross receipts for the tax year consist of qualified export receipts (defined in section 993(a))?
- (2) Did the adjusted basis of your qualified export assets (as defined in section 993(b)) at the close of the taxable year equal or exceed 95% of the sum of the adjusted basis of all your assets at the close of the taxable year?
- (3) If the answer to (1) or (2) is "No," did you make a pro rata distribution of property as defined in section 992(c)?
- N** (1) Did you have more than one class of stock at any time during the taxable year?
- (2) Was the par or stated value of your stock at least \$2,500 on each day (for a new corporation, on the last day for making an election and for each succeeding day) of the taxable year?
- O** Are you a member of a controlled group that includes other DISCs? (If "Yes," complete (1) and (2) below.)
- (1) Report in Part II, Section B of Schedule N the names, addresses, and employer identification numbers of the DISCs.
- (2) State the name and employer identification number of the DISC in your controlled group completing Columns 3 and 4 of Part I, Section B of Schedule N. See specific instruction B, Schedule N (Form 1120-DISC).
- Name ▶ E.I.N. ▶
- P** Did you have your own bank account?
- Q** Did you maintain separate books and records?
- R** Did you, at any time during the taxable year, have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country? (If "Yes," see instruction R.)
- S** Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may be required to file Forms 3520, 3520-A, or 926.
- T** During the tax year was any part of your tax accounting records maintained on a computerized system?
- U** Do you or any member of the controlled group (as defined in Section 993(a)(3)) of which you are a member have operations in or related to any country (or with the government, a company, or a national of such country) associated in carrying out the boycott of Israel which is on the list maintained by the Secretary of the Treasury under Section 999(a)(3)?
- V** Did you or any member of the controlled group of which you are a member have operations in any nonlisted country, which you know or have reason to know requires participation in or cooperation with an international boycott against Israel?
- W** Did you or any member of the controlled group of which you are a member have operations in any country, which you know or have reason to know requires participation in or cooperation with an international boycott other than the boycott of Israel? If you answered yes to any of questions U through W, see instructions for Form 5713, International Boycott Report.

		(A) Beginning of the taxable year	(B) End of the taxable year
Assets	1 Qualified assets:		
	(a) Working capital (cash and necessary temporary investments)		
	(b) Funds awaiting investment (cash in U.S. banks in excess of working capital needs to acquire other qualified export assets)		
	(c) Export-Import Bank obligations		
	(d) Trade receivables (accounts and notes receivable)		
	(f) Subtract allowance for bad debts		
	(e) Export property (net) (including inventory and qualified property held for lease)		
	(f) Producer's loans		
	(g) Investment in related foreign export corporations		
	(h) Depreciable assets		
(f) Subtract accumulated depreciation			
(f) Other (attach schedule)			
2 Nonqualified assets (net) (list):			
3 Total assets			
Liabilities and Stockholders' Equity	4 Accounts payable		
	5 Other current liabilities (attach schedule)		
	6 Mortgages, notes, bonds payable in 1 year or more		
	7 Other liabilities (attach schedule)		
	8 Capital stock		
	9 Paid-in or capital surplus		
	10 Other earnings and profits		
	11 Previously taxed income (sec. 996(f)(2))		
	12 Accumulated DISC income		
	13 Less cost of treasury stock		
14 Total liabilities and stockholders' equity			

Schedule M-1 Reconciliation of Income per Books With Income per Return

1 Net income per books	6 Income recorded on books this year not included in this return (itemize)
2 Excess of capital losses over capital gains	7 Deductions in this return not charged against book income this year (itemize)
3 Taxable income not recorded on books this year (itemize)	8 Total of lines 6 and 7
4 Expenses recorded on books this year not deducted in this return (itemize)	9 Income (line 10, page 1) (line 5 less line 8)
5 Total of lines 1 through 4	

Schedule M-2 Analysis of Other Earnings and Profits (Line 10 above)

1 Balance at the beginning of the year	5 Distributions to qualify under sec. 992(c)
2 Increases (itemize)	6 Other decreases (itemize)
3 Total of lines 1 and 2	7 Total of lines 4, 5, and 6
4 Deficit in earnings and profits	8 Balance at end of year (line 3 less line 7)

Schedule M-3 Analysis of Previously Taxed Income (Line 11 above)

1 Balance at the beginning of the year	5 Deficit in earnings and profits
2 Deemed distributions under section 995(b)	6 Distributions to qualify under sec. 992(c)
3 Other increases (itemize)	7 Other decreases (itemize)
4 Total of lines 1, 2, and 3	8 Total of lines 5, 6, and 7
	9 Balance at end of year (line 4 less line 8)

Schedule M-4 Analysis of Accumulated DISC Income (Line 12 above)

1 Balance at the beginning of the year	6 Distributions to qualify under sec. 992(c)
2 Increases (itemize)	7 Distributions upon disqualification (sec. 995(b)(2))
3 Total of lines 1 and 2	8 Other decreases (itemize)
4 Deficit in earnings and profits	9 Total of lines 4 through 8
5 Redemptions under section 996(d)	10 Balance at end of year (line 3 less line 9)

Schedule N Export Gross Receipts of the DISC and Related U.S. Persons (Attach separate Schedule N (Form 1120-DISC))**Schedule P Computation of Inter-company Transfer Price or Commission (Attach separate Schedule P (Form 1120-DISC))**

1980

Department of the Treasury

Internal Revenue Service

Instructions for Form 1120-DISC

Domestic International Sales Corporation Return

(References are to the Internal Revenue Code)

Sec. 992. Requirements of a DISC

(a) **General rule.**—A DISC is a corporation that is incorporated under the laws of any State or the District of Columbia and satisfies the following conditions for the taxable year:

(1) 95% or more of its gross receipts (as defined in section 993(f)) consists of qualified export receipts (as defined in section 993(a));

(2) the adjusted basis of its qualified export assets (as defined in section 993(b)) at the end of the taxable year equals or exceeds 95% of the sum of the adjusted basis of all its assets at the end of the taxable year;

(3) it does not have more than one class of stock and the par or stated value of its outstanding stock is at least \$2,500 on each day (for a new corporation, on the last day for making an election and for each succeeding day) of the taxable year;

(4) it has made an election to be treated as a DISC and the election is in effect for the taxable year;

(5) it has its own bank account on each day of the taxable year (for exceptions, see section 1.992-1(i) of the regulations) and maintains separate books and records; and

(6) it is not an ineligible corporation.

(b) **Election.**—An election by an existing corporation to be treated as a DISC for a taxable year must be made at any time during the 90-day period immediately preceding the beginning of the taxable year and by a new corporation within 90 days after the beginning of the first taxable year.

In general, the election will be valid only if all persons who are shareholders in the corporation on the first day of the first taxable year for which the election is effective consent to the election. (See Form 4876, Election to be Treated as a DISC.)

An election may be terminated by a revocation of the election for any taxable year after the first taxable year for which the election is effective if made at any time during the first 90 days of the taxable year (or for the taxable year following the taxable year in which made, if made after the close of such year).

The election will be terminated by the continued failure of the corporation to be a DISC for each of any 5 consecutive taxable years for which an election is effective.

(c) **Distributions to meet qualification requirements.**—A corporation

that for a taxable year does not satisfy the gross receipts or qualified export assets conditions will be deemed to satisfy the conditions for the taxable year if it makes a pro rata distribution of property after the close of the taxable year to its shareholders (designated at the time of the distribution as a distribution to meet qualification requirements) with respect to their stock in an amount which is equal to (1) the portion of its taxable income attributable to its gross receipts that are not qualified export receipts if it fails the gross receipts condition, (2) the fair market value of those assets that are not qualified export assets on the last day of the taxable year if the qualified export assets condition is not met, and (3) the sum of (1) and (2) if neither condition is met.

See section 992(c)(2) for reasonable cause for failure to make distributions to meet qualification requirements and section 992(c)(3) for distributions made within 8½ months after the close of the taxable year.

For computation of deficiency distributions to meet qualification requirements, see section 1.992-3 of the regulations.

A DISC that makes a deficiency distribution after the 15th day of the ninth month following the close of its taxable year must pay an "interest" charge for the amount to qualify as a deficiency distribution. The "interest" charge is 4½% per each taxable year of the DISC beginning after the taxable year to which the deficiency distribution relates until the date of the distribution times the amount of the deficiency distribution.

The DISC must pay this "interest" charge within 30 days of the distribution to the Internal Revenue Service Center where it filed its Form 1120-DISC. When submitting payment, the DISC should give its name, address, employer identification number, the taxable year to which the distribution relates, and state that the amount submitted is the "interest" charge imposed by regulation section 1.992-3(c)(4).

(d) **Ineligible corporations.**—The following corporations are not eligible for DISC treatment:

(1) a corporation exempt from tax under section 501,

(2) a personal holding company as defined in section 542,

(3) a financial institution to which section 581 or 593 applies,

(4) an insurance company subject to the tax imposed by subchapter L,

(5) a regulated investment company as defined in section 851(a), or

(6) an electing small business corporation as defined in section 1371(b).

(e) **Restrictions on DISCs and DISC corporate stockholders.**—For any taxable year in which a corporation is a DISC or in which at any time it owns, directly or indirectly, stock in a DISC or former DISC, such corporation is not entitled to the benefits of section 936.

Sec. 993. Definitions

(a) **Qualified export receipts.**—Except as provided by regulations under section 993(a)(2), qualified export receipts of a corporation are:

(1) gross receipts from the sale, exchange, or other disposition of export property;

(2) gross receipts from the lease or rental of export property that is used by the lessee of the property outside the U.S.;

(3) gross receipts for services that are related and subsidiary to any qualified sale, exchange, lease, rental, or other disposition of export property by the corporation;

(4) gain from the sale, exchange, or other disposition of qualified export assets (other than export property);

(5) dividends (or amounts includible in gross income under section 951) with respect to stock of a related foreign export corporation;

(6) interest on any obligation that is a qualified export asset;

(7) gross receipts for engineering or architectural services for construction projects located (or proposed for location) outside the U.S.; and

(8) gross receipts for the performance of managerial services in furtherance of the production of other qualified export receipts of a DISC.

(b) **Qualified export assets.**—Qualified export assets of a corporation are:

(1) export property;

(2) assets used primarily in connection with the sale, lease, rental, storage, handling, transportation, packaging, assembly, or servicing of export property, or the performance of engineering or architectural services as described in section 993(a)(1)(G) or managerial services in the furtherance of the production of qualified export receipts as described in section 993(a)(1)(A), (B), (C), and (G);

(3) accounts receivable and evidences of indebtedness that arise by reason of transactions described in section 993(a)(1)(A), (B), (C), (D), (G), or (H);

(4) money, bank deposits, and other similar temporary investments that are reasonably necessary to meet the working capital requirements of the corporation;

(5) obligations arising in connection with a producer's loan;

(6) stock or securities of a related foreign export corporation;

(7) certain obligations issued, guaranteed, or insured, in whole or in part, by the Export-Import Bank of the U.S. or the Foreign Credit Insurance Association in those cases where the obligations are acquired from the bank or association or from the seller or purchaser of the goods or services from which the obligations arose;

(8) certain obligations issued by a domestic corporation organized solely for the purpose of financing sales of export property pursuant to an agreement with the Export-Import Bank of the U.S. under which the corporation makes export loans guaranteed by the bank; and

(9) amounts (other than reasonable working capital) on deposit in the U.S. that are utilized during the period provided by regulations to acquire other qualified export assets.

(c) **Export property.**—Export property is property (except property excluded under section 993(c)(2) and property in short supply):

(1) manufactured, produced, grown, or extracted in the U.S. by a person other than a DISC;

(2) held primarily for sale, lease, or rental in the ordinary course of trade or business, by, or to, a DISC, for direct use, consumption, or disposition outside the U.S.;

(3) whose fair market value is not more than 50% attributable to articles imported into the U.S.; and

(4) not sold or leased by a DISC, or with a DISC as commission agent, to another DISC that is a member of the same controlled group (as defined in section 993(a)(3)) as the DISC or under a relationship that would result in a disallowance of losses under section 267 or section 707(b) immediately before or after a transaction with respect to the seller, lessor, or commission agent.

(d) **Producer's loans.**—An obligation subject to the rules provided in section 993(d)(2) and (3) will be treated as arising out of a producer's loan if:

(1) the loan, when added to the unpaid balance of all other producer's loans made by the DISC, does not exceed the accumulated DISC income at the beginning of the month in which the loan was made;

(2) the obligation is evidenced by a note (or other evidence of indebtedness) with a stated maturity date not more than 5 years from the date of the loan;

(3) the loan is made to a person engaged in the U.S. in the manufacturing, production, growing, or extraction of export property; and

(4) it is designated as a producer's loan at the time of the loan.

(e) **Related foreign export corporation.**—A DISC may acquire and receive income in the form of dividends and interest from the following investments that are related to exports from the U.S.

Foreign international sales corporation (FISC).—A foreign corporation is a related foreign export corporation if:

(1) stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote is owned directly by the DISC;

(2) 95% or more of the foreign corporation's gross receipts for its taxable year ending with or within the taxable year of the DISC consists of qualified export receipts described in section 993(a)(1)(A) through (D) and interest on any obligation described in section 993(b)(3) and (4); and

(3) the adjusted basis of the qualified export assets (described in section 993(b)(1) through (4)) held by the foreign corporation at the close of the taxable year equals or exceeds 95% of the sum of the adjusted basis of all assets held by it at the close of the taxable year.

Real property holding company.—A foreign corporation is a related foreign export corporation if:

(1) stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote is owned directly by the DISC, and

(2) its exclusive function is to hold title to real property for the exclusive use (under a lease or otherwise) of the DISC because of a requirement of applicable foreign law that the DISC cannot hold title.

Associated foreign corporation.—A foreign corporation is a related foreign export corporation if:

(1) less than 10% of the total combined voting power of all classes of the foreign corporation's stock entitled to vote is owned (within the meaning of section 1563(d) and (e)) by the DISC or by a controlled group of corporations (within the meaning of section 1563) of which the DISC is a member, and

(2) the ownership of stock and securities in the foreign corporation by the DISC is determined to be reasonably in furtherance of a transaction or transactions giving rise to qualified export receipts of the DISC.

(f) **Gross receipts.**—The term gross receipts means the total receipts from the sale, lease, or rental of property held primarily for sale, lease, or rental in the ordinary course of a trade or business and gross income from all other sources.

In the case of commissions on the sale, lease, or rental of property, the amount taken into account will be the gross receipts on the sale, lease, or rental of the property on which the commissions arose.

(g) **United States.**—U.S. includes the Commonwealth of Puerto Rico and the possessions of the U.S.

Sec. 994. Inter-Company Pricing Rules

In the case of a sale of export property to a DISC by a person described in section 482, the taxable income of the DISC and the other person may be based upon a transfer price which would allow the DISC to derive taxable income attributable to the sale (regardless of

the sales price actually charged) in an amount which does not exceed the greatest of:

(1) 4% of the qualified export receipts on the sale of the property by the DISC plus 10% of the export promotion expenses of the DISC attributable to the receipts,

(2) 50% of the combined taxable income of the DISC and the person which is attributable to the qualified export receipts on the property derived as the result of a sale by the DISC plus 10% of the export promotion expenses of the DISC attributable to the receipts, or

(3) taxable income based upon the sales price actually charged (subject to the rules provided in section 482).

Note. Generally, inter-company pricing rules (1) and (2) above will not permit the related person to price at a loss. See Schedule P (Form 1120-DISC).

Export promotion expenses are those expenses incurred to advance the distribution or sale of export property for use, consumption, or distribution outside the U.S. but do not include income tax. They include freight expenses to the extent of 50% of the cost of shipping export property aboard airplanes owned and operated by U.S. persons or ships conducted under the laws of the U.S. In those cases where law or regulations do not require that the property be shipped aboard such airplanes or ships.

General Instructions

A. Corporations required to file Form 1120-DISC.—Form 1120-DISC must be filed by a domestic corporation that has elected to be treated as a DISC and has satisfied the requirements under section 992 for treatment as a DISC for the taxable year.

A "former DISC" (as defined in section 992(a)(3)), in addition to filing any other return required, must file Form 1120-DISC, and clearly mark that it is filing as a former DISC. The former DISC need not complete those items pertaining to the computation of taxable income, but must complete Schedules J, K, L, and M (Form 1120-DISC).

B. Where to file.

If the principal business office, or agency is located in:

Use the following Internal Revenue Service Center address:

New Jersey, New York City and counties of Essex, Rockland, Suffolk, and Westchester	Hauppauge, NY 00501
New York (all other counties), Connecticut, Massachusetts, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45299
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73201

Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

If the DISC is one of a group of DISCs controlled by a "common parent," the DISC must file at the Service Center where the "common parent" files.

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of that managing corporation that keeps all the books and records is located.

C. When to file.—Form 1120-DISC must be filed on or before the 15th day of the 9th month following the close of the taxable year.

No extension of time to file will be granted.

D. Period to be covered by the 1980 return.—The 1980 return is to be filed for calendar year 1980 and fiscal years beginning in 1980 and ending in 1981. If the return is for a fiscal year, fill in the taxable year space on the form.

If the DISC's taxable year began at anytime in 1979, you must use the 1979 version of Form 1120-DISC.

Final return.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

E. Change in accounting period.—To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period.

F. Accounting methods.—A DISC may, generally, choose any method of accounting permissible under section 446(c) and the regulations thereunder. However, if a DISC is a member of a controlled group (as defined in section 993(a)(3)), the DISC may not choose a method of accounting that, when applied to transactions between the DISC and other members of the controlled group, will result in a material distortion of the income of the DISC or any other member of the controlled group. A material distortion would occur, for example, if a DISC chooses to use the cash method of accounting where the DISC acts as a commission agent in a substantial volume of sales of property by a related corporation that uses the accrual method of accounting and customarily pays commissions to the DISC more than 2 months after the sales.

Unless the law specifically permits, you may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by dropping any amount less than 50 cents and increasing any amount from 50 cents

through 99 cents to the next higher dollar.

G. Stock ownership in foreign corporations.—If you owned 5% or more in value of the outstanding stock of a foreign personal holding company, attach the statement required by section 551(c).

If you control a foreign corporation or were a 10% or more shareholder of a controlled foreign corporation, you may be required to file Forms 2952 and 3646.

H. Financial statements.—The balance sheets must agree with your books and records. Any differences must be reconciled.

I. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120-DISC. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

J. Amended return.—Correct any error in a previously filed return by filing an amended Form 1120-DISC.

K. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign any return required to be filed on behalf of a corporation.

If your corporate officer filled in Form 1120-DISC, the Paid Preparer's space under the "Signature of officer" should remain blank. If someone prepares Form 1120-DISC and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120-DISC should not sign. For example, a regular full-time employee of the corporation such as clerk, secretary, etc., does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120-DISC must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box in the preparer's section of Form 1120-DISC.

If you have questions about whether a preparer is required to sign Form 1120-DISC, please contact an IRS office.

The preparer required to sign the return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);
- Give a copy of Form 1120-DISC to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income

Tax Returns lists some of the preparers' responsibilities and penalties for which they may be liable. The publication also contains the regulation citations which govern their work. This publication is available at IRS offices.

L. Total assets.—If there are no assets at the end of the taxable year, enter the total assets at the beginning of the taxable year.

M. Penalty for failure to file returns and provide information.—A penalty is imposed by section 6686 (in addition to the penalty imposed by section 7203) on any person required to supply information or file a return who fails to supply information or file a return at the time prescribed or who files a return that does not show the information required.

Unless it is shown that the failure is due to reasonable cause, the penalty is (1) \$100 for each failure to supply information (the total amount imposed for all failures during any calendar year will not exceed \$25,000) or (2) \$1,000 for each failure to file a return.

N. Taxation of a DISC.—A DISC is not subject to any tax imposed by sections 1 through 1564 except for the tax imposed by sections 1491 through 1494 on certain transfers to avoid tax.

A DISC is not subject to the corporate income tax, the minimum tax on tax preferences, or the accumulated earnings tax.

A DISC is subject to the provisions of sections 1441 through 1461 relating to withholding of tax on nonresident aliens and foreign corporations.

O. Investment credit, work incentive (WIN) credit, and the jobs credit.—The investment credit, the work incentive (WIN) credit and the jobs credit do not apply to a DISC and they do not pass through to any shareholder in a DISC.

P. Nonresident alien individuals and foreign corporations, trusts, and estates.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business conducted through a permanent establishment within the U.S.

Q. Stock ownership.—For rules of stock attribution, see section 267(c). If the owner of the voting stock of the DISC was an alien individual or a foreign entity (corporation, partnership, trust, or estate), so indicate by placing an X in the "Yes" box in the "Foreign Owner" column and enter the name of the owner's country in parentheses in the address column. "Owner's country" for individuals is their country of residence; for other foreign entities, it is the country in which organized or otherwise created, or in which administered.

R. Foreign financial accounts and foreign trusts.—

Question R: Check the Yes box if either (1) or (2) below applies to you.

(1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account

in a foreign country. Exception: Check No if either of the following apply:

- The combined value of the accounts was \$1,000 or less during the whole year.
 - The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
- (2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities accounts, or other financial account in a foreign country.

If you checked Yes for Question R, file Form 90-22.1 by June 30, 1981 with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question S: Check the Yes box if you were a grantor or a transferor to a foreign trust that existed during the tax year.

S. Travel and entertainment (section 274(d)).—(See Form 1120-DISC item 1, page 5). Enter the total amount expended during the year for entertainment, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in tax years beginning in 1980 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See Regulation section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item 1.

T. Overpaid windfall profit tax.—If the DISC is a producer of domestic crude oil who has overpaid the windfall profit tax, attach Form 6249 to claim the overpayment. Enter the amount from Form 6249 as part of the total on line 13, page one. Also, enter the amount of credit in the margin next to line 13 and identify it as "Overpaid Windfall Profit Tax". See Form 6249 for rules and instructions.

U. International boycott report.—The DISC must file Form 5713 if it or any member of its controlled group (as defined in section 993(a)) has operations in or related to a boycotting country (or a national, a company, or a government of a boycotting country). Additionally, a DISC is deemed to distribute a portion of its income because of participation in or cooperation with an international boycott. See Form 5713 for filing requirements and other rules.

Specific Instructions

(Numbered to correspond with the line numbers on page 1 of the return.)

5. Cost of goods sold.—Enter the amount shown on line 7, Schedule A.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 5 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

Computation of Taxable Income

11(a). Net operating loss deduction.—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the taxable year. (Section 172(b).)

A net operating loss may be carried back to each of the 3 years preceding the year of each loss and carried over to each of the 7 years following the year of such loss; or, an election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss. After applying the net operating loss to the initial year, the portion of the loss that may be carried to each of the remaining taxable years is the excess, if any, of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried. (Section 172(b).)

The "net operating loss" is the excess of allowable deductions over gross income, computed with the following modifications under section 172(d):

- (1) No net operating loss deduction is allowed.
- (2) The dividends-received deduction in line 1 of Schedule I is computed without regard to the 85% limitation provided in section 246(b). See section 1.172-2 of the regulations.

In determining the taxable income that must be subtracted from a net operating loss to determine the portion of the loss that will still be available to carry to a subsequent year, the net operating loss deduction is determined without regard to the net operating loss for the loss year or any taxable year thereafter, and, under certain circumstances, without regard to any portion of a net operating loss attributable to a foreign expropriation loss.

A deficit in earnings and profits is chargeable in the following order:

- (1) first, to other earnings and profits, to the extent thereof;
- (2) second, to accumulated DISC income, to the extent thereof; and
- (3) finally, to previously taxed income.

except that a deficit in earnings and profits may be applied against accumulated DISC income which has been determined to be deemed distributed to the shareholders (pursuant to section 995(b)(2)(A)) as a result of a revocation of election or other disqualification.

12. Taxable income.—If either the gross receipts method or combined taxable income method is chosen for com-

puting the taxable income of the DISC attributable to a transaction or group of transactions consisting of products or product lines, attach a Schedule P (Form 1120-DISC) showing, in detail, the computation of the DISC's taxable income attributable to each such transaction or group of transactions.

Schedule A.—Cost of goods sold

If inter-company pricing rules are used, reflect in Schedule A actual purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994. See Schedule P (Form 1120-DISC).

Where the DISC acts as a commission agent on a sale for any person, do not enter any amount in Schedule A for such sale. See Schedule P (Form 1120-DISC).

Valuation Methods.—Inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner of Internal Revenue, where those methods conform with the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods should request permission to change to a method permitted for Federal tax purposes. For further information regarding the change, see Regulation section 1.446-1(e)(3).

Check the method(s) used for valuing inventories in line 8(a). Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional requirements, see Regulation section 1.471-4.

Inventories may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of Regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) where the taxpayer can establish such a price. See Regulation section 1.471-2(c) for additional requirements.

In line 8(b), indicate whether you used a method of inventory valuation other than those described in line 8(a) and attach a statement describing the method used.

If this is the first year the "Last-in First-out" (LIFO) inventory method provided in section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120-DISC and check the LIFO box in line 8(c). Enter the amount or percent (estimates may be used) of total closing inventories covered under section 472 in line 8(d).

11(b). Net operating loss deduction.—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the taxable year. (Section 172(b).)

A net operating loss may be carried back to each of the 3 years preceding the year of each loss and carried over to each of the 7 years following the year of such loss; or, an election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss. After applying the net operating loss to the initial year, the portion of the loss that may be carried to each of the remaining taxable years is the excess, if any, of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried. (Section 172(b).)

The "net operating loss" is the excess of allowable deductions over gross income, computed with the following modifications under section 172(d):

- (1) No net operating loss deduction is allowed.
- (2) The dividends-received deduction in line 1 of Schedule I is computed without regard to the 85% limitation provided in section 246(b). See section 1.172-2 of the regulations.

In determining the taxable income that must be subtracted from a net operating loss to determine the portion of the loss that will still be available to carry to a subsequent year, the net operating loss deduction is determined without regard to the net operating loss for the loss year or any taxable year thereafter, and, under certain circumstances, without regard to any portion of a net operating loss attributable to a foreign expropriation loss.

A deficit in earnings and profits is chargeable in the following order:

- (1) first, to other earnings and profits, to the extent thereof;
- (2) second, to accumulated DISC income, to the extent thereof; and
- (3) finally, to previously taxed income.

except that a deficit in earnings and profits may be applied against accumulated DISC income which has been determined to be deemed distributed to the shareholders (pursuant to section 995(b)(2)(A)) as a result of a revocation of election or other disqualification.

12. Taxable income.—If either the gross receipts method or combined taxable income method is chosen for com-

Schedule B.—Gross Income

(Numbered to correspond with the line numbers in Schedule B.)

Enter gross income in lines 1 through 3 categorized as either (1) qualified export receipts from the sale of export property, (2) other qualified export receipts, or (3) nonqualified gross receipts. If an income item consists of two or more categories, report each on the applicable line. For example, if interest income consists of qualified interest from a foreign international sales corporation and nonqualified interest from a domestic obligation, enter the qualified interest on an attached schedule for line 2(g) and the nonqualified interest on an attached schedule for line 3(f).

Special rule when the DISC acts as a commission agent.—For commissions on the sale, lease, or rental of property, or the furnishing of services, list in column B the gross receipts on the sale, lease, or rental of property, or the furnishing of services on which the commissions arose and in column C the commissions earned. Receipts from non-commission sales, leases, rentals, or the furnishing of services and all other receipts should be reported on the appropriate lines in column B. Column C is the sum of commissions reported in column C and receipts from non-commission sales, leases, or rentals and all other receipts reported in column D.

See instructions for lines 2(h) and 2(i) for details regarding the reporting of gains from sale of qualified export assets.

If you use the installment method of reporting, attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on the amount collected.

1. Qualified export receipts from the sale of export property.—These are receipts from the sale of property, such as inventory, produced in the U.S. for direct use, consumption, or disposition outside the U.S.

For a sale to meet the export requirement, it must meet (1) a destination test and (2) a requirement that the sale not be for ultimate use in the U.S.

The destination test will be considered satisfied if the property is delivered (regardless of the F.O.B. point or the place at which title passes or risk of loss shifts from the seller or lessor):

(a) Within the U.S. to a carrier or freight forwarder for ultimate delivery outside the U.S. to a purchaser or lessee (or to a subsequent purchaser or sublessee);

(b) Within the U.S. to a purchaser or lessee, if the property is ultimately delivered outside the U.S. (including delivery to a carrier or freight forwarder for delivery outside the U.S.) by the purchaser or lessee (or a subsequent

purchaser or sublessee) within one year after the sale or lease;

(c) Within or outside the U.S. to a purchaser or lessee that, at the time of the sale or lease, is a DISC and is not a member of the same controlled group (as defined in section 993(a)(3)) as the seller or lessor;

(d) From the U.S. to the purchaser or lessee (or a subsequent purchaser or sublessee) at a point outside the U.S. by means of the seller's or lessor's own ship, aircraft, or other delivery vehicle;

(e) Outside the U.S. to a purchaser or lessee from a warehouse, a storage facility, or assembly site located outside the U.S., if the property was previously shipped by the seller or lessor from the U.S.; or

(f) Outside the U.S. to a purchaser or lessee if the property was previously shipped by the seller or lessor from the U.S. and if the property is located outside the U.S. pursuant to a prior lease by the seller or lessor, and either (a) the prior lease terminated at the expiration of its term (or by the action of the prior lessee acting alone), (b) the sale occurred or the term of the subsequent lease began after the time at which the term of the prior lease would have expired, or (3) the lessee under the subsequent lease is not a related person (a member of the same controlled group as defined in section 993(a)(3) or a relationship that would result in a disallowance of losses under section 267 or section 707(b)) immediately before or after the lease with respect to the lessor and the prior lease was terminated by the action of the lessor (acting alone or together with the lessee).

The second part of the export requirement for sales is that the sale must not be for ultimate use in the U.S. This test is applied at the time of the sale. If the property is to be used predominantly outside the U.S., the sale is not for ultimate use in the U.S.

Property sold to an unrelated person is considered sold for ultimate use in the U.S. if it is sold pursuant to an agreement or understanding that it will be used in the U.S. or if a reasonable person would have believed that it will be used in the U.S.

For example, if property is sold to a foreign wholesaler and it is known in trade circles that the wholesaler, to a substantial extent, supplies the U.S. retail market, the sale would not be a qualified export sale.

Special rules apply for certain export components incorporated into products imported into the U.S.

In general, related purchasers are "purifying" corporations that are members of the same controlled group (as defined in section 993(a)(3)) as the DISC. Unrelated purchasers are all other purchasers.

1(a).—Enter the DISC's qualified export receipts (other than those entered on line 1(b)) from sales of export property to foreign unrelated purchasers for delivery outside the U.S.

1(b).—Enter the DISC's qualified ex-

port receipts from sales of export property for delivery outside the U.S. to (i) a related foreign entity for resale (directly or indirectly) to a foreign unrelated purchaser, or (ii) an unrelated purchaser where a related foreign entity acts as commission agent. A related foreign entity is a foreign corporation that is a member of the same controlled group (section 993(a)(3)) as the DISC.

2(a). Leasing of export property.—Enter the gross amount received from the leasing (including subleasing) of export property to unrelated persons for use outside the U.S.

Whether the leased property satisfies the usage test is to be determined on a year-by-year basis.

The receipts from a lease of export property may qualify in some years and not in other years depending upon the place where the lessee uses the property in the years involved.

Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for such deductions.

2(b). Services related and subsidiary to a qualified export sale or lease.—A service is related to a sale or lease if it is of a kind customarily and usually furnished with that type of transaction in a trade or business in which the transaction arose and if the agreement to furnish the services is connected with the sale or lease. A service is subsidiary if it is of less importance and value as compared to the sale or lease.

2(c). Engineering and architectural services.—Receipts from engineering or architectural services on foreign construction projects which are either located abroad or proposed for location abroad are qualified receipts. They include feasibility studies, design and engineering, and general supervision of construction but do not include services connected with exploration for minerals.

2(d). Export management services.—Include receipts for export management services provided to unrelated DISCs.

2(f). Interest on producer's loans.—A producer's loan must be evidenced by a note or other evidence of indebtedness, be designated as a producer's loan, have a stated maturity not to exceed 5 years, and be attributable to the borrower's assets used in exporting and research and development.

2(g). Other interest.—Enter interest on any qualified export asset other than interest on producer's loans.

Include, for example, interest on accounts receivable arising out of sales in which the DISC acted as a principal or agent and interest on certain obligations issued, guaranteed, or insured by the Export-Import Bank or the Foreign Credit Insurance Association.

2(h). Capital gain net income.—Every sale or exchange of a capital asset must be reported in detail on a separate Schedule D (Form 1120) even though no gain or loss is indicated.

In addition to completing Schedule D (Form 1120), attach a separate schedule computing the gain from the sale of qualified export assets.

2(i). Ordinary gain or (loss).—Enter the total ordinary gain or loss from line 11, Part II, Form 4797.

In addition to completing Form 4797, attach a separate schedule computing the gain from the sale of qualified export assets.

3(b). Exports subsidized by the U.S. Government.—Enter receipts from the sale of products subsidized under a program of the U.S. Government, or any instrumentality thereof, that have been designated as excluded receipts.

3(c). Certain direct or indirect sales or leases for use by the U.S. Government.—Enter receipts from direct or indirect sales or leases of property or services for use by the U.S. Government, or any instrumentality if the use of U.S. products or services is required by statute or regulations.

3(d). Sales to another DISC in the same controlled group.—Enter receipts from a DISC that is a member of the same controlled group of corporations. See section 993(a)(3) for the definition of controlled group.

3(f). Other.—Include in an attached schedule any nonqualified gross receipts not reported on lines 3(a) through 3(e). Do not offset an income item against a similar expense item.

Schedule C.—Dividends

(Numbered to correspond with the line numbers in Schedule C.)

1. Enter dividends received from domestic corporations subject to income tax and the 85% deduction under section 243(a)(1).

Include on this line taxable distributions received from a DISC or former DISC that are eligible for the 85% dividends-received deduction.

For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

2. Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

3. Enter dividends received from foreign corporations that qualify for the 85% deduction in section 245(a).

4. Enter dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

5. Enter foreign dividends that are not reportable on lines 3 and 4. Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.

6. Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts on Schedule A, line 5 of Form(s) 3646.

7. Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85%

dividends-received deduction. (See sections 246(d), 995(b), and 996(a)(3).)

8. Include dividends (other than capital gain dividends) received from regulated investment companies that are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856 through 860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

10. Enter dividends (and income constructively received from controlled foreign corporations under subpart F) from a qualified foreign investment of a DISC in a related foreign export corporation which constitute qualified dividends. Generally, the investment will be in stock or securities of a foreign selling subsidiary of the DISC which qualifies as a foreign international sales corporation (FISC).

Schedule E.—Deductions

(Numbered to correspond with the line numbers in Schedule E.)

Enter export promotion expenses in line 1. Export promotion expenses in a DISC's ordinary and necessary expenses paid or incurred to obtain qualified export receipts (but do not include income taxes). Any expense (or any part of an expense) not incurred to obtain qualified export receipts should be entered in line 2.

1(c). Depreciation.—Attach Form 4562 if you claim a deduction for depreciation. Enter on this line the depreciation not claimed in Schedule A and elsewhere on the return.

1(h). Freight.—Enter one-half of the freight expenses (not including insurance) for shipping export property aboard U.S. flag vessels and U.S. owned and operated aircraft (unless required by law).

1(i). Compensation of officers.—Attach a schedule showing the name, social security number, amount of compensation, and expense account allowance for your 6 highest paid officers.

To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Do not show expense account allowance for any officer whose combined compensation and expense account allowance is less than \$30,000.

An officer is a person, such as regular officer, chairman of the board, etc., who is elected or appointed to office or is designated as an officer in the corporation's charter or bylaws.

1(j). Repairs.—Enter the cost of in-

cidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property. Include on this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLAAR) System.

1(k). Amortization.—If a deduction for amortization is claimed, attach a schedule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization deducted in prior years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization less the amount claimed in Schedule A and elsewhere on the return.

1(l). Pension, profit-sharing, etc. plans.—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan (other than a Simplified Employee Pension) whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. The Employee Retirement Income Security Act of 1974 imposes penalties for failure to timely file these forms.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-R.—Complete the applicable form for each plan with fewer than 100 participants.

Note: Only one return is required to be filed for a plan of a controlled group of corporations or a multiemployer, collectively bargained plan. Individual participating employers or contributing employers are not required to file separately.

1(m). Employee benefit programs.—Enter the amount of your contributions to employee benefit programs (e.g. insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc. plan included on line 1(f). Also include contributions to a qualified group term life insurance plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group term life insurance plan.

2(a). Bad debts.—Bad debts may be treated in either of two ways—(i) as a deduction for debts that become worthless in whole or in part, or (ii) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.) Application to change the method of computing bad debts must be made on Form 3115.

2(b). Taxes.—Enter taxes paid or accrued during the taxable year.

See section 164(d) for apportionment of tax on real property between seller and purchaser.

2(c). Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

See section 267 for the limitation on deductions for unpaid expenses and interest in transactions between related taxpayers.

See section 461(g) for limitation on deduction for prepaid interest by a cash basis taxpayer.

2(d). Contributions.—Enter contributions or gifts actually paid within the taxable year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 5% of taxable income (line 12 of page 1) computed without regard to (1) any deduction for contributions, (2) the dividends-received deduction on line 11(b) of page 1, (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the taxable year under section 172, and (5) any capital loss carryback to the taxable year under section 1212(a)(1).

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

A contribution carryover is not allowed to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month following the close of the taxable year if the contributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If a charitable contribution of property is made, the contribution must be reduced by the sum of:

- (1) the ordinary income and
- (2) for certain contributions, 60.87% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (Section 170(e).)

For special rules regarding the contribution of inventory, and other ordinary income property to certain organizations, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction for property sold to a charitable organization is claimed, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

2(e). Freight.—Enter the freight expense not deducted on line 1(h) as an export promotion expense.

2(g). Other.—No deduction is allowable for any amount allocable to a class of exempt income. Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to such taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, must be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each class. Show the amount allocated by apportionment separately.

Schedule I.—Dividends-received deduction

1. In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of before the corporation has held it 15 days or less or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or securities.

No deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)) to the extent it is paid out of accumulated DISC income or previously taxed income or is a deemed distribution pursuant to section 995(b)(1).

2. Limitation on dividends-received deduction.—Line 2 may not exceed 85% of line 10, page 1.

For this purpose, line 10 is to be computed without regard to any capital loss carryback to the taxable year under section 1212(a)(1).

In a year in which a net operating loss occurs, sections 172(d) and 246(b) provide that this 85% limitation does not apply even if the loss is created by the dividends-received deduction.

Schedule J.—Deemed and Actual Distributions to Shareholders for the Taxable Year

Part I.—Deemed distributions under section 995(b)(1) (Numbered to correspond with the line numbers in Part I of Schedule J.)

2. Attach a computation showing the gain recognized by the DISC during the taxable year on the sale or exchange of property, other than property which in the hands of the DISC is a qualified export asset, previously transferred to it

in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized.

3. Attach a computation showing the gain (other than the gain entered on line 2) recognized by the DISC during the taxable year on the sale or exchange of property (other than property which in the hands of the DISC is stock in trade or other property described in section 1221(1)) previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized and would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the DISC.

4. For purposes of computing the portion of taxable income attributable to military property, use the gross income for the year attributable to military property and the deductions which are properly apportioned or allocated to such income. See section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 USC 2778) and regulations thereunder (22 CFR 121.01) for definition of "military property."

11. Under section 995(b)(1)(F)(ii), a DISC is deemed to distribute the entire amount of its income attributable to participation in or cooperation with an international boycott. See Form 5713 for computation of this deemed distribution and reporting requirements of any DISC with operations in or related to a "boycotting" country.

12. Under section 995(b)(1)(F)(iii), a DISC is deemed to distribute the amount of any illegal bribe, kickback or other payment paid by or on behalf of the DISC, directly or indirectly, to an official, employee or agent of any government.

14. Attach a computation showing the earnings and profits for the taxable year.

For purposes of computing the earnings and profits for taxable years beginning after June 30, 1972, the allowance for depreciation (and amortization, if any) is the amount which would be allowable for such year if the straight-line method of depreciation had been used for each taxable year beginning after June 30, 1972. See section 312(h)(2) for exception.

16. Attach a computation showing the amount of (1) foreign investment attributable to producer's loans (as defined in section 995(d)) of the DISC for the taxable year; (2) all accumulated earnings and profits including earnings and profits for the taxable year less the amount on line 15, Part I; and (3) accumulated DISC income. Enter the smaller of these 3 amounts (but not less than zero) on line 16.

Foreign investment attributable to producer's loans will be the smallest of these 3:

- (1) the net increase in foreign assets by members of the con-

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- trolled group (section 993(a) (3)) that includes the DISC,
- (2) actual foreign investment by domestic members of the group, or
- (3) the amount of the DISC's outstanding producer's loans to members of the group.

For the definitions of "net increase in foreign assets" and "actual foreign investment," see sections 995(d)(2) and 995(d)(3).

Part II.—Computation of Taxable Income Attributable to Base Period Export Gross Receipts

(Numbered to correspond with the line numbers in Part II of Schedule J.)

The DISC is deemed to distribute taxable income attributable to base period gross receipts. Complete Part II to arrive at this amount. For taxable years of a DISC that began in 1980, the base period contains all taxable years of the DISC that began in 1973, 1974, 1975, and 1976. For taxable years of a DISC that began in 1979, the base period is taxable years beginning in 1972 through 1975. If the taxable year of the DISC began in 1979, you must use the 1979 version of Form 1120-DISC.

2. If your tax year included February 29, 1980, use 366, instead of 365, for purposes of the computation in line 2.

4. Include the annualized taxable income but no taxable losses incurred by any DISC which is a member of your controlled group (as defined in section 993(a)(3)) for the latest taxable year ending with or within your taxable year.

5. If this amount is \$100,000 or less, omit lines 6 through 21 and enter zero on line 22 and on line 8, Part I.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Federal Statistical Policy and Standards, Department of Commerce, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments. However, certain activities such as manufacturing, do not apply to a DISC.

Using the list below, enter on page 1, under B, the code

number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means all income (line 4, page 1). On page 5, question J, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Wholesale trade: Machinery, equipment, and supplies," the principal product or service may be "Engines and turbines."

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES	Code	Code
Code	Nondurable:	5600 Apparel and accessory stores
Transportation:	5110 Paper and paper products	5700 Furniture and home furnishings stores
4400 Water transportation	5129 Drugs, drug proprietaries, and druggists' sundries	5800 Eating and drinking places
4700 Other transportation services	5130 Apparel, piece goods, and notions	Miscellaneous retail stores:
Electric, gas, and sanitary services:	5140 Groceries and related products	5912 Drug stores and proprietary stores
4910 Electric services	5150 Farm-product raw materials	5921 Liquor stores
4920 Gas production and distribution	5160 Chemicals and allied products	5995 Other miscellaneous retail stores
4930 Combination utility services	5170 Petroleum and petroleum products	FINANCE, INSURANCE, AND REAL ESTATE
	5180 Alcoholic beverages	Credit agencies other than banks:
	5190 Miscellaneous nondurable goods	6199 Other credit agencies
DURABLES	RETAIL TRADE	SERVICES
5008 Machinery, equipment, and supplies	Building materials, hardware, garden supply, and mobile home dealers:	7389 Export management services
5010 Motor vehicles and automotive equipment	5220 Building materials dealers	Auto repair and services; miscellaneous repair services:
5020 Furniture and home furnishings	5251 Hardware stores	7500 Lease or rental of motor vehicles
5030 Lumber and construction materials	5265 Garden supplies and mobile home dealers	Amusement and recreation services:
5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies	5300 General merchandise stores	7812 Motion picture production, distribution, and services
5050 Metals and minerals, except petroleum and scrap	5410 Grocery stores	Other services:
5060 Electrical goods	5490 Other food stores	8911 Architectural and engineering services
5070 Hardware, plumbing and heating equipment	Automotive dealers and service stations:	8930 Accounting, auditing, and bookkeeping
5098 Other durable goods	5515 Motor vehicle dealers	8990 Miscellaneous services
	5541 Gasoline service stations	
	5598 Other automotive dealers	

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[illegible]

IMPORTANT—Fill in all applicable lines and schedules. If the lines on the schedules are not sufficient, see instruction U.

IMPORTANT—Fill in all applicable lines and schedules. If the lines on the schedule are not applicable, enter "N/A".			
GROSS INCOME	1 (a) Gross receipts or sales \$.....	1(b) Less returns and allowances \$.....	1(c) Balance ▶.....
	2 Cost of goods sold (Schedule A) and/or operations (attach schedule)		
	3 Gross profit (subtract line 2 from line 1(c))		
	4 Dividends (Schedule C)		
	5 Interest on obligations of the U.S. and its instrumentalities		
	6 Other interest		
	7 Gross rents		
	8 Gross royalties		
	9 (a) Capital gain net income (attach Schedule D (Form 1120))		
	(b) Net gain or (loss) from line 11, Part II, Form 4797 (attach Form 4797)		
	10 Other income (see instructions—attach schedule)		
11 TOTAL income—Add lines 3 through 10			
DEDUCTIONS	12 Compensation of officers (Schedule E)		
	13 (a) Salaries and wages	13(b) Less Jobs and WIN credits	13(c) Balance ▶.....
	14 Repairs (see instructions)		
	15 Bad debts (Schedule F if reserve method is used)		
	16 Rents		
	17 Taxes		
	18 Interest		
	19 Contributions (not over 5% of line 30 adjusted per instructions—attach schedule)		
	20 Amortization (attach schedule)		
	21 (a) Depreciation (from attached Form 4562)		
	(b) Depreciation claimed in Schedule A and elsewhere on return		
	(c) Balance (subtract line 21(b) from line 21(a))		
	22 Depletion		
	23 Advertising		
	24 Pension, profit-sharing, etc. plans (see instructions)		
	25 Employee benefit programs (see instructions)		
	26 Other deductions (total from page 5)		
	27 TOTAL deductions—Add lines 12 through 26		
	28 Taxable income before net operating loss deduction and special deductions (subtract line 27 from line 11)		
	29 (a) Net operating loss deduction (see instructions—attach schedule)		
(b) Special deductions (Schedule I)			
30 Taxable income or (loss) (subtract line 29 from line 28)			

Schedule A Cost of Goods Sold (See instructions for Schedule A)

1 Inventory at beginning of year	_____	_____
2 Merchandise bought for manufacture or sale	_____	_____
3 Salaries and wages	_____	_____
4 Other costs (attach schedule)	_____	_____
5 Total (add lines 1 through 4)	_____	_____
6 Subtract: Inventory at end of year	_____	_____
7 Cost of goods sold—Enter here and on line 2, Section II	_____	_____

8 (a) Check all methods used for valuing closing inventory:

<input type="checkbox"/> Cost	<input type="checkbox"/> Lower of cost or market as described in regulations section 1.471-4 (see instructions)	
<input type="checkbox"/> Writedown of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions)		

(b) Did you use any other method of inventory valuation not described above? ☐ Yes ☐ No

If "Yes," specify method used and attach explanation ▶ _____

(c) Check if this is the first year LIFO inventory method was adopted and used ☐

If checked, attach Form 970. _____

(d) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO

(e) Is the corporation engaged in manufacturing activities? ☐ Yes ☐ No

If "Yes," are inventories valued under regulations section 1.471-11 (full absorption accounting method)? ☐ Yes ☐ No

(f) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation. _____

Schedule C Dividends (See instruction 4)

1 Domestic corporations subject to the 85% deduction	
2 Certain preferred stock of public utilities	
3 Foreign corporations subject to the 85% deduction	
4 Other dividends from foreign corporations	
5 Foreign dividend gross-up (section 78)	
6 Taxable dividends from a DISC or a former DISC not included in line 1 (section 246(d))	
7 Other	
8 Total—Enter here and on line 4, Section II, page 3	

Schedule E Compensation of Officers (See instruction 12)[illegible]**Schedule E** **Bad Debts—Reserve Method (See instruction 15)**

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1975						
1976						
1977						
1978						
1979						
1980						

Schedule I Special Deductions (See instructions for Schedule I)

1 Dividends received: (a) 85% of line 1, Schedule C	
(b) 59.13% of line 2, Schedule C	
(c) 85% of line 3, Schedule C	
2 Total—May not exceed 85% of line 28, page 3. The 85% limitation does not apply to a year in which a net operating loss occurs	
3 Deduction for dividends paid on certain preferred stock of public utilities (see instructions)	
4 Total special deductions—Add lines 2 and 3. Enter here and on line 29(b), Section II, page 3	

Schedule J Tax Computation

- | | | |
|----|---|--|
| 1 | Taxable income (line 30, page 3) | |
| 2 | Enter line 1 or \$25,000, whichever is less. (Members of a controlled group, see instructions) | |
| 3 | Subtract line 2 from line 1 | |
| 4 | Enter line 3 or \$25,000, whichever is less. (Members of a controlled group, see instructions) | |
| 5 | Subtract line 4 from line 3 | |
| 6 | Enter line 5 or \$25,000, whichever is less. (Members of a controlled group, see instructions) | |
| 7 | Subtract line 6 from line 5 | |
| 8 | Enter line 7 or \$25,000, whichever is less. (Members of a controlled group, see instructions) | |
| 9 | Subtract line 8 from line 7 | |
| 10 | 17% of line 2 | |
| 11 | 20% of line 4 | |
| 12 | 30% of line 6 | |
| 13 | 40% of line 8 | |
| 14 | 46% of line 9 | |
| 15 | Income tax. (Total of lines 10 through 14 or alternative tax from separate Schedule D (Form 1120), whichever is less) | |
| 16 | (a) Foreign tax credit (attach Form 1118) | |
| | (b) Investment credit (attach Form 3468) | |
| | (c) Work Incentive (WIN) credit (attach Form 4874) | |
| | (d) Jobs credit (attach Form 5884) | |
| 17 | Total of lines 16(a), (b), (c) and (d) | |
| 18 | Subtract line 17 from line 15 | |
| 19 | Tax from recomputing a prior year investment credit (attach Form 4255) | |
| 20 | Add lines 18 and 19. Enter here and on line 2, page 1 | |

Schedule K Record of Form 503 Federal Tax Deposits (List deposits in order made—See instruction C)[illegible]

Other Deductions

[illegible]

Additional Information Required

- | | | | |
|---|-------|--|--|
| M Business description (see page 8 of instructions) | | P Did you file all required Forms 1042, 1087, 1096, and 1099? . . . | |
| (1) Business code number | _____ | Q Did you claim a deduction for expenses connected with: | (1) Entertainment facility (boat, resort, ranch, etc.)? . . . |
| (2) Principal business activity | _____ | | (2) Living accommodations (except for employees on business)? . . . |
| (3) Principal product or service | _____ | | (3) Employees attending conventions or meetings outside the U.S. or its possessions? . . . |
| N Taxable income or (loss) from line 28, page 3 for your taxable year beginning in: | | (4) Employees' families at conventions or meetings? . . . | |
| 1977 | _____ | If "Yes," were any of these conventions or meetings outside the U.S. or its possessions? . . . | |
| 1978 | _____ | (5) Employee or family vacations not reported on Form 1120F? . . . | |
| 1979 | _____ | R Enter total amount claimed on Form 1120F for entertainment, entertainment facilities, gifts, travel, and conventions, of the type for which substantiation is required under section 274(d) of the Internal Revenue Code in \$. . . | |
| O Were you a member of a controlled group subject to the provisions of section 1561? . . . | | Yes | No |
| If "Yes," check type of relationships: | | | |
| (1) <input type="checkbox"/> Parent-subsidiary | | | |
| (2) <input type="checkbox"/> Brother-sister | | | |
| (3) <input type="checkbox"/> Combination of (1) and (2) (see section 1563) | | | |
| | | S During the tax year was any part of your tax accounting records maintained on a computerized system? . . . | |

Schedule I Balance Sheets

ASSETS		(A)	(B)	(C)	(D)
1	Cash				
2	Trade notes and accounts receivable				
	(a) Less allowance for bad debts				
3	Inventories				
4	Gov't obligations: (a) U.S. and instrumentalities				
	(b) State, subdivisions thereof, etc.				
5	Other current assets (attach schedule)				
6	Loans to stockholders				
7	Mortgage and real estate loans				
8	Other investments (attach schedule)				
9	Buildings and other fixed depreciable assets				
	(a) Less accumulated depreciation				
10	Depletable assets				
	(a) Less accumulated depletion				
11	Land (net of any amortization)				
12	Intangible assets (amortizable only)				
	(a) Less accumulated amortization				
13	Other assets (attach schedule)				
14	Total assets				
LIABILITIES AND STOCKHOLDERS' EQUITY					
15	Accounts payable				
16	Mises, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach schedule)				
18	Loans from stockholders				
19	Mises, notes, bonds payable in 1 year or more				
20	Other liabilities (attach schedule)				
21	Capital stock: (a) Preferred stock				
	(b) Common stock				
22	Paid-in or capital surplus				
23	Retained earnings—Appropriated (attach schedule)				
24	Retained earnings—Unappropriated				
25	Less cost of treasury stock				
26	Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

- | | | | | | |
|-----|---|--|-----|--|--|
| 1 | Net income per books | | 7 | Income recorded on books this year
not included in this return (itemize) | |
| 2 | Federal income tax | | (a) | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | | |
| 4 | Income subject to tax not recorded on books this year
(itemize) | | 8 | Deductions in this tax return not charged
against book income this year (itemize) | |
| 5 | Expenses recorded on books this year not
deducted in this return (itemize) | | (a) | Depreciation . . . \$ | |
| (a) | Depreciation . \$ | | (b) | Depletion . . \$ | |
| (b) | Depletion . . \$ | | | | |
| 6 | Total of lines 1 through 5 | | 9 | Total of lines 7 and 8 | |
| | | | 10 | Income (line 28, page 3)—line 6 less line 9 | |

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)

- | | |
|--|---|
| 1 Balance at beginning of year | 5 Distributions: (a) Cash |
| 2 Net income per books | (b) Stock |
| 3 Other increases (itemize) | (c) Property |
| | 6 Other decreases (itemize) |
| 4 Total of lines 1, 2, and 3 | 7 Total of lines 5 and 6 |
| | 8 Balance at end of year (line 4 less line 7) |

Department of the Treasury
Internal Revenue Service

1980 Instructions for
Form 1120F

U.S. Income Tax
Return of a Foreign
Corporation

(References are to the Internal Revenue Code.)

General Instructions

A. Who must file.—Except as otherwise provided, Form 1120F must be filed by every foreign corporation that (1) is engaged in a trade or business in the U.S. at any time during the tax year, (2) has income from U.S. sources that is not effectively connected with the conduct of a trade or business within the U.S. (section 881), (3) has income that is effectively connected with the conduct of a trade or business within the U.S. (section 882), or (4) has items of tax preference (described in section 57) which enter into the computation of unrelated business income.

For example, a foreign corporation engaged in a trade or business in the U.S. at any time during the tax year must file Form 1120F even though (a) it has no income effectively connected with the conduct of a trade or business in the U.S., (b) it has no income from sources within the U.S., or (c) its income is exempt from income tax by reason of an income tax convention or any section of the Code. A foreign corporation that has no gross income for the tax year is not required to complete the return schedules, but must attach a statement to the return showing the nature and size of any amounts excluded from gross income.

Under section 819A, a domestic mutual life insurance company may elect to exclude from the computation of its taxable income all income and expense of its contiguous country (Canada and Mexico) branches. If this election is made, the contiguous country branch is treated as a foreign corporation for the purposes of the tax imposed by sections 881, 882, and 1442 on U.S. sourced income. Use Form 1120F to report this income.

Foreign governments are generally not taxed on investment-type income from sources within the U.S. However, under regulation section 1.892-1 income derived after July 22, 1980, from certain "commercial activities" is taxable. Please see section 892 and the regulations under section 892 for rules, definitions and examples.

If a receiver, trustee in dissolution,

trustee in bankruptcy, or assignee has possession of or holds title to all, or substantially all, the property or business of a corporation, whether or not the property or business is being operated, that person must file a return for the corporation in the same manner and form required of other corporations. (Section 6012.)

If a foreign corporation has no office or place of business in the U.S. at the time a return is due, but has an agent in the U.S., the agent must file the return. (Section 882(f).)

Exceptions.—(1) A foreign corporation that at no time during the tax year is engaged in a trade or business in the U.S. is not required to file if its tax liability for the tax year is fully satisfied by the withholding of tax at the source.

This exception does not apply to:

(a) a foreign corporation which has income for the tax year which is treated under section 882(d) or (e) as income which is effectively connected with the conduct of a trade or business in the U.S. by that corporation for the tax year,

(b) a foreign corporation making a claim for the refund of an overpayment of tax for the tax year, or

(c) a foreign corporation described in regulation section 1.532-1(c) whose accumulated taxable income for the tax year is determined under regulation section 1.535-1(b).

(2) A foreign corporation that is a beneficiary of an estate or trust which is engaged in a trade or business in the U.S. is not required to make a return for the tax year merely because it is deemed to be engaged in a trade or business within the U.S. under section 875(2). However, the foreign corporation will be required to make a return if it otherwise satisfies the filing requirements.

(3) Foreign insurance companies described in regulation section 1.6012-2(c)(1) and (2) must file Form 1120L or Form 1120M. All other foreign insurance companies must file Form 1120F.

B. Where and when to file.—All foreign corporations (whether or not engaged in a trade or business within the U.S.) must file their return with the Internal Revenue Service Center, Philadelphia, PA 19255.

Foreign corporations having an office or place of business within the U.S. must file by the 15th day of the 3d month following the end of their tax year.

Foreign corporations NOT having an office or place of business within the U.S. must file by the 15th day of the 6th month following the end of their tax year.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120F.

Form 7005 may be used to request an

additional extension but only by those corporations that previously obtained an automatic 3-month extension by filing Form 7004.

C. Payment of tax.—

(1) Foreign corporations having an office or place of business within the U.S.—The balance of tax due (line 8, page 1) must be paid in full when the return is filed or in two installments—50% by the 15th day of the 3d month and 50% by the 15th day of the 6th month after the close of the tax year.

Deposit corporation income tax payments and estimated tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the corporation is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for additional information and exceptions.

The timeliness of deposits will be determined by the date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made at FRBs which are not in compliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instruments are collected by the FRB, and, if made by mail, section 7502 will not apply.

Foreign corporations needing Federal Tax Deposit Forms may apply for them to the Philadelphia Service Center. The application should include the corporation's name, identification number, address, tax year to which the deposits relate, and a statement identifying the corporation as a foreign corporation.

(2) Foreign corporations not having an office or place of business within the U.S.—The balance of tax due (line 8, page 1) must be paid in full when the return is filed or in two installments—50% by the 15th day of the 6th month and 50% by the 15th day of the 9th month following the close of the tax year.

The tax may be paid by check or money order payable to "Internal Revenue Service" and sent to the Internal Revenue Service Center, Philadelphia, PA 19255.

Enter the employer identification number on all remittances.

D. Taxation of foreign corporations.—Foreign corporations are taxed at regular corporate tax rates on income that is effectively connected with the conduct of a trade or business within the U.S. (see instruction E), and at a 30% or lower treaty rate on income from U.S. sources that is not effectively connected with the conduct of a trade or business within the U.S. (See instruction F.)

E. Income effectively connected with the conduct of a trade or business within the U.S.—Foreign corporations engaged in a trade or business within the U.S. are taxed at regular corporate tax rates on the following income:

1. All income, gain, or loss from U.S. sources derived in the conduct of the trade or business.

2. Certain fixed or determinable annual or periodical income from U.S. sources and gain or loss from U.S. sources from the sale or exchange of capital assets if (a) the income, gain, or loss is derived from assets used in, or held for use in, the conduct of the corporation's trade or business, or (b) the activities of the corporation's trade or business were a material factor in the realization of the income, gain, or loss.

3. Under certain circumstances, limited categories of income from foreign sources will be treated as effectively connected income.

A foreign corporation not engaged in a trade or business within the U.S. will not have any effectively connected income unless (1) it elects under section 882(d) to treat real property income as effectively connected income (see instruction G), or (2) it is a corporation created or organized in a U.S. possession and conducts a banking business in a U.S. possession and receives interest on U.S. obligations (in such case the interest will be treated as effectively connected income).

All gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, are treated as effectively connected with the conduct of a trade or business conducted through a permanent establishment within the U.S.

For further details relating to effectively connected income, see section 864(c).

Complete Section II of the form to compute the tax on such income.

F. Income from U.S. sources not effectively connected with the conduct of a trade or business within the U.S.—In general, whether or not a foreign corporation is engaged in a trade or business, the gross amount of this type of income is subject to tax at a 30% or lower treaty rate. No deductions are allowed against

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income that is not effectively connected with the conduct of a trade or business within the U.S.

A corporation created or organized in Guam or under the law of Guam is not considered a foreign corporation for purposes of the tax imposed by section 881.

In general, the income consists of the following types of income described in section 881 (to the extent not effectively connected with the conduct of a trade or business within the U.S.):

1. Interest (other than original issue discount as defined in section 1232(b)), dividends, rents, royalties, salaries, wages, premiums, annuities, compensation, remunerations, emoluments, and other fixed or determinable annual or periodical gains, profits, and income;

2. Gains described in section 631(b) or (c) from disposal of timber, coal, or domestic iron ore with a retained economic interest;

3. In the case of:

(a) bonds or other evidences of indebtedness issued after September 28, 1965, and before April 1, 1972, amounts which under section 1232(a)(2)(B) are considered as gain from the sale or exchange of property which is not a capital asset and, in the case of corporate obligations issued after May 27, 1969, and before April 1, 1972, amounts which would be so considered but for the fact that the obligations were issued after May 27, 1969;

(b) bonds or other evidences of indebtedness issued after March 31, 1972 and payable more than 6 months from the date of original issue (without regard to the period held by the taxpayer), amounts which under section 1232(a)(2)(B) would be considered as gain from the sale or exchange of property which is not a capital asset but for the fact that the obligations were issued after May 27, 1969, and

(c) the payment of interest on an obligation described in (b) above, an amount equal to the original issue discount (but not in excess of the interest less the tax imposed at a 30% or lower treaty rate) accrued on the obligation since the last payment of interest; and

4. Certain gains from the sale or exchange of patents, copyrights, and other intangible property, as described in section 881(a)(4).

Complete Section I of the form to compute the tax on such income.

G. Election to treat real property income as effectively connected income.—A foreign corporation having income from real property located in the U.S., or from any interest in such real property, including (1) gains from the sale or exchange of real property or interest in real property, (2) rents or royalties from mines, wells, or other natural deposits, and (3) gains described in section 631(b) or (c), may elect to treat the income as being effectively connected with the conduct of

a trade or business within the U.S. (See section 882(d).)

The election may be made by attaching to the return for the year to which the election is to apply (1) a statement making the election, (2) a complete schedule of all real property, or any interest in real property, of which the taxpayer is titular or beneficial owner, which is located in the U.S., (3) a statement indicating the extent to which the taxpayer has direct or beneficial ownership in each item of real property, or interest in real property, (4) the legal identification and location of the real property or interest in the real property, (5) a description of any substantial improvements on the property, and (6) any other information required by regulations.

If you make this election, complete Section II to compute the tax on such income.

H. Source of income.—Gross income of a foreign corporation includes only (1) gross income that is derived from sources within the U.S. and that is not effectively connected with the conduct of a trade or business within the U.S. and (2) gross income (regardless of source) that is effectively connected with the conduct of a trade or business within the U.S.

Except as otherwise provided by tax convention, determine the source of income under sections 861 through 864 and the regulations thereunder.

I. Trade or business within the U.S.—A foreign corporation that is a member of a partnership or is a beneficiary of an estate or trust will be considered to be engaged in a trade or business within the U.S. if the partnership, estate, or trust is so engaged.

Under some circumstances, the term "trade or business within the U.S." does not include the trading of stocks, securities, or commodities through a resident broker, commission agent, custodian, or other independent agent. Special rules apply when the corporation is trading for its own account.

For details concerning trading in stocks, securities, or commodities, see section 864(b)(2).

J. Period to be covered by the 1980 return.—File the 1980 return for calendar year 1980 and fiscal years beginning in 1980 and ending in 1981. If the return is for a fiscal year, fill in the tax year space on the form.

Final return.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

Amended return.—Correct any error in a previously filed income tax return by filing an amended Form 1120F.

Change in accounting period.—To change an accounting period, see regulation section 1.442-1 and Form 1128. Application for Change in Accounting Period.

K. Personal holding companies.—A foreign corporation that is a personal holding company as defined in section 542, but not a foreign personal holding company as defined in section 552, is subject to the tax imposed by section 541. Section 541 imposes a tax upon undistributed personal holding company income (as defined in section 545) of personal holding companies. See sections 189 and 280 for limitations on certain deductions. Every foreign corporation that is a personal holding company under section 542 must file a Schedule PH (Form 1120) with its Form 1120F. See Schedule PH (Form 1120) before completing Schedule J, Form 1120F.

L. Foreign personal holding companies.—Section 551(a) requires that the undistributed foreign personal holding company income of a foreign personal holding company, as defined in section 552, must be included as a dividend in the gross income of its U.S. shareholders in the amount provided by section 551(b). See sections 189 and 280 for limitations on certain deductions. Schedule PH (Form 1120) is not required, but Forms 957 and 958 must be filed by certain officers, directors, or U.S. shareholders. (Section 6035.)

M. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in your Form 1120F, the Paid Preparer's space under the "Signature of officer" should remain blank. If someone fills out Form 1120F and does not charge you, that person should not sign. Certain others who prepare Form 1120F should not sign. For example, a regular, full-time employee such as a clerk, secretary, etc., of the corporation does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120F must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box.

If you have questions about whether a preparer is required to sign Form 1120F, please contact an IRS office.

The preparer required to sign the return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);
- Give a copy of Form 1120F to the tax-

payer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, lists some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work.

N. Claim for refund.—If a foreign corporation has only income that is not effectively connected with the conduct of a trade or business within the U.S. and this form is being used as a claim for refund, include all income from sources within the U.S., even though the tax on it has been fully satisfied at the source. If the refund results from the withholding of tax at the source, a statement must be attached to the claim for refund declaring that the person making the claim is the beneficial owner of the income and showing (1) the amounts of tax withheld, with the names and post office addresses of withholding agents, (2) the name in which the tax was withheld if other than that of the taxpayer, and, if applicable, (3) facts sufficient to show that, at the time the income was derived, the taxpayer was entitled to the benefit of a reduced rate of, or exemption from, tax with respect to that income under the provisions of an income tax convention to which the United States is a party.

O. Tax treaties.—Section 881 imposes a tax of 30% on U.S. source income described in that section. However, if you are a corporation created under the laws of any country that has a treaty to which the U.S. is a party, refer to the applicable income tax convention to determine if you are entitled to an exemption from, or reduced rates of, U.S. income tax.

If gross income of a foreign corporation includes income, the tax on which is limited by a tax convention, a statement must be attached to the return showing with respect to that income:

- (a) the amounts of tax withheld,
- (b) the names and post office addresses of withholding agents, and
- (c) information sufficient to show the taxpayer's entitlement to the reduced rate of tax under the tax convention.

For purposes of applying an exemption from, or a reduction of, any U.S. tax provided by any treaty with respect to income not effectively connected with the conduct of a trade or business within the U.S., a foreign corporation will be deemed not to have a permanent establishment in the U.S. at any time during the tax year. (See section 894(b).)

P. Accounting methods.—Taxable income must be computed using the method of accounting regularly used in maintaining the corporation's books and records. In all cases, the method adopted

must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, a taxpayer may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first securing consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by dropping any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

Q. Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W may be used as a worksheet to compute estimated tax.

If there was an overpayment of estimated tax, file Form 4466 for a "quick refund" if the overpayment is (1) at least 10% of the expected income tax liability AND (2) at least \$500.

This application for a quick refund must be made within 2½ months after the end of the tax year and before Form 1120F is filed.

R. Information returns.—Various Forms 1099 must be filed to report certain dividends, interest income, miscellaneous income, etc. See Form 1096 and instructions for details. Form 5452 must be filed by corporations paying non-taxable dividends.

S. Consolidated returns.—Except for certain subsidiary corporations organized under the laws of Canada or Mexico and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, a foreign corporation may not be a member of an affiliated group of corporations filing a consolidated return.

T. Financial statements.—Complete financial statements in accordance with the method of accounting used in computing taxable income on page 3 of this return. Reconcile any differences. Copies of balance sheets required by Federal, State, etc., authorities may be used in place of Schedule L.

Include certificates of deposit as cash in line 1 of the balance sheet.

You may elect to limit the balance sheets and reconciliation of income per books with income per return to:

- (1) the corporation's assets located in the U.S. and its other assets used in the trade or business conducted in the U.S. and
- (2) its income effectively connected with the conduct of a trade or business in the U.S. and its other income from sources within the U.S.

Banks, insurance companies, and

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other corporations required to submit substantially similar statements of income and expense to any Federal, State, etc., authority may submit copies of such statements in place of the information required on lines 1 through 30, page 3. In such cases, taxable income must be reconciled in Schedule M-1 with the net profit shown on the statement and entered as line 30, page 3.

U. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120F. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

V. Minimum tax.—In general, the minimum tax rate is 15 percent and the minimum tax exemption is the greater of \$10,000 or the regular income tax deduction for the year.

The tax preference items for corporations are accelerated depreciation on real property; accelerated depreciation on leased personal property (applicable only to personal holding companies); amortization of certified pollution control facilities; railroad rolling stock, on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; intangible drilling costs (applicable only to personal holding companies); and capital gains.

Attach Form 4626 if items of tax preference exceed \$10,000, even if there is no minimum tax OR if there is any minimum tax liability deferred from a prior tax year until this year.

W. Transfers to corporation controlled by transferor.—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee must attach the information required by regulation section 1.351-3.

X. Penalties.—

- 1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed (the penalty is imposed on the net amount due—section 6651(a)(1)).

- 2. A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

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These penalties are in addition to the interest charge imposed on unpaid tax at a rate established pursuant to section 6621.

- 3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment (section 6655) at a rate established pursuant to section 6621.

If estimated tax was underpaid and a penalty charge should not be assessed, attach Form 2220.

Y. Reporting international boycott operations.—Any corporation, or a member of a controlled group which includes that corporation, which has operations in, or related to, a country (or with the government, a company, or a national of a country) which requires participation in or cooperation with an international boycott as a condition of doing business within such country or with the government, company, or national of such country, may be required to file Form 5713 (section 999(a)).

Further, if that corporation or member participates in or cooperates with an international boycott (as defined in section 999(b)(3)) during the tax year, a portion of the foreign tax credit and DISC benefits will be denied. Any corporation subject to the reporting requirements of section 999(a), as outlined above, is required to file Form 5713 in duplicate. The original copy is to be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. The duplicate copy of Form 5713 is to be attached to the corporation's income tax return.

Z. Travel and entertainment expenses (Section 274(d)).—(See Form 1120F, Question R, page 5).—The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in tax years beginning in 1980 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See regulation section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in question R, page 5.

Credit for overpaid windfall profit tax.—If you are a producer of crude oil subject to the windfall profit tax and have overpaid the tax, attach Form 6249 to

claim the overpayment. See Form 6249 for rules and instructions.

Specific Instructions for Section II

(Numbered to correspond with the line numbers on page 3 of the return.)

Gross Income

Enter in lines 1 through 10 gross income (regardless of source) which is effectively connected with the conduct of a trade or business within the U.S.

- 1. **Gross receipts.**—Enter gross receipts or sales from all business operations except those required to be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see regulation section 1.451-5.

If the installment method of reporting is used, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on amount collected.

- 2. **Cost of goods sold.**—See instructions for Schedule A.

- 4. **Dividends.**—(Numbered to correspond with line numbers in Schedule C.) (1) Enter dividends received from domestic corporations subject to income tax and the 85% deduction under section 243(a)(1). For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

Include on this line taxable distributions received from a DISC or former DISC that are designated as being eligible for the 85% dividends-received deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

- (2) Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

- (3) Enter dividends received from foreign corporations that qualify for the 85% deduction provided in section 245(a).

- (5) If the corporation claims the foreign tax credit, the amount of tax deemed paid under section 902(a) (relating to credit for corporate stockholder in foreign corporation) must be treated as a dividend received from the foreign corporation. (See section 906(b)(4).)

- (6) Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% dividends-received deduction. (See sections 246(d), 995(b), and 996(a)(3).)

(7) Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies that do not qualify for the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856-860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

6. **Other interest.**—Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

7. **Gross rents.**—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions.

9(a). **Capital gain net income.**—Every sale or exchange of a capital asset must be reported in detail in Schedule D (Form 1120) even though no gain or loss is indicated.

If the net long-term capital gain exceeds the net short-term capital loss, or in case of only a net long-term capital gain, compute the alternative tax on separate Schedule D (Form 1120) to see if it produces a lesser tax.

9(b). **Gain or (loss).**—Enter the net ordinary gain or loss from line 11, Part II, Form 4797.

10. **Other income.**—Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other income would be recoveries of bad debts deducted in prior years under the specific charge-off method and refunds of taxes deducted in prior years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 10.

Deductions

In computing the taxable income of a foreign corporation engaged in a trade or business within the U.S., deductions are allowed only to the extent that they are connected with income that is effectively connected with the conduct of a trade or business within the U.S. Charitable contributions, however, may be deducted whether or not they are so connected. See section 882(c)(1) for allocation of deductions.

12. **Compensation of officers.**—Complete columns 1 through 6, Schedule E, for all officers. Complete column 7, Schedule E, for your six highest paid

officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

13. **Salaries and wages.**—Enter on line 13(a) the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return, such as contributions to a Simplified Employee Pension which is deducted on line 24) paid or incurred for the tax year.

Enter on line 13(b) the sum of (1) the amount of WIN credit from Form 4874, line 12, and (2) the amount of jobs credit from Form 5884, line 9.

14. **Repairs.**—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property. Include on this line the total amount of repairs as figured under the Class Life Asset Depreciation Range (CLADR) System.

15. **Bad debts.**—Bad debts may be treated in either of two ways—(1) as a deduction for debts that become worthless in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

Application to change the method of computing bad debts must be made on Form 3115.

17. **Taxes.**—Enter taxes paid or accrued during the tax year.

Do not include Federal income tax; foreign or U.S. possession income tax if a foreign tax credit is claimed; or taxes not imposed upon the corporation.

See section 164(d) for apportionment of tax on real property between seller and purchaser.

Section 906(b)(1) provides that certain foreign taxes imposed on income from U.S. sources may not be taken as a deduction.

18. **Interest.**—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

See section 267 for limitation on deductions for unpaid expenses and interest on transactions between related taxpayers.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years subsequent to the current tax year. A cash basis taxpayer, who in 1980 prepaid interest allocable to any period after 1980, can only deduct the amount allocable to 1980. Please see Publication 545, Interest Expense.

19. **Contributions.**—Enter contributions or gifts actually paid within the tax year to, or for the use of, charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 5% of taxable income (line 30) computed without regard to (1) any deduction for contributions, (2) the special deductions in line 29(b), (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the taxable year under section 172, and (5) any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions in excess of the 5% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month following the close of the tax year if the contributions are authorized by the board of directors during the tax year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how the carryover was determined.

Special rule for contributions of certain property.—In the case of a charitable contribution of property, the contribution must be reduced by the sum of:

- (1) the ordinary income, short-term capital gain and
- (2) for certain contributions, 60.87% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. (Section 170(e).) For special rules regarding the contribution of inventory, and other ordinary income property to certain organizations, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction for property sold to a charitable organization is taken, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

20. **Amortization.**—If a deduction for amortization is claimed, attach a sched-

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ule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization period (number of months); (5) amortization for this year; and (6) the total amount of amortization less the amount claimed in Schedule A and elsewhere on the return.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 for amortization over a 60 month period of certain expenditures made before January 1, 1982, for child care facilities.

21. **Depreciation.**—See instructions for Form 4562, Depreciation.

22. **Depletion.**—See sections 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

24. **Pension, profit-sharing, etc. plans.**—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan (other than a Simplified Employee Pension) whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. The Employee Retirement Income Security Act of 1974 imposes penalties for failure to timely file these forms.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-R.—Complete the applicable form for each plan with fewer than 100 participants.

Note: Only one return is required to be filed for a plan of a controlled group of corporations or a multiemployer collectively-bargained plan. Individual participating employers or contributing employers are not required to file separately.

25. **Employee benefit programs.**—Enter the amount of your contributions to employee benefit programs (e.g., insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses, and dependents) to exclude from income employer contributions to a qualified group legal services plan.

26. **Other deductions.**—No deduction is allowable for any amount allocable to a class of exempt income including income exempt by tax convention. Items Page 6

directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to such taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, shall be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each class. Show separately the amount allocated by apportionment.

28. **Taxable income.**—Special "at risk" rules under section 465 generally apply to closely held corporations engaged in any activity as a trade or business or for the production of income. Such corporations may have to adjust the amount on line 28. See below. However, the "at risk" rules do not apply to (1) holding real property other than mineral property and (2) equipment leasing under section 465(c)(4), (5), and (6). These "at risk" rules apply to a closely held corporation which may or may not be a personal holding company.

A closely held corporation that is NOT a personal holding company.—The amount to be entered on line 28 of Form 1120F is to be adjusted for section 465 (d) losses. Section 465(d) losses are limited to the aggregate amount with respect to which the closely held corporation is "at risk" for each separate activity at the close of the tax year.

Where the corporation is involved in more than one activity, and one or more of the activities incurs a loss for the year, the loss must be reported separately. The corporation must attach a schedule reflecting the amount "at risk" and gross income and deductions for the activity(ies) with the loss(es).

If a loss from an activity exceeds the amount the closely held corporation is "at risk" for the activity at the end of the tax year, the amount that would otherwise be entered on line 28 of Form 1120F is to be modified for the excess. (Attach schedule.)

If the corporation sells or otherwise disposes of an asset in, or its interest in (either total or partial) an activity to which the "at risk" rules apply, combine the gain or loss on the sale or disposition with the profit or loss from the activity to determine the net profit or loss from the activity. If the corporation has a net loss, it may be limited because of the "at risk" rules.

Any loss from an activity not allowed for the tax year is treated as a deduction allocable to the activity in the next tax year.

See sections 204(c)(2) and (3) of the Tax Reform Act of 1976 concerning spe-

cial transitional rules relating to movies, video tapes, and leasing activities.

A closely held corporation that is a personal holding company.—For the amount to be entered on line 28 of Form 1120F, see Schedule PH (Form 1120), Specific Instructions for line 1 regarding section 465 losses.

29(a). **Net operating loss deduction.**—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(a).)

Generally, a net operating loss may be carried back to each of the 3 years preceding the year of such loss and carried over to each of the 7 years following the year of such loss; or, an election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss (the election is made by attaching a statement to a timely filed return, including extensions, and is irrevocable). After applying the net operating loss to the first tax year to which it may be carried, the portion of the loss to be carried to each of the remaining tax years is the excess, if any, of the amount of the loss over the sum of the taxable incomes for each of the prior tax years to which the loss may be carried. (Section 172(b).)

If there is a carryback of a net operating loss, a net capital loss, an unused investment credit, an unused work incentive (WIN) credit, or unused jobs credit, file Form 1139 within 12 months after the close of the tax year for a "quick refund" of tax. (Section 6411.)

29(b). **Special deductions.**—See instructions for Schedule I.

Schedule A—Cost of Goods Sold

Valuation methods.—Your inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner of Internal Revenue, where those methods conform with the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods should request permission to change to a method permitted for Federal income tax purposes. For further information regarding the change, see regulation section 1.446-1(e)(3) and Rev. Proc. 70-27, 1970-2 C.B. 509.

Check the method(s) used for valuing inventories in line 8(a). Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional

requirements, see regulation section 1.471-4.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unsalable in the normal way because the goods are "subnormal" (that is because of damage, imperfections, shop wear, etc.) within the meaning of regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) where the taxpayer can establish such a price. See regulation section 1.471-2(c) for additional requirements.

In line 8(b), indicate whether you used a method of inventory valuation other than those described in line 8(a), and attach a statement describing the method used.

If this is the first year the "Last-in First-out" (LIFO) inventory method provided in section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120F and check the LIFO box in line 8(c). Enter the amount or percent (estimates may be used) of total closing inventories covered under section 472 in line 8(c).

Full absorption method of inventory costing.—Taxpayers engaged in manufacturing or production operations must use the full absorption method of inventory costing. If they are not using the full absorption method of inventory costing, they must change to this method under which both direct and certain indirect production costs are included for inventory value purposes. The change to full absorption may be made by filing Form 3115. For further details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and regulation section 1.471-11.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 2 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

For certain cooperatives, if per unit retail allocations (section 1388(f)) are included on line 4, Schedule A, identify this cost and the total amount in the Schedule "Other costs" to be attached to Form 1120F.

Schedule I—Special Deductions

(Numbered to correspond with line numbers in Schedule I)

1. Exclusion of certain dividends.—In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of before the corporation has held it 15 days or less, or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or other securities.

No dividends-received deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)) to the extent the dividend is paid out of the corporation's accumulated DISC income, previously taxed income, or is a deemed distribution under section 995(b)(1).

2. Limitation on dividends-received deduction.—Line 2 may not exceed 85% of line 28, page 3. For this purpose, line 28, page 3, is to be computed without regard to any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, sections 172(d) and 246(b) provide that this 85% limitation does not apply even if the loss is created by the dividends-received deduction.

3. Deduction for dividends paid on certain preferred stock of public utilities.—Section 247 allows public utilities a deduction of 30.435% of the lesser of (1) dividends paid on their preferred stock during the tax year, or (2) taxable income computed without regard to this deduction. In a year in which a net operating loss occurs, section 172(d) provides that the deduction shall be computed without regard to section 247(a)(1)(B).

Schedule J—Tax Computation

1. Taxable income brackets and tax rates.—Each taxable income bracket is \$25,000 for income up to \$100,000.

The rates of tax are as follows:
17% on the first \$25,000,
20% on the next \$25,000,
30% of the next \$25,000,
40% of the next \$25,000.
Income in excess of \$100,000 is taxed at a rate of 46%.

Members of a controlled group.—Members of a controlled group, as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

Equal apportionment plan.—If no apportionment plan is adopted, the members of the controlled group must divide the \$25,000 amount in each taxable income bracket equally.

Unequal apportionment plan.—Members of a controlled group may elect an unequal apportionment plan and divide the \$25,000 amount in each taxable income bracket in any manner that they see fit. There is no need for consistency between taxable income brackets and any member of the controlled group may be entitled to all, some or none of the \$25,000 amount in a taxable income bracket (as long as the total amount for all members of the controlled group does not exceed \$25,000 in any bracket).

2. Foreign tax credit.—A foreign corporation engaged in a trade or business within the U.S. is allowed a credit

under section 901 for income, war profits, and excess profits tax paid (or deemed paid under section 902) or accrued during the tax year to any foreign country or U.S. possession with respect to income effectively connected with the conduct of a trade or business within the U.S. In general, the per country limitation cannot be used in computing the foreign tax credit. For further details, see section 906 and Form 1118.

3. Investment credit.—In most cases, the investment credit is 10% of the qualified investment in regular investment credit property. The corporation may elect an 11% or 11.5% for regular investment credit property (in lieu of the 10%) if the corporation meets the requirements of section 48(n)(1). The corporation is also allowed an energy investment credit for investment in qualified energy property. The energy credit is in addition to the 10% regular investment credit if the energy property is also regular investment credit property. Use Form 3468 to figure these credits.

4. Tax from recomputing a prior year investment credit.—If property is disposed of prior to the life-years category used in computing the investment credit, you must recompute the investment credit. (See Form 4255.)

5. Credit for wages paid or incurred in work incentive (WIN) program.—Generally, employers may claim a credit of 50% of qualified first-year wages and 25% of qualified second-year wages. See Form 4874 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the WIN credit determined without regard to the limitation based on tax (section 50A(a)(2)). Members of a group of trades or businesses under common control, see section 280C.

6. Job's credit.—The credit, if elected, is allowed only for employing members of seven targeted groups during the tax year. Generally, the allowable credit is equal to 50% of qualified first-year wages paid or incurred and 25% of qualified second-year wages paid or incurred. See Form 5884 and Publication 906 for definitions, special rules, and limitations.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the job's credit (determined without regard to the limitation based on tax (section 53)). Members of a group of trades or businesses under common control, see section 280C.

7. Alcohol fuel credit.—See Form 6478 for rules on the credit allowed for alcohol used as fuel.

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8. Credit for fuel produced from non-conventional sources.

—See section 44D for information regarding this credit. If

you qualify, attach your computation schedule. Enter the credit as part of the total on line 17, Schedule J. Also, enter

the amount of the credit in the margin next to line 17 and identify it as "Non-conventional Source Fuel Credit".

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the entire principal business activity and principal product or service that the taxpayer is engaged in. The system follows closely the Standard Industrial Classification used to classify establishments. Using the list below, enter on page 5, under M, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1, page 3) plus all other income (lines 4 through 10, page 3). On page 5, under M, state the principal business activity and principal product or service that accounts for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

AGRICULTURE, FORESTRY AND FISHING	Code	MANUFACTURING	Code	RETAIL TRADE	Code
0400 Agricultural production, except aquaculture.	3270 Concrete, gypsum, and plaster products.	2010 Meat products.	3320 Farm machinery.	5200 Building materials, hardware, garden supply, and mobile home dealers.	5200
0500 Agricultural services, (except veterinarians), forestry, fishing, hunting, and trapping.	3280 Other nonmetallic mineral products.	2020 Dairy products.	3330 Construction mining and materials.	5210 Building materials dealers.	5210
0600 Aquaculture.	3290 Primary metal industries: misc. primary metal products.	2030 Preserved fruits and vegetables.	3340 Metalworking machinery.	5220 Hardware stores.	5220
1000 Mining.	3300 Nonferrous metal industries: misc. metal products.	2040 Grain mill products.	3350 General industrial machinery, except electrical.	5230 Garden supplies and mobile home dealers.	5230
1010 Iron ores.	3310 Fabricated metal products, except machinery and transportation equipment.	2050 Bakery products.	3360 Office, computing, and accounting machines.	5240 Grocery stores.	5240
1020 Coal mining.	3320 Metal cans and shipping containers.	2060 Sugar and confectionery products.	3370 Engines and turbines, service industry machinery, and other machinery, except electrical.	5250 Other food stores.	5250
1030 Copper, lead and zinc, gold and silver ores.	3330 Plumbing and heating, except electric and warm air.	2070 Alcoholic beverages, except malt liquors and malt.	3380 Electrical and electronic machinery, equipment, and supplies.	5260 Automobile dealers and service stations.	5260
1040 Other metal mining.	3340 Fabricated structural metal products.	2080 Malt liquors and malt.	3390 Household appliances.	5270 Gasoline service stations.	5270
1050 Coal mining.	3350 Metal forgings and stampings.	2090 Bottled soft drinks, and flavorings.	3400 Radio, television, and communication equipment.	5280 Other automotive dealers.	5280
1060 Oil and gas extraction.	3360 Electronic components and accessories.	2100 Other food and kindred products.	3410 Other electronic equipment.	5290 Apparel and accessory stores.	5290
1300 Crude petroleum, natural gas, and natural gas liquids.	3370 Transportation equipment.	2110 Tobacco manufactures.	3420 Motor vehicles and equipment.	5300 Furniture and home furnishings stores.	5300
1310 Oil and gas field services.	3380 Aircraft, guided missiles and parts.	2120 Textile mill products.	3430 Ship and boat building and repairing.	5310 Misc. retail stores.	5310
1320 Nonmetallic minerals (except fuels) mining.	3390 Other transportation equipment.	2130 Knitting mills.	3440 Measuring and controlling instruments, photographic and medical goods, watches and clocks.	5320 Drug stores and proprietary stores.	5320
1400 Dimensional, crushed and broken stone, sand and gravel.	3400 Measuring and controlling instruments, photographic and medical goods, watches and clocks.	2140 Other textile mill products.	3450 Scientific instruments and measuring devices; watches and clocks.	5330 Liquor stores.	5330
1490 Other nonmetallic minerals, except fuels.	3460 Optical, medical, and ophthalmic goods.	2200 Apparel and other textile products.	3470 Photographic equipment and other supplies.	5340 Other misc. retail stores.	5340
	3470 Photographic equipment and other supplies.	2210 Men's and boys' clothing.	3480 Other manufacturing products.		
		2220 Women's and children's clothing.			
		2230 Hats, caps, millinery, fur goods, and other apparel and accessories.			
		2240 Misc. fabricated textile products.			
		2250 Lumber and wood products, except furniture.			
		2260 Logging camps and logging contractors, sawmills and planing mills.			
		2270 Millwork, plywood, and related products.			
		2280 Other wood products, including wood buildings and mobile homes.			
		2290 Furniture and fixtures.			
		2300 Paper and allied products:			
		2310 Pulp, paper, and board mills.			
		2320 Other paper products.			
		2330 Printing, publishing and allied industries:			
		2340 Newspapers.			
		2350 Periodicals.			
		2360 Books, greeting cards, and misc. publishing.			
		2370 Commercial and other printing, and printing trade services.			
		2380 Chemicals and allied products:			
		2390 Industrial chemicals, plastics materials and synthetics.			
		2400 Drugs, cleaners, and toilet goods.			
		2410 Paints and allied products.			
		2420 Agricultural and other chemical products.			
		2430 Petroleum refining and related industries (including those integrated with extraction):			
		2440 Petroleum refining (including those integrated with extraction) and related industries.			
		2450 Other petroleum and coal products.			
		2460 Rubber and misc. plastics products:			
		2470 Rubber products: plastic footwear, hose and belting.			
		2480 Misc. plastics products.			
		2490 Leather and leather products.			
		2500 Other leather and leather products.			
		2510 Stone, clay, glass, and concrete products:			
		2520 Glass products.			
		2530 Cement, hydraulic.			

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**U.S. Life Insurance Company
Income Tax Return**

FOR CALENDAR YEAR
1980

Name		A Employer identification number	
Number and street		B Date and place incorporated	
City or town, State, and ZIP code			

1 (a) Taxable investment income (Schedule C)	1(a)				
(b) Gain from operations (Schedule E) (If a loss, enter zero)	1(b)				
(c) The smaller of (a) or (b)		1(c)			
2 50% of any excess of 1(b) over 1(a)		2			
3 Amount subtracted from policyholders' surplus account (Schedule G)		3			
4 Life insurance company taxable income (add lines 1(c), 2, and 3)		4			
5 Are you a member of a controlled group? <input type="checkbox"/> Yes <input type="checkbox"/> No					
If Yes, see instructions and enter your share of the \$25,000 amount in each taxable income bracket:					
(a) \$	(b) \$	(c) \$	(d) \$		
6 Income tax (see instructions to figure the tax). If you use the alternative tax, check this box <input type="checkbox"/> and enter the tax from Schedule D (Form 1120L) here					
6					
7 Less: (a) Foreign tax credit (attach Form 1118)					
(b) Investment credit (attach Form 3468)	7(a)				
(c) Work incentive (WIN) credit (attach Form 4874)	7(b)				
(d) Jobs credit (attach Form 5884)	7(c)				
(e) Other credits (see instructions)	7(d)				
	7(e)				
8 Add lines 7(a) through (e)					
8					
9 Balance of tax (subtract line 8 from line 6)					
9					
10 Foreign corporations—tax on income not connected with U.S. business (see Tax Computation Instructions)					
10					
11 Increase in tax from refunding an earlier year investment credit (attach Form 4255)					
11					
12 Minimum tax on tax preference items (see instructions—attach Form 4626)					
12					
13 Total tax (add lines 9 through 12)					
13					
14 Credits: (a) Overpayment from 1979 allowed as a credit					
(b) 1980 estimated tax payments	14(a)				
(c) Less refund of 1980 estimated tax applied for on Form 4466	14(b)				
(d) Tax deposited with Form 7004	14(c)				
(e) Tax deposited with Form 7005 (attach copy)	14(d)				
(f) Credit from regulated investment companies (attach Form 2439)	14(e)				
(g) Federal tax on special fuels, gasoline and lubricating oil (attach Form 4136)	14(f)				
(h) U.S. income tax paid or withheld at source	14(g)				
(i) Other payments (see instructions)	14(h)				
(j) Total refundable credits (add lines 14(a) through (i))	14(i)				
15 TAX DUE (subtract line 14(j) from line 13). See instructions for depository method of payment					
15					
16 OVERPAYMENT (subtract line 13 from line 14(j))					
16					
17 Enter amount of line 16 you want: Credited to 1981 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>					
17					

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Signature of officer	Date	Title	
Preparer's signature and date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.	
Firm's name (or yours, if self-employed) and address	E.I. No.	ZIP code	

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Schedule A INVESTMENT YIELD (See instructions)

	1. Interest	2. Accrual of discount	3. Amortization of premium	4. Total (for line 1: column 1 plus column 2 less column 3)
1 Interest:				
(a) Wholly exempt obligations (attach schedule)				
(b) U.S. obligations and U.S. instrumentalities				
(c) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.				
(d) Totals				
2 Dividends (see instructions):				
(a) Domestic corporations subject to 85% deduction				
(b) Certain preferred stock of public utilities				
(c) Foreign corporations subject to 85% deduction				
(d) Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(a)(3))				
(e) Other (attach schedule)				
3 Gross rents (attach schedule)				
4 Gross royalties (attach schedule)				
5 Leases, terminations, etc.				
6 Net short-term capital gain minus net long-term capital loss (Schedule D (Form 1120L), line 10)				
7 Gross income from trade or business other than insurance business (attach schedule). (Also include amount from Schedule D (Form 1120L), line 36(b)).				
8 GROSS INVESTMENT INCOME (add lines 1(d) through 7)				
9 Investment expenses (attach schedule) (see Schedule H)				
10 Real estate expenses (attach schedule)				
11 Depreciation (attach Form 4562)				
12 Depletion (attach schedule)				
13 Trade or business deductions as provided in section 804(c)(5) (attach schedule)				
14 Total deductions (add lines 9 through 13)				
15 INVESTMENT YIELD (subtract line 14 from line 8)				

Schedule B PART I—POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Section 805(a))
(See instructions)

1 Adjusted life insurance reserves (from Part VI)	%	
2 Multiplied by the adjusted reserves rate (lesser of line 1 or 7, Part III)		
3 Pension plan reserves (Part V, line 7, column 7)		
4 Multiplied by the current earnings rate (Part III, line 1)		
5 Interest paid (from Part VII)		
6 Policy and other contract liability requirements (add lines 2, 4 and 5)		

PART II—ASSETS (Section 805(b)(4))

	1. Beginning of tax year	2. End of tax year	3. Mean of column 1 and column 2*
1 Real estate			
2 Mortgages: (a) Without service fees			
(b) With service fees			
3 Collateral loans			
4 Policy loans, including premium notes			
5 Corporate bonds			
6 Stocks			
7 Government obligations, etc. (attach schedule)			
8 Bank deposits, cash, etc.			
9 Other assets (attach schedule)			
10 Totals			

*Adjusted under section 805(a) (see instructions—attach schedule)

PART III—EARNINGS RATES (Section 805(b))

1 Current earnings rate (Schedule A, line 15 divided by Part II, line 10, column 3)	%	
2 Earnings rate for first preceding year (attach schedule)		
3 Earnings rate for second preceding year (attach schedule)		
4 Earnings rate for third preceding year (attach schedule)		
5 Earnings rate for fourth preceding year (attach schedule)		
6 Total (add lines 1 through 5)		
7 Average earnings rate (see instructions)		

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PART IV—AVERAGE INTEREST RATE ASSUMED (Section 805(c)(2))

1. Nature of reserve (life, annuity, etc.)	2. Assumed morbidity or mortality table	3. Assumed interest rate	4. Method of computation (Illinois Standards, etc.)	5. Reserve at beginning of tax year*	6. Reserve at end of tax year*	7. Mean of column 5 and 6**	8. Column 3 times column 7
1							
2							
3							
4							
5 Totals							

6 Average rate of interest assumed in figuring life insurance reserves (line 5, column 8 divided by line 5, column 7) %

*See instructions for section 805(b) and section 818(c) adjustments. **Adjusted under section 806(a) (attach schedule).

PART V—PENSION PLAN RESERVES (Section 805(d))

1 Section 805(d)(1) reserves							
2 Section 805(d)(2) reserves							
3 Section 805(d)(3) reserves							
4 Section 805(d)(4) reserves							
5 Section 805(d)(5) reserves							
6 Section 805(d)(6) reserves							
7 Totals							

PART VI—ADJUSTED LIFE INSURANCE RESERVES (Section 805(c)(1))

1 Mean of the reserves (Part IV, line 5, column 7)							
2 (a) 100%							
(b) Ten times the average rate of interest assumed (Part IV, line 6)							
(c) Total (add lines 2(a) and (b))							
(d) Ten times the adjusted reserves rate (lesser of lines 1 or 7, Part III)							
(e) Subtract line 2(d) from line 2(c)							
3 Adjusted life insurance reserves (line 1 multiplied by line 2(e)). Enter here and on Schedule B, Part I, line 1							

PART VII—INTEREST PAID (Section 805(e))

1 Interest on indebtedness							
2 Amounts in the nature of interest							
3 Discount on prepaid premiums							
4 Interest on certain special contingency reserves							
5 Total interest paid (add lines 1 through 4). Enter here and on Schedule B, Part I, line 5							

Schedule C TAXABLE INVESTMENT INCOME (Section 804(a)(2)) (See instructions)

1 Total							100%
2 Policyholders' share (section 804) (Schedule B, Part I, line 6 divided by Schedule A, line 15), but not more than 100%							%
3 Company's share (subtract line 2 from line 1)							%

1. Total	2. Exclusion—policyholders' share (line 2 times col. 1)	3. Company's share (col. 1 less col. 2)
4 Interest wholly tax-exempt (Schedule A, line 1(a), column 4—see instructions)		
5 (a) Dividends from Schedule A, line 2(a)		
(b) Dividends from Schedule A, line 2(b)		
(c) Dividends from Schedule A, line 2(c)		
(d) Dividends from Schedule A, line 2(d)		
(e) Dividends from Schedule A, line 2(e)		
6 Other items of investment yield (Schedule A, line 15, less lines 4 and 5 above)		
7 Net capital gain (Schedule D (Form 1120L), line 11)		
8 Totals (add lines 4 through 7)		

DEDUCTIONS

9 Interest wholly tax-exempt (line 4, column 3)							
10 Dividends-received deduction (affiliated groups—see instructions):							
(a) 85% of line 5(a), column 3							
(b) 59.13% of line 5(b), column 3							
(c) 85% of line 5(c), column 3							
(d) Total, but not more than 85% of taxable investment income (line 13) figured without this deduction (see instructions)							
11 Small business deduction (10% of line 15, Schedule A; members of a controlled group, see instructions)—not over \$25,000							
12 Total (add lines 9, 10(d) and 11)							
13 Taxable investment income (line 8 less line 12, but not less than zero). Enter here and on line 1(a), page 1							

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Schedule E GAIN OR (LOSS) FROM OPERATIONS (Section 809(b)) (See instructions)

1 Total							100%
2 Policyholders' share (section 809) (Schedule E-1, line 6, divided by Schedule A, line 15), but not more than 100%							%
3 Company's share							%
4 Interest wholly tax-exempt (Schedule A, line 1(a), column 4—see instructions)							
5 (a) Dividends from Schedule A, line 2(a)							
(b) Dividends from Schedule A, line 2(b)							
(c) Dividends from Schedule A, line 2(c)							
(d) Dividends from Schedule A, line 2(d)							
(e) Dividends from Schedule A, line 2(e)							
6 Other items of investment yield (Schedule A, line 15, less 4 and 5 above)							
7 Totals (add lines 4 through 6)							
8 Net capital gain (Schedule D (Form 1120L), line 11)							
9 Gross premiums							
Less: Return premiums, etc.							
10 (a) Decrease in reserves (after adjustment under section 810(a)) (attach schedule)							
(b) Decrease in section 811(b)(2) reserves (see Schedule E-2, Part II, line 3)							
11 Other amounts (attach schedule). (Also include amount from Schedule D (Form 1120L), line 36 (c))							

12 Total (add lines 7 through 11)							
DEDUCTIONS							
13 Death benefits, etc.							
14 Increase in reserves (after reduction for investment yield under section 810(b)) (attach schedule)							
15 Assumption by another person of liabilities under insurance, etc., contracts							
16 Interest wholly tax-exempt (line 4, column 3)							
17 Investment expenses, etc., not deducted on Schedule A (attach schedule)							
18 Small business deduction (Schedule C, line 11)							
19 Other deductions not deducted on Schedule A (attach schedule)							
20 Total (add lines 13 through 19)							
21 Dividends-received deduction (affiliated groups, see instructions):							
(a) 85% of line 5(a), column 3							
(b) 59.13% of line 5(b), column 3							
(c) 85% of line 5(c), column 3							
(d) Total, but not more than 85% of any excess of line 12 over line 20 (see instructions)							
22 Operations loss deduction (attach schedule)							
23 Tentative deduction (add lines 20 through 22)							
24 Plus: (a) Dividends to policyholders (Schedule E-2, Part I, line 7)							
(b) Accident and health, and group life insurance (Schedule E-2, Part I, line 9)							
(c) Certain nonparticipating contracts (Schedule E-2, Part I, line 11)							
25 Total deductions (add lines 23 and 24)							
26 Gain or (loss) from operations (subtract line 25 from line 12). Enter here and on page 1, line 1(b)							

Schedule E-1 REQUIRED INTEREST (Section 809(a)(2))

	1. Rate	2. Beginning of tax year	3. End of tax year	4. Mean of columns 2 and 3	5. Column 1 times column 4
1 Sec. 810(c)(1) reserves (from Schedule B, Part IV, line 5, column 8 and Schedule B, Part V, line 7, column 8)					
2 Sec. 810(c)(3) reserves					
3 Sec. 810(c)(4) reserves					
4 Sec. 810(c)(5) reserves					
5 Sec. 810(c)(6) reserves					
6 Required interest (add lines 1 through 5)					

Schedule E-2

PART I—LIMITATION ON DEDUCTION (SCHEDULE E, LINE 24) (Section 809(f))

PART II DEDUCTION ON DEDUCTION (SCHEDULE E, LINE 24) (SEE INSTRUCTIONS)		\$250,000
1	Statutory amount	
2	(a) Schedule E, line 12	
	(b) Tentative deduction (Schedule E, line 23)	
3	Gain from operations without Schedule E, line 24 (subtract line 2(b) from line 2(a))	
4	Taxable investment income (Schedule C, line 13)	
5	Subtract line 4 from line 3 (but not less than zero)	
6	Maximum possible deduction for Schedule E, line 24 (add lines 1 and 5)	
7	Deduction for dividends to policyholders (Schedule E-2, Part II) (not more than line 6)	
8	Maximum deduction for accident and health, and group life insurance (subtract line 7 from line 6)	
9	Deduction for accident and health, and group life insurance (Schedule E-2, Part III) (not more than line 8)	
10	Maximum deduction for certain nonparticipating contracts (subtract line 9 from line 8)	
11	Deduction for certain nonparticipating contracts (Schedule E-2, Part IV, line 3) (not more than line 10)	

PART II—DIVIDENDS TO POLICYHOLDERS (Section 809(d)(3))

1 Dividends paid to policyholders		
2 (a) Increased by the excess of (i) over (ii):		
(i) Reserve at the end of this tax year		
(ii) Reserve at the end of the preceding tax year		
OR		
(b) Decreased by the excess of (i) over (ii):		
(i) Reserve at the end of the preceding tax year		
(ii) Reserve at the end of this tax year		
3 If greater than zero, enter on Schedule E-2, Part I, line 7; if less than zero, enter on Schedule E, line 10(b)		

PART III—CERTAIN ACCIDENT AND HEALTH INSURANCE AND GROUP LIFE INSURANCE
(Section 809(d)(6))

1 Deductions allowed or allowable in earlier years under section 809(d)(6)	
2 Net premiums	
3 Line 2 multiplied by 2%	
4 Tentative deduction—the smaller of line 3 or (50% of line 2, minus line 1)	

PART IV—CERTAIN NONPARTICIPATING CONTRACTS (Section 809(d)(5))

1 (a) Reserve at the end of the tax year	
(b) Reserve at the beginning of the tax year	
(c) Subtract line 1(b) from line 1(a) (if less than zero, enter zero)	
(d) Multiplied by	10%
2 (a) Net premiums	
(b) Multiplied by	3%
3 Tentative deduction—the greater of line 1 or line 2	

Schedule F SHAREHOLDERS' SURPLUS ACCOUNT (Section 815(b))

1 (a) Balance at the end of the preceding tax year

2 Transfers under section 815(d)(1) and (4) for the preceding tax year

3 (b) Balance at the beginning of the tax year (line 1(a) plus line 1(b))

2 Life insurance company taxable income under section 815(b)(2)(A)(i) (line 1(c), page 1, plus line 2, page 1)

3 Net capital gain income reduced (but not below zero) by any income on line 2

4 Dividends-received deduction (affiliated groups—see instructions):

 (a) 85% of Schedule A, line 2(a)

 (b) 59.13% of Schedule A, line 2(b)

 (c) 85% of Schedule A, line 2(c)

5 Total, but not more than 83% of any excess of line 12, Schedule E, over line 20, Schedule E

5 Interest wholly tax-exempt (Schedule A, line 1 (a), column 4)

6 Small business deduction (Schedule C, line 11)

7 Total (add lines 1 through 6)

8 Tax liability for 1980 under section 815(b)(2)(B) (income tax figured on line 2 as if line 2 was total life insurance company taxable income)

9 Subtract line 8 from line 7 (not less than zero)

10 Distributions in 1980 (not more than line 9)

11 Balance as of the end of the tax year (subtract line 10 from line 9)

Schedule G POLICYHOLDERS' SURPLUS ACCOUNT (Section 815(c))

Schedule G		Form 990-W		2011	
1	Balance at the beginning of the tax year				
2	Add: (a) 50% of any excess of the gain from operations over the taxable investment income (page 1, line 2)				
	(b) The deduction for certain nonparticipating contracts (Schedule E, line 24(c))				
	(c) The deduction for accident and health, and group life insurance (Schedule E, line 24(b))				
3	Total (add lines 1 and 2)				
4	(a) Actual distributions only in excess of Schedule F, line 9				
	(b) Tax increase on line 4(a) under section 802(b)(3)				
	(c) Subtractions under section 815(d)(1) and (4) (see instructions)				
	(d) Tax increase on line 4(c) under section 802(b)(3)				
	(e) Subtraction required under section 815(d)(2) due to termination				
5	Total—Add lines 4(a) through (e). (Enter the smaller of line 3 or line 5 on page 1, line 3.)				
6	Balance at the end of the year (subtract line 5 from line 3, but not less than zero)				

Schedule H **LIMITATION OF INVESTMENT EXPENSE DEDUCTION**
(You need not fill in Schedule H unless you claim a deduction for general expenses allocated to investment income.)

1 Mean of the assets for the tax year (Schedule B, Part II, line 10, column 3)		
2 Times0025
3 Mortgage service fees		
4 (a) (i) Investment yield figured without investment expenses		
(ii) 3 3/4% (.0375) of line 1		
(iii) Line (i) less line (ii)		
(iv) One-fourth (.25) of line (iii)		
(v) Mortgage service fees (line 3)		
(vi) Line (iv) less line (v)		
(b) One-fourth of 1% (.0025) of the amount on Schedule B, Part II, line 2(a), column 3		
(c) The greater of (a)(vi) or (b)		
5 Limit on deduction for investment expenses (add lines 2, 3, and 4(c))		

Schedule J **COMPENSATION OF OFFICERS** (See instructions, page 5)[illegible]

Schedule K ASSETS (Section 805(b)(4)) AND TOTAL INSURANCE LIABILITIES (Section 819(a)) (See instructions)

Assets—section 805(b)(4) (Schedule B, Part II, line 10, column 2)			General account	Separate account	
Line	1. Section	2. NAIC* page 3	3. Description of item	4. General account	5. Separate account
Total Insurance Liabilities (Section 819(a))					
Liabilities:					
1	801(c)(1)	Line 1	Reserve for life policies and contracts . . .		
2	801(b)(1)	Line 2	Subtract: Deficiency reserves . . .		
3	810(c)(3)	Line 3	Reserve for accident and health policies . . .		
4	801(b)(1)	Line 4.1	Subtract: Reserves for rate credits . . .		
5	801(b)(1)	Line 4.2	Supplementary contracts without life contingencies . . .		
6	810(c)(4)	Line 5	Policy and contract claims, life . . .		
7	810(c)(5)	Line 9	Subtract: Resisted life claims . . .		
8	810(c)(5)	Line 4.2	Policy and contract claims, accident and health . . .		
9	810(c)(6)	Line 5	Policyholders' dividend and coupon accumulations . . .		
10	810(c)(3)	Line 9	Premiums and annuity considerations received in advance . . .		
11	810(c)(3)	Line 9	Subtract: Discount . . .		
12	810(c)(3)	Line 10	Liability for premium and other deposit funds . . .		
13	810(c)(3)	Line 10	Other: Miscellaneous insurance liabilities, not included above, such as—		
14	810(c)(3)	Line 10	(a) Special contingency reserves for group life, health and accident insurance . . .		
15	810(c)(3)	Line 10	(b) Amounts held at interest under insurance, annuity or deposit administration contracts or pension trust side funds . . .		
16	810(c)(3)	Line 10	(c) Funds held to provide for future conversion of policies or contracts . . .		
17	810(c)(3)	Line 10	(d) Amounts held pending issue of contracts supplementary to insurance or annuity contracts . . .		
18	810(c)(3)	Line 10	(e) Other insurance liabilities or adjustments:		
19	810(c)(3)	Line 10	(i) Reserves for mortality fluctuations . . .		
20	810(c)(3)	Line 10	(ii) Liability for insurance or annuity benefits for employees and agents . . .		
21	810(c)(3)	Line 10	(f) Other items (please describe):		
22	810(c)(3)	Line 10			
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Department of the Treasury
Internal Revenue Service

1980 Instructions for Form 1120L U.S. Life Insurance Company Income Tax Return

(References are to the Internal Revenue Code.)

General Instructions

Note: Life insurance companies that do not submit the annual statement with their income tax returns may be subject to the delinquency penalty. See page 8.

Who must file Form 1120L.—Every domestic life insurance company and every foreign corporation carrying on an insurance business within the U.S. (if its U.S. business would qualify as a life insurance company) must file a return on Form 1120L if (a) it issues life insurance and annuity contracts (either separately or combined with health and accident insurance) or noncancellable contracts of health and accident insurance, and (b) its life insurance reserves, plus unearned premiums and unpaid losses (whether or not ascertained), on noncancellable life, health, or accident policies not included in life insurance reserves, make up more than 50% of its total reserves, adjusted in each case for policy loans as required by section 801(d).

The term "noncancellable" includes guaranteed renewable life, health, and accident insurance which is not cancellable by the company but under which the company reserves the right to adjust premium rates by classes, in accordance with experience under the type of policy involved. The terms "life insurance reserves" and "total reserves" do not include deficiency reserves.

A burial or funeral benefit insurance company engaged directly in the manufacture of funeral supplies or the performance of funeral services is taxable under section 821 or section 831 and should file Form 1120M, U.S. Mutual Insurance Company Income Tax Return, or Form 1120, U.S. Corporation Income Tax Return.

If a receiver, trustee in bankruptcy, or assignee has possession of, or holds title to, all or substantially all the property or business of a corporation, whether or not the property or business is being operated, that person must make a return in the same manner and form as would be required were the corporation to make its own return.

If a life insurance company disposes of its life insurance business and life insurance reserves under a reinsurance agreement with another company, but continues corporate existence for winding up and liquidating its affairs, it will not be taxable as a life insurance company after the effective date of the agreement.

Period covered.—The return is to be filed for calendar year 1980. If the corporation ceased to exist in 1980, write "FINAL RETURN" at the top of the form.

Accounting methods.—The return must be filed using the accrual method of accounting or, to the extent permitted under regulations, a combination of the accrual method with any other method, except the cash receipts and disbursements method.

Unless the law specifically permits, the method of accounting used to report income in earlier years (for income as a whole or for any material item) may not be changed without first obtaining IRS consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

Where to file.— If the corporation's principal business, office, or agency is located in:	Use the following Internal Revenue Service Center address:
New Jersey, New York City and counties of Nassau, Suffolk, and Westchester	Holtzville, NY 00501
New York (all other counties), Connecticut, Massachusetts, New Hampshire, Rhode Island, Florida, Georgia, Mississippi, South Carolina, Alabama, West Virginia	Andover, MA 02101
Michigan, Ohio	Cincinnati, OH 45299
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Opdam, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Freese, CA 91388
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19155

Foreign corporations carrying on an insurance business within the U.S. must file their return with the Internal Revenue Service Center, Philadelphia, PA 19155.

If all the books and records are kept in the principal office of the managing corporation, the separate returns of a group of corporations may be filed with the Service Center where the managing corporation files its return.

When to file.—In general, Form 1120L must be filed by March 16, 1981.

File Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 3-month extension of time to file Form 1120L.

File Form 7005, Application for Additional Extension of Time to File Corporation Income Tax Return, to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

Pension, profit-sharing, etc., plans.—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan (other than a Simplified Employee Pension) whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required

to file one of the forms described below. The Employee Retirement Income Security Act of 1974 imposes penalties for failure to timely file these forms:

Form 5500, Annual Return/Report of Employee Benefit Plan—Complete this form for each plan with 100 or more participants.

Form 5500-C, Annual Return/Report of Employee Benefit Plan, or Form 5500-R, Registration Statement of Employee Benefit Plan—Complete the applicable form for each plan with fewer than 100 participants.

Note: Only one return is required to be filed for a plan of a controlled group of corporations or a multiemployer collectively-bargained plan. Individual participating employers or contributing employers are not required to file separately.

Consolidator returns.—An affiliated group of corporations, each qualifying as a life insurance company, may make a consolidated income tax return instead of separate returns. The parent corporation must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122, Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return. See sections 1501 through 1504, section 1552 and related regulations.

Percentage computations.—In figuring earnings rates, assumed rates, and policyholders' and company's share of investment yield, the calculation should be carried out to a sufficient number of decimal places to insure substantial accuracy and to eliminate any significant error in the resulting tax liability.

Transfers to corporation controlled by transferee.—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferee and the transferor must attach the information required by regulations section 1.351-3.

Specific Instructions

(Numbered to correspond with the line numbers on the return.)

Box A. Employer identification number.—Enter the employer identification number (EIN) of the corporation.

Corporations that do not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120L is sent. Write "applied for" in the space provided for EIN, if it is not received by the time Form 1120L is filed.

SCHEDULE A.—Investment Yield

"Investment yield" means gross investment income, as defined in section 804 (b), less the deductions allowed in section 804(c). The entire amount of the items of income and allowable deductions are reported in Schedule A to provide the basis for the exclusion of the policyholders' share of the investment yield from the life insurance company's taxable income.

Line 1. Interest.—Enter interest from all sources during the tax year. The gross amount of interest reported is decreased by the amortization of premium and increased by the accrual of discount (except market discount) for the tax year on

bonds, notes, debentures, or other evidences of indebtedness. Determine these amounts by:

(1) the method regularly used, if reasonable; or

(2) regulations prescribed by the Secretary. See section 818(b). Attach a statement showing the method and computation used.

Line 2. Dividends.

(a) Enter dividends received from domestic corporations subject to income tax and which are subject to the 85% deduction under section 243(a)(1).

So-called dividends or earnings received from mutual savings banks, money market certificates, etc., are really interest and should not be treated as dividends.

(b) Enter dividends received on the preferred stock of a public utility subject to income tax that is allowed the deduction under section 247 for dividends paid.

(c) Enter dividends received: (1) from foreign corporations which qualify for the 85% deduction under section 245(a);

(2) from wholly-owned foreign subsidiaries that are eligible for the 100% deduction under section 245(b). In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving these dividends; and all of its gross income from all sources is effectively connected with its conduct of a trade or business within the U.S. Attach a schedule showing the amount of these dividends included on line 2(c).

(d) Enter dividends entitled to the 100% dividends-received deduction under section 243(a)(3) that are subject to the elective provisions of section 243(b).

(e) Attach a schedule showing separately:

(1) Foreign dividends not reportable on line 2(c). (Exclude distributions of amounts constructively taxed in the current year or earlier years under subpart F.)

(2) Income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported in Schedule A of Form(s) 3646.

(3) "Gross-up" of dividends for taxes deemed paid under sections 902 and 960.

(4) Dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies which are not subject to the 85% deduction.

(5) Dividends from tax-exempt organizations.

(6) Dividends (other than capital gain dividends) received from a real estate investment trust which, for the tax year of the trust in which the dividends are paid, qualifies under sections 856-860.

(7) Dividends not eligible for the dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments on similar stock.

(8) Any other taxable dividend income not properly reported above.

Page 2

Line 3. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, taxes, and depreciation in the proper lines for deductions.

Line 4. Gross royalties.—Enter gross royalties. If a deduction is claimed for depletion, report it on line 12.

Line 5. Leases, terminations, etc.—Enter the gross income from the entering into (or the alteration or termination) of any lease, mortgage, or other instrument or agreement from which the life insurance company earns interest, rents, or royalties.

Line 6. Net short-term capital gain minus net long-term capital loss.—Enter the amount (if any) by which the net short-term capital gain exceeds the net long-term capital loss. See separate Schedule D (Form 1120L).

Line 7. Gross income from trade or business other than insurance business.—Enter the gross income from any trade or business (other than an insurance business) carried on by the life insurance company, or by a partnership of which the life insurance company is a member.

Include section 1245, section 1250, and other gains from Schedule D (Form 1120L) for investment assets only.

Deductions

Line 9. Investment expenses.—Enter expenses which are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot exceed line 5, Schedule M. Attach a schedule showing the nature and amount of items included. Group the minor items into one amount.

Line 10. Real estate expenses.—Enter all ordinary and necessary building expenses (such as taxes, fire insurance, heat, light, labor, and the cost of incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinary efficient operating condition) only for real estate owned by the company. Itemize these expenses in an attached schedule. Do not include any amount paid for new buildings or for permanent improvements or betterments made to increase the value of any property; or any amount spent on foreclosed property before the property is held for rent.

Line 11. Depreciation.—See instructions for Form 4562, Depreciation for real estate owned and occupied.

The deductions on lines 10 and 11 must not include any amounts for real estate owned and occupied for insurance purposes by the company. Allocate the deductions in the same ratio as the rental value of the space not occupied for insurance purposes is to the space that is occupied for insurance purposes. Attach a detailed schedule.

Line 12. Depletion.—See sections 613 and 613A for percentage depletion rates for natural deposits.

Attach Form T (Timber). Forest Industries Schedules, if a deduction is claimed for depletion of timber.

Line 13. Trade or business deductions.—Enter the total deductions for any trade or business (other than an insurance business) income that is included in the life insurance company's gross investment income under section 804(b)(3). Do not include losses from (or considered as from) sales or exchanges of capital assets, or property used in the trade or business (as defined in section 1221(b)), or from the compulsory or involuntary conversion of property used in the trade or business.

The deduction for net operating losses (section 172) and the special deductions (sections 241 through 250) are not allowed.

SCHEDULE B.—

Part I—Policy and Other Contract Liability Requirements (Section 805(a))

Purpose.—The next step after determining investment yield on Schedule A is to determine the policy and other contract liability requirements. This computation furnishes the numerator, with the total of the investment yield as the denominator, to determine the policyholders' share of investment yield on Schedule C.

Definition.—"Policy and other contract liability requirements" means the total of (1) the adjusted life insurance reserves (from Part VI), multiplied by the adjusted reserves rate (lesser of line 1 or line 7, Part III); (2) the mean of the pension plan reserves at the beginning and end of the tax year (from Part V), multiplied by the current earnings rate (from Part III); and (3) the interest paid (from Part III).

Part II—Assets (Section 805(b)(4))

Purpose.—This computation is made to determine the earnings rates in Part III.

Definition.—"Assets" for this purpose means all assets of the company (including nonadmitted assets) and includes all moneys but does not include real and personal property (other than money) used by the company in carrying on an insurance trade or business.

Valuation.—For real property and for stocks use their fair market value. For other assets use the adjusted basis of the assets for determining gain on sale or other disposition. This adjusted basis is determined under section 1011, and related sections, without section 817(b).

Section 806(a) adjustment.—If, during the tax year, there is a change in life insurance reserves (either increase or decrease) due to the transfer between the taxpayer and another person of liabilities under contracts taken into account in computing these reserves, the mean of the assets must be adjusted on a daily basis to reflect the amounts involved in the transfer. See regulations section 1.806-3. Attach a schedule showing the adjustment.

Part III—Earnings Rates (Section 805(b))

"Current earnings rate" means the percentage determined by dividing the investment yield for the tax year from Schedule A by the mean of the assets at the beginning and end of the tax year from Part II.

"Average earnings rate" means the total of the current earnings rate for the current tax year and the earnings rate for each of the 4 tax years immediately preceding the current tax year, divided by 5. If the company was an insurance company (but not a life insurance company) in any of the 4 years preceding the current tax year, the computation is made as if the company were a life insurance company for that year. Where the company was not in existence for one or more of the 4 preceding years or was not an insurance company for one or more of these years, an imputed earnings rate for that year or years. The average earnings rate (line 7) is determined by adding its percentage composition this total by the number of years for which entries are made. For example, if entries are made on three lines, divide the total by 3.

Part IV—Average Interest Rate Assumed (Section 805(c)(2))

This schedule is used to determine a rate used in the computation of adjusted life insurance reserves (Part VI). Exclude pension plan reserves from life insurance reserves for determining the taxpayer's assumed rate under this part. See Part V.

Columns 5 and 6.—Adjustment under section 806(b).—If the basis for determining the amount of any item referred to in section 810(c) (life insurance reserves, etc.) at the end of the tax year differs from the basis for the determination at the beginning of the tax year, then the amount of the item at the end of the tax year must be the amount figured on the old basis, and the amount of the item at the beginning of the next tax year must be the amount figured on the new basis.

Adjustment under section 818(c).—This adjustment is required if the company actually figures its life insurance reserves on a recognized preliminary term basis but elects to convert them to a net level premium basis in figuring the reserves for tax purposes.

If elected, the conversion may be made by one of two methods:

Method 1. Exact revaluation: The company must figure the reserves for all contracts (for which reserves are figured on a preliminary term basis) on a net level premium basis using the same mortality assumptions and interest rates for both the preliminary term basis and the net level premium basis.

Method 2. Approximate revaluation: For contracts for which reserves are figured under the preliminary term basis, the reserves are increased by the total of (1) \$21 per \$1,000 of insurance in force (other than term insurance), less 2.1% (.021) of reserves under these contracts; plus (2) \$5 per \$1,000 of term insurance in force under contracts which at the time of issuance cover a period of more than 15 years, less 0.5% (.005) of reserves under these contracts.

A life insurance company may elect, under section 818(c), the approximate revaluation method for all its life insurance reserves, other than noncancellable accident and health reserves, and use the exact revaluation method for all its noncancellable accident and health reserves. (Revenue Ruling 60-61, 1960-1 C.B. 268.)

Column 7.—Adjustment under section 806(a).—If, during the tax year, there is a change in life insurance reserves due to the transfer between the company and another person of the policy or the contract taken into account in figuring the reserves, the means of the reserves must be adjusted on a daily basis to reflect the amount involved in the transfer. (See regulations section 1.806-3.) This adjustment applies whether or not the transfer of the liabilities was the original insurer. However, this adjustment does not apply to the taxpayer or by the taxpayer to another person. For the definition of "life insurance reserves," see section 801(b).

Part V—Pension Plan Reserves (Section 805(d))

These reserves must be adjusted under sections 806 and 818(c) as described in Part IV above.

Part VI—Adjusted Life Insurance Reserves (Section 805(c)(1))

Adjusted life insurance reserves is the mean of the life insurance reserves (as defined in section 801(b)), figured under Part IV (excluding pension plan reserves taken into account under Part V), adjusted in Part VI. This amount is used to figure the policy and other contract liability requirements in Part I.

Part VII—Interest Paid (Section 805(e))

Line 1.—Enter all interest paid for the tax year, except on indebtedness incurred or continued to purchase or carry obligations on which the interest income is wholly exempt from tax.

Line 2.—Enter all amounts in the nature of interest, whether or not guaranteed, for the tax year on insurance or annuity contracts (including supplementary contracts) that at the time of accrual do not involve life, health, or accident contingencies.

Line 3.—Enter all discounts in the nature of interest, whether or not guaranteed, for the tax year on insurance or annuity contracts.

Line 4.—Enter all interest for the tax year on special contingency reserves under contracts of group term life insurance or group health and accident insurance that are established and maintained for the provision of insurance on retired lives, for premium stabilization, or for a combination of both.

SCHEDULE C.—Taxable Investment Income

General.—The policyholders' share of each item of investment yield (including tax-exempt interest, and dividends received) of any life insurance company cannot be included in taxable investment income.

Line 2.—Enter the policyholders' percentage share of each item of investment yield. This percentage is determined by dividing the policy and other contract liability requirements from Schedule B by the investment yield from Schedule A. If the amount of the policy and other contract liability requirements exceeds the investment yield, the policyholders' share must be 100%.

Line 3.—The difference between 100% and the percentage on line 2 is the life insurance company's share of any item of investment yield.

Lines 4-7.—Enter on line 4, column 1, the amount of interest which is wholly exempt from tax under section 103. (Where securities of a municipality are originally issued at a price not less than par value and are later acquired by a purchaser at a discount, the discount is not tax-exempt interest under section 103.) Multiply the amount on each line in column 1 by the percentage from line 2 and enter the product for each line in column 2. The amounts entered in column 2 are the policyholders' share of these items. Enter in column 3 the difference obtained by subtracting column 2 from column 1. The amounts entered in column 3 are the company's share of these items of investment yield.

Deductions

Line 9. Interest wholly tax-exempt.—Enter the amount from line 4, column 3. This amount is the company's share of wholly tax-exempt interest. It is not included in taxable investment income.

Line 10. Dividends-received deduction.—(a) Dividends received from domestic corporations.—Enter 85% of the company's share (line 5(a), column 3) of the dividends (except dividends on certain preferred stock of public utilities) from domestic corporations subject to income tax. Members of certain affiliated groups may elect to deduct 100% of the qualifying dividends received from other members of the same group. Include the company's share of the 100% deduction on line 10(a). See section 243.

(b) Dividends received on certain preferred stock of public utilities.—Enter 59.13% of the company's share (line 5(b), column 3) of the dividends received on the preferred stock of a public utility subject to income tax that is allowed a deduction for dividends paid under section 247. See section 244.

(c) Dividends received from foreign corporations subject to the 85% deduction.—Enter 85% of the company's share (line 5(c), column 3) of dividends received from foreign corporations subject to the 85% deduction.

Also enter on this line 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on these deductions.

(d) Total dividends-received deduction.—The total of the dividends-received deduction cannot exceed 85% of taxable investment income figured without this deduction.

The limitation for a member of an electing affiliated group is also 85% of taxable investment income figured without this deduction. However, this deduction must be reduced by the deduction for 100% (as described in 10(a) above) of the qualifying dividends received from the same group since these dividends are not subject to the 85% limitation.

In general, no dividends-received deduction will be allowed on any share of stock that is disposed of if the corporation held it 15 days or less; or to the extent the corporation is under an obligation to make corresponding payments on substantially identical stock or securities.

Line 11. Small business deduction.—Enter 10% of the investment yield from Schedule A (but not more than \$25,000). Members of certain affiliated groups are limited to one \$25,000 limitation.

Members of a controlled corporate group are limited to one \$25,000 small business deduction. See section 1561(a).

SCHEDULE E.—Gain or (Loss) From Operations

General.—The share of each item of investment yield (including tax-exempt interest and dividends received) of any life insurance company set aside for policyholders cannot be included in gain or loss from operations.

Line 2.—Enter the percentage which represents the policyholders' percentage share of any item of investment yield. This percentage is determined by dividing the required interest from Schedule E-1 by the investment yield from Schedule A. If the amount of the required interest exceeds the investment yield, then the policyholders' share must be 100%.

Lines 4-6 and 8.—See instructions for Schedule C, lines 4-7.

Line 9.—Enter the gross amount of premiums and other consideration (including advance premiums, deposits, fees, assessments, and consideration from assuming liabilities under contracts not issued by the company) on insurance and annuity contracts (including supplementary contracts) less return premiums, and premiums and other consideration for reinsurance ceded. Except for premiums or other consideration returned to another life insurance company from reinsurance ceded, amounts returned where the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management cannot be included. However, amounts rebated or refunded due to policy cancellations or to erroneously computed premiums are treated as return premiums.

Line 10(a). Decrease in reserves.—Enter the excess of the sum of the items described in section 810(c) at the beginning of the tax year over the sum of these items at the end of the tax year (reduced by the policyholders' share of investment yield not included in gain and loss from operations from line 7, column 2).

Line 10(b). Decrease in section 811(b) (2) reserves.—Enter the amount (from line 3, Part II, Schedule E-2) by which the decrease for the tax year in the reserves for policyholder dividends exceeds the amount of dividends paid to policyholders during the year. Enter also one-tenth of any net decrease in reserves required under section 810(d).

Line 11. Other amounts.—Enter the total amount of other income not included in figuring investment yield and not otherwise included above if the items are includible in gross income. However, exclude all gains from the sale or exchange of capital assets and gains considered as gains from the sale or exchange of a capital asset.

Deductions

Line 13. Death benefits, etc.—Enter the amount of all claims and benefits accrued (including matured endowments and amounts allowed on surrender) and losses incurred (whether or not ascertained) during the year on insurance, annuity, and supplementary contracts. The term "losses incurred (whether or not ascertained)" refers to a reasonable estimate of the amount of the losses incurred but not reported, and losses reported but the amount cannot be determined by the end of the year.

Line 14. Increase in reserves.—Enter the excess of the sum of the items described in section 810(c) as of the end of the tax year (reduced by the policyholders' share of investment yield not included in gain or loss from operations (line 7, col. 2)) over the sum of these items as of the beginning of the tax year. Enter also one-tenth of any net increase in reserves required under section 810(d).

Line 15. Assumption by another person of liabilities under insurance, etc., contracts.—Enter the amount of the consideration (other than the consideration from reinsurance ceded) from the assumption by another person of liabilities under insurance and annuity contracts (including supplementary contracts).

Line 16. Interest wholly tax-exempt.—Enter the amount from line 4, column 3. This amount is the company's share of

wholly tax-exempt interest which, like the policyholders' share of this interest (from line 4, column 2), is not included in gain or loss from operations.

Line 17. Investment expenses.—Enter the excess of total investment expenses over the amount allowed in figuring investment yield on Schedule A, and the amount (if any) by which the sum of the deductions allowable (line 14, Schedule A) exceeds the gross investment income (Schedule A, line 8). Attach a schedule showing computations.

Line 18. Small business deduction.—Enter 10% of the investment yield from Schedule A (but not more than \$25,000). Members of certain affiliated groups are limited to one \$25,000 limitation.

Members of a controlled corporate group are limited to one \$25,000 small business deduction. See section 1561(a).

Line 19. Other deductions.—Enter the total amount of all other deductions not included in figuring investment yield and not included in lines 21 through 24. Attach a schedule showing the nature and amount of items included and group the minor items into one amount. If a deduction is claimed for depreciation, attach Form 4562, Depreciation.

Include all items allowable as deductions in figuring taxable income except:

(a) Interest.—No deduction is allowed under section 163 for interest on the items described in section 810(c).

(b) Bad debts.—No deduction is allowed for an addition to reserves for bad debts under section 166(c), but a deduction for specific bad debts is permitted if the other provisions of that section apply.

(c) Contributions.—Attach a schedule showing the nature of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined. For limitation and the application of a charitable contribution carryover, see regulations section 1.809-6(c).

In applying section 170, the 5% limitation on total deductions must be figured under section 809(e)(3). See regulations section 1.809-6(c).

Charitable contributions in excess of the 5% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

Companies on the accrual basis may elect to deduct contributions paid by the 15th day of the 3rd month following the end of the tax year if the contributions are authorized by the board of directors during the tax year. A declaration, signed by the officer, stating that the resolution authorizing the contribution was adopted by the board of directors during the tax year, and a copy of the resolution, must both be attached to the return.

If a charitable contribution of property is made, the contribution must be reduced by the sum of:

- (1) the ordinary income, short-term capital gain, and
- (2) 60.87% of the long-term capital gain that would have resulted if the property was sold at its fair market value, for (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its ex-

emption, and (2) contributions of any property to or for the use of certain private foundations. For special rules for a contribution of inventory, and other ordinary income property to certain organizations, see section 170(e)(3).

If a charitable contribution deduction is taken for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

(d) Amortizable bond premiums.—No deduction is allowed under section 171 since a deduction for these premiums has already been taken in Schedule A.

(e) Net operating loss deduction.—The deduction under section 172 is not allowed since an "operations loss deduction" is allowed. See line 22.

(f) Dividends received.—No deduction is allowed under sections 243, 244, or 245 because of the deduction allowed under section 809(d)(8). See line 21.

Line 21. Dividends-received deduction.—(a) Dividends received from domestic corporations.—Enter 85% of the company's share (line 5(a), column 3) of dividends (except dividends on certain preferred stock of public utilities) from domestic corporations subject to income tax. Members of certain affiliated groups may elect to deduct 100% of the qualifying dividends received from other members of the same group. Include the company's share of the 100% deduction on line 21(a). See section 243.

(b) Dividends received on certain preferred stock of public utilities.—Enter 59.13% of the company's share (line 5(b), column 3) of dividends on the preferred stock of a public utility subject to income tax that is allowed a deduction for dividends paid under section 247. See section 244.

(c) Dividends received from foreign corporations subject to the 85% deduction.—Enter 85% of the company's share (line 5(c), column 3) of dividends received from foreign corporations subject to the 85% deduction.

Also enter on this line 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on these deductions.

(d) Section 246(b) limitation.—In applying this 85% limitation to the total dividends-received deduction, the gain from operations is figured without the deductions for certain nonparticipating contracts (line 24(c)); accident and health insurance, and group life insurance (line 24(b)); dividends to policyholders (line 24(a)); the operations loss deduction (line 22); and the dividends-received deduction. Since these items have not been deducted, the 85% limitation applies to the excess, if any, of line 12 over line 20.

For a member of an electing affiliated group, the 85% limitation also applies to the excess, if any, of line 12 over line 20. Line 20, however, must first be reduced by the deduction for 100% (as described in line 21(a) above) of qualifying dividends received from the same group, since these dividends are not subject to the 85% limitation.

The 85% limitation does not apply to any year in which there is a loss from operations.

Line 22. Operations loss deduction.—This deduction determined under section 812 is similar to the net operating loss deduction provided by section 172.

The "operations loss deduction" is the total of the operations loss carryovers and carrybacks to the tax year. See section 812(a).

Generally, a loss from operations may be carried back to each of the 3 years preceding the year of the loss and carried over to each of the 7 years following the year of the loss; or, an irrevocable election may be made to carry the loss only to each of the 7 years following the year of the loss. See section 812(b). If the company is a new company for the loss year, the carryover is for 10 years. For the definition of a new company, see section 812(e). After applying the loss from operations to the first tax year to which it may be carried, the part of the loss that may be carried to each of the remaining tax years is the excess, if any, of the loss over the sum of the offsets for each of the earlier tax years to which the loss may be carried.

See section 844 for special loss carryover rules for an insurance company that has changed its form of organization or has had a change in the nature of its insurance business.

For tax treatment of recoveries of foreign expropriation losses, see section 1351.

"Offset" (for any tax year) means the increase in the operations loss deduction for the tax year that reduces the life insurance company taxable income (figured without section 802(b)(3)) for the year to zero.

"Loss from operations" means the excess of allowable deductions (other than (a) and (b) below) over the amount on line 12.

(a) No operations loss deduction is allowed.

(b) The deductions allowed by section 243 (dividends received by corporations), section 244 (dividends received on certain preferred stock of public utilities), and section 245 (dividends received from certain foreign corporations) must be figured without section 246(b), as modified by section 809(d)(8)(B).

Line 24.—The deduction for certain nonparticipating contracts, accident and health insurance and group life insurance, and dividends to policyholders cannot be more than \$250,000 plus the amount, if any, by which (a) the gain from operations for the tax year, figured without these deductions, exceeds (b) the taxable investment income for the tax year. This limitation will apply first to the deduction for dividends to policyholders; then, accident and health insurance and group life insurance; and finally, certain nonparticipating contracts. See Schedule E-2, Part I.

SCHEDULE E-1.—Required Interest (Section 809(a)(2))

"Required interest" for any tax year means the sum of the products obtained by multiplying each rate of interest required or assumed by the taxpayer in calculating the reserves described in section 810(c), by the means of these reserves figured at that rate at the beginning and end of the tax year.

SCHEDULE E-2.—Part I—Limitation on Deduction (Schedule E, line 24) (Section 809(f))

Parts II, III, and IV should be completed before making entries in Part I. By completing this schedule, the limitation provided in section 809(f) and explained in connection with Schedule E, line 24, automatically applies.

PART II—Dividends to Policyholders (Section 809(d)(3))

"Dividends to policyholders" means dividends and similar distributions made to policyholders. In general, amounts returned where the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management are treated as dividends to policyholders. The term does not include interest paid (as defined in section 805(e)), or, so-called excess interest payments made for supplementary contracts not involving life, accident, or health contingencies merely because the interest payments are more than the amounts guaranteed under these contracts.

The deduction is equal to the dividends paid to policyholders during the tax year plus (or minus) any increase (or decrease) in the reserves for policyholders' dividends payable during the following tax year. Reserves for policyholder dividends at the end of any tax year include all amounts set aside before the 15th day of the third month of the year following the tax year for payment of policyholder dividends during the year following the tax year.

If the decrease for the tax year in the reserves for policyholders' dividends is more than the dividends paid to policyholders during the year, the excess is taken into account as an income item in Schedule E, line 10(b).

PART III—Certain Accident and Health Insurance and Group Life Insurance (Section 809(d)(6))

This deduction is 2% of the premiums for the tax year for accident and health insurance contracts (other than those to which Schedule E-2, Part IV, applies) and group life insurance contracts. "Premiums" means the net amount of the premiums and other consideration shown in Schedule E. However, the deduction allowed for the tax year and all preceding tax years cannot be more than 50% of the premiums for the tax year for the contracts.

PART IV—Certain Nonparticipating Contracts (Section 809(d)(5))

This deduction is 10% of the increase for the tax year in the reserves for nonparticipating contracts (excluding group contracts) or, if greater, 3% of the premiums for the tax year (as defined in Part III above, except for that part of the premiums which is allocable to annuity features) for nonparticipating contracts (other than group contracts) which are issued, or renewed for periods of 5 years or more. "Reserves for nonparticipating contracts" means the part of the life insurance reserves (excluding that part of the reserves which is allocable to annuity features) for nonparticipating contracts (other than group contracts).

The determination of whether a contract meets the 5-year requirement will be made at the date it was issued or renewed. The 5-year period for the participating endowment policy will qualify under section 809(d)(5), even though the individual insured dies at the end of the second year, since the policy was issued for a period of 5 years or more. However, a 1-year renewable term contract will not qualify, since

at the date it was issued (or at any renewal date), it was not for a period of 5 years or more. Also, a policy originally issued for a 3-year period and later renewed for an additional 3-year period will not qualify. However, if this policy was renewed for 5 years or more, the policy would qualify under section 809(d)(5) from the date it was renewed.

SCHEDULE F.—Shareholders' Surplus Account (Section 815(b))

Section 815(b)(1) provides that each stock life insurance company (both domestic and foreign) must establish and maintain a shareholders' surplus account. The balance in this account on January 1, 1980, must be increased by the net additions under section 815(b)(2) (lines 2-9 of the schedule). In determining the amount to be entered on line 3, the net capital gain, if any, must be reduced by the taxable income (figured without section 802(b)(3)). For instructions on the limitation of the dividends received deduction on line 4 when the 100% dividends received deduction under section 243(a) applies, see instructions for Schedule E, line 21(c). Subtract from this account any amount that is treated under section 815 as a distribution to shareholders. Any distribution to shareholders must be treated as made first out of this account.

SCHEDULE G.—Policyholders' Surplus Account (Section 815(c))

Section 815(c)(1) provides that every stock life insurance company (both domestic and foreign) must establish and maintain a policyholders' surplus account. The balance in this account on January 1, 1980, must be increased by the additions in section 815(c)(2) (line 2 of the schedule) and must be decreased by the subtractions in section 815(c)(3) (line 4 of the schedule).

Enter on line 4(a) the actual distributions to shareholders in excess of the amount reported on Schedule F, line 9. Enter on line 4(b) an amount determined by (1) dividing the distributions on line 4(a) by 100% minus the taxpayer's tax rate and (2) subtracting the amount on line 4(a) from the result. The subtractions to be entered on line 4(c) must be treated as made only after the subtractions made on lines 4(a) and (b). The line 4(d) amount is determined by dividing the line 4(c) amount by 100% minus the taxpayer's tax rate.

Section 815(d)(5) provides that if any amount added to the policyholders' surplus account increases or creates a loss from operations and part or all of the loss cannot be used in any other year to reduce the company's taxable income, then the loss will reduce (at the time the addition to the policyholders' surplus account was made) the policyholders' surplus account. The reduction to the account must be made after any addition and before any subtraction from the account. If the policyholders' surplus account has been adjusted under section 815(d)(5) and the balance at the end of the preceding tax year is different from the balance at the beginning of this year, attach a schedule showing the adjustments.

SCHEDULE J.—Compensation of Officers

Complete Schedule J, columns 1 through 6, for all officers. Complete Schedule

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ule J, column 7, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements, and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

The information must be submitted by each member of an affiliated group included in a consolidated return.

SCHEDULE K.—Assets (Section 805(b)(4)) and Total Insurance Liabilities (Section 819(a))

General Instructions

Schedule K provides information needed to determine the minimum figure for calculation of the U.S. income tax liability of foreign corporations carrying on life insurance business within the United States (see section 819(a)). All insurance companies required to file Form 1120L should submit this schedule.

Companies with only general accounts should complete column 4 of the schedule. Companies with segregated asset accounts should include separate information for their general accounts (column 4) and for the total of all their separate accounts (column 5).

Specific Instructions

"Total insurance liabilities" means the sum of the total reserves (as defined in section 801(c)) plus the items referred to in paragraphs (3), (4), (5), and (6) of section 810(c), to the extent not included in total reserves, at the end of the tax year.

A. Enter section 805(b)(4) assets from Schedule B, Part II, line 10, column 2 of Form 1120L.

B. Enter each item of total insurance liabilities on the appropriate line. Enter on line 14 any other liabilities included in the definition of "total insurance liabilities," but not described on this schedule.

C. Companies with separate asset accounts, enter in question H total insurance liabilities for the general account (column 4) only.

D. Foreign insurance companies should report total insurance liabilities and section 805(b)(4) assets for their U.S. business only.

Additional Information Required

(Letters correspond with the questions on Form 1120L, page 8.)

1. **U.S. person.**—"U.S. person" means: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, or (4) an estate or trust (except as defined in section 7701(a)(3)).

Owner's country, for individuals, is their country of residence. For all others, it is the country where incorporated, organized, created, or administered.

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K. **Annual statement.**—A copy of the annual statement for life insurance companies adopted by the National Association of Insurance Commissioners for 1980, as filed with the insurance department of the State, or District of Columbia, which shows the reserves used in figuring the taxable income reported on the return, with copies of Schedule A (real estate) and Schedule D (bonds and stocks), must accompany the return (see regulations section 1.6012-2(c)).

Similar copies for the last 4 years must also be furnished if not already filed. A foreign life insurance company carrying on a life insurance business within the U.S. must submit copies only for the U.S. business of the company.

You may file miniature statements instead of larger statements.

L. **Travel and entertainment expenses (section 274(d)).**—Enter the total amount spent during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d). See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required.

Report in the total any amounts paid or incurred in this tax year that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., as if they were fully deducted on the return. Do this even if all or part of the expenses are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Form W-2.

M. **Information returns and forms that may be required.**—

1. **Forms W-2 and W-3.**—Employee's wage and tax statement; and transmittal of income and tax statement.

2. **Form W-2P.**—Statement for recipients of annuities, pensions or retired pay, and periodic payments from retirement plans and Individual Retirement Arrangements.

3. **Forms 1087-DIV, INT, MED, MISC, and OID.**—Nominees' information returns for reporting dividends, interest, medical and health care payments, miscellaneous income, and original issue discount that were received on behalf of another person.

4. **Form 1096.**—Annual summary and transmittal of U.S. information returns.

5. **Form 5452.**—Corporate report of non-taxable dividends.

6. **Forms 966 and 1099L.**—Information returns regarding dissolution or liquidation and distributions in liquidation.

7. **Forms 1099-BCD, DIV, INT, MED, MISC, NEC, OID, PATR, and R.**—Information returns for reporting bearer certificates of deposit, dividends, interest income, medical and health care payments, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing, and Individual Retirement Arrangements.

8. **Form 5713.**—International boycott report for persons having operations in or for "boycotting countries."

Persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to figure their loss of the foreign tax credit, the deferral

of earnings of controlled foreign corporations, and DISC benefits.

N. **Stock ownership in foreign corporations.**—See section 551(c) and attach the required statement if there was ownership of 5% or more in value of the outstanding stock of a foreign personal holding company.

A taxpayer who controls a foreign corporation or who is a 10% or more shareholder of a controlled foreign corporation, may be required to file Forms 2952, Information Return with Respect to Controlled Foreign Corporations, and 3646, Income From Controlled Foreign Corporation.

O. **Foreign financial accounts.**—Check the Yes box if:

(1) at any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if:

• The combined value of the accounts was \$1,000 or less during the whole year; OR
• The account was with a U.S. military banking facility operated by a U.S. financial institution.

OR

(2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1, Report of Foreign Bank and Financial Accounts, to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question O, file Form 90-22.1 by June 30, 1981, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

You can get Form 90-22.1 from many IRS offices.

P. **Foreign trusts.**—Check the Yes box if you were ever a grantor of, or a transferor to, a foreign trust that existed during the tax year.

Tax Computation Instructions

(Numbered to correspond with the lines on page 1, Form 1120L.)

General. Section 802(a)(1) provides a tax on life insurance company taxable income figured at the rates in section 11.

Line 5.—**Taxable income bracket amount.**—Generally, corporations are entitled to one \$25,000 amount in each taxable income bracket. However, members of a controlled group (as defined in section 1563) must share the \$25,000 amount in each taxable income bracket.

Unless an unequal apportionment plan is elected, members of a controlled group will divide each taxable income bracket amount equally. However, members of a controlled group may elect to apportion each taxable income bracket amount in any manner that they see fit.

If an apportionment plan is adopted or amended, each member of the controlled group must attach to its tax return a copy of its consent to the plan. The copy should show the amount of each taxable income bracket for that member, and other data. See section 1561 for the time and manner of making the election.

A member of a controlled group should enter its share of the taxable income

bracket amount on lines 5(a), (b), (c) and (d) and figure their tax using the schedule below, and not the instructions on line 6.

1. Enter taxable income (line 4, page 1).....
2. Enter line 1 or its share of the first \$25,000 taxable income bracket, whichever is less.....
3. Subtract line 2 from line 1.....
4. Enter line 3 or its share of the second \$25,000 taxable income bracket, whichever is less.....
5. Subtract line 4 from line 3.....
6. Enter line 5 or its share of the third \$25,000 taxable income bracket, whichever is less.....
7. Subtract line 6 from line 5.....
8. Enter line 7 or its share of the fourth \$25,000 taxable income bracket, whichever is less.....
9. Subtract line 8 from line 7.....
10. 17% of line 2.....
11. 20% of line 4.....
12. 30% of line 6.....
13. 40% of line 8.....
14. 46% of line 9.....
15. Total of lines 10 through 14. Enter this amount on line 6, page 1.....

If the alternative tax applies, see Schedule D (Form 1120L). Enter the lesser of the alternative tax or the regular tax on line 6. Check the block on line 6 if the alternative tax applies.

Line 6—Income tax.—

If the amount on line 4 is:	Enter on line 6:	Of the amount over—
Over—		
0	\$25,000	17% 0
\$25,000	50,000	\$4,250 + 20% 25,000
50,000	75,000	9,250 + 30% 50,000
75,000	100,000	16,750 + 40% 75,000
100,000		26,750 + 46% 100,000

If the alternative tax applies, see Schedule D (Form 1120L). Enter the lesser of the alternative tax or the regular tax on line 6. Check the block on line 6, if the alternative tax applies.

Line 7(a)—Foreign tax credit.—See Form 1118, Computation of Foreign Tax Credit—Corporations, to figure the credit.

Line 7(b)—Investment credit.—If the corporation invested in certain types of trade or business property, including qualified energy property, it may be able to take the investment credit.

See Form 3468, Computation of Investment Credit, to figure the credit.

Line 7(c)—Credit for wages paid or incurred in Work Incentive (WIN) program.—See Form 4874, Credit for Work Incentive (WIN) Program Expenses, for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that part of the wages or salaries paid or incurred which is equal to the amount of the WIN credit determined without the limitation based on tax.

Attach a schedule to Form 4874 to show how and where the reduction of the salary and wage deduction(s) was made. Show in this schedule the amount of the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120L on which a reduction is made. If the reduction of salaries and wages is less than the WIN

credit on line 12 Form 4874, explain the difference.

Line 7(d)—Jobs credit.—The credit, if elected, is allowed for hiring members of seven targeted groups during the tax year. See Form 5884, Jobs Credit, for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that part of the wages or salaries paid or incurred which is equal to the amount of the jobs credit determined without the limitation based on tax. Members of a controlled group or a trade or business under common control with other trades or businesses, see section 280C.

Attach a schedule to Form 5884 to show how and where the reduction of the salary and wage deduction(s) was made. Show in this schedule the amount of the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120L on which a reduction is made. If the reduction of salaries and wages is less than the jobs credit on Form 5884, explain the difference.

Line 7(e)—Other credits.—

Possessions corporation tax credit.—See Form 5712, Election to be Treated as a Possessions Corporation Under Section 936, to claim this tax credit. Figure the credit on Form 5735, Computation of Possessions Corporation Tax Credit Under Section 936, and include the credit in line 7(e). Write the amount of the credit and identify it as a section 936 credit on the line next to the entry space.

Alcohol fuels credit and production of nonconventional source fuels credit.—If the corporation can claim a credit for alcohol fuels or production of nonconventional source fuels, include it on this line. See the instructions for Form 6478, and sections 44D, 44E, and 86. Attach Form 6478 or separate schedule to the return.

Line 10—Foreign corporations.—A foreign corporation carrying on an insurance business within the U.S. is taxable in the same manner as a domestic insurance company on its income effectively connected with the conduct of a trade or business within the U.S. See section 842. Income from sources outside the U.S. that is attributable to U.S. business is treated as effectively connected with the conduct of a trade or business within the U.S. For a definition of effectively connected income, see section 864(c).

Any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a trade or business within the U.S. is taxed at 30% (or lower treaty rate). See section 881. If you have this income, attach a schedule showing the nature of income, amount of income, rate of tax (30% or lower treaty rate), and amount of tax.

Where the surplus of a foreign life insurance company held in the U.S. is less than a specified minimum, an adjustment is required under section 819. When this minimum surplus adjustment applies, a reduction of tax imposed by section 881 is provided in section 819(a)(3). Attach a statement showing the computation of reduction of section 881 tax and enter the net amount of the tax imposed by section 881 on line 10, page 1.

Line 11—Increase in tax from refiguring an earlier year investment credit.—If property is disposed of, or ceases to qualify, before the end of the life-years category used in figuring the regular or energy investment credit, the credit must be re-

figured using as the useful life the period the property was actually held. If the credit taken, including carrybacks and carryovers, is more than the refigured credit, the tax in the year of disposition must be increased by the excess. Form 4255, Recapture of Investment Credit, may be used to figure the tax increase.

The increase in tax from refiguring an earlier year investment credit may not be offset against the current year's investment credit.

Line 12—Minimum tax.—Attach Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries, if tax preference items exceed \$10,000 even if there is no minimum tax, OR if there is any minimum tax liability deferred from an earlier tax year to this year. Members of a controlled group must attach Form 4626 if their share of tax preference items exceeds their share of the \$10,000 exclusion.

Some tax preference items are: accelerated depreciation on real property; amortization of certified pollution control facilities; railroad rolling stock; on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

Line 14(b)—Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W may be used as a worksheet to figure estimated tax.

Line 14(c)—Refund of Estimated Tax.—You may file Form 4466 for a "quick refund" if an overpayment of estimated tax is (1) at least 10% of expected income tax liability AND (2) at least \$500. This application must be made within 2 1/2 months after the end of the tax year and before Form 1120L is filed.

Line 14(d)—Other payments.—If the company has overpaid the Crude Oil Windfall Profit Tax, enter here the overpayment from Form 6249, Computation of Overpaid Windfall Profit Tax. See the instructions for that form for more information.

Line 15—Tax due.—The balance of tax due may be paid in full or in two installments, 50% by March 16, 1981, and 50% by June 15, 1981.

Deposit corporation income tax payments and estimated tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualifying as a depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the corporation is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for additional information and exceptions.

Preinscribed FTD Forms 503 will be mailed to corporations on a regular basis depending on the tax year of the corporation. Corporations needing deposit forms may apply for them to the Internal Revenue Service Center where they will file their returns. The application must include the corporation's name, employer identification number, address, and the tax year for which the deposits are made.

Penalties.—Avoid penalties and interest by correctly filing and paying the tax when due.

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may

be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount due under section 6651 (a)(1).

Since regulations section 1.6012-2(c) requires that the annual statement be filed as part of the return, a penalty may be imposed under section 6651(a)(1) for failure to include the annual statement when filing the return.

2. A corporation that fails to pay the tax when due may be subject to a penalty of 1/2% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. The penalty is imposed on the net amount due under section 6651 (a)(2).

These penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate determined under section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the

period of underpayment under section 6655, at a rate determined under section 6621.

If the corporation underpaid estimated tax, attach Form 2220, Underpayment of Estimated Income Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets.

Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of a corporation.

If your corporate officer filled in Form 1120L, the Paid Preparer's Use Only area should remain blank. If someone prepares Form 1120L and does not charge the corporation, that person should not fill in the Paid Preparer's Use Only area. Certain others who prepare Form 1120L should not fill in the Paid Preparer's Use Only area. For example, a regular, full-time employee of the corporation such as clerk, secretary, etc., does not have to sign.

Generally, anyone who is paid to prepare Form 1120L must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box.

If you have questions about whether a preparer is required to sign Form 1120L, please contact an IRS office.

The person required to sign the return as preparer MUST complete the required preparer information and:

• Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);

• Give a copy of Form 1120L to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information and Order: Blanks for Preparers of Federal Income Tax Returns, lists some of the preparers' other responsibilities and penalties for which they may be liable. The publication also contains the regulation citations which govern their work.

**SCHEDULE D
(Form 1120L)**

Department of the Treasury
Internal Revenue Service

**U.S. Life Insurance Company
Sales or Exchanges of Property**

1980

Name _____ Employer identification number _____

Part I Capital Assets—Short-term capital gains and losses—Assets held one year or less

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
1						
2 Unused capital loss carryover (attach computation)						
3 Net short-term capital gain or (loss) (total of column g). Enter here and on line 8						

Long-term capital gains and losses—Assets held more than one year (Use columns a through g. Use columns a through k for gains on assets whose F.M.V. on 12/31/58 exceeded their adjusted basis on that date.)

4						
5 Total of column g (if columns h through k are not required)						

h. F.M.V. as of 12/31/58	i. Adjusted basis as of 12/31/58	j. Subtract column i from column h, but not less than zero	k. Gain (subtract column i from column h, but not less than zero)
6 Total of column k			
7 Net long-term capital gain or (loss) (combine lines 5 and 6). Enter here and on line 9			

Part II Summary of Capital Gains and Losses

	a. Loss	b. Gain
8 Net short-term capital gain or (loss) from line 3		
9 Net long-term capital gain or (loss) from line 7		
10 Subtract net long-term capital loss (line 9, col. a) from net short-term capital gain (line 8, col. b). Enter here (but not less than zero) and on Form 1120L, Schedule A, line 6		
11 Subtract net short-term capital loss (line 8, col. a) from net long-term capital gain (line 9, col. b). Enter here (but not less than zero) and on Form 1120L—Schedule C, line 7 and Schedule E, line 8		

Part III Alternative Tax Computation

12 (a) Taxable investment income (Form 1120L, page 1, line 1(e))	
(b) Minus line 11 above (but not less than zero)	
13 (a) Gain from operations (Form 1120L, page 1, line 1(b))	
(b) Minus line 11 above (but not less than zero)	
14 Enter the smaller of line 12 or line 13	
15 50% of the excess, if any, of line 13 over line 12	
16 Amount subtracted from policyholders' surplus account (Form 1120L, page 1, line 3)	
17 Total of lines 14, 15, and 16	
18 Enter the smaller of line 17 or \$25,000 (members of a controlled group, see instructions)	
19 Subtract line 18 from line 17	
20 Enter the smaller of line 19 or \$25,000 (members of a controlled group, see instructions)	
21 Subtract line 20 from line 19	
22 Enter the smaller of line 21 or \$25,000 (members of a controlled group, see instructions)	
23 Subtract line 22 from line 21	
24 Enter the smaller of line 23 or \$25,000 (members of a controlled group, see instructions)	
25 Subtract line 24 from line 23	
26 17% of line 18	
27 20% of line 20	
28 30% of line 22	
29 40% of line 24	
30 45% of line 25	
31 28% of line 11	
32 Alternative tax—total of lines 26 through 31. If applicable, enter here and on Form 1120L, page 1, line 6. Check box on that line to indicate alternative tax from Schedule D (Form 1120L)	

Schedule D (Form 1120L) 1980

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Part IV Ordinary Gains and Losses (Use columns a through g. Use columns a through k for gains on assets whose F.M.V. on 12/31/58 exceeded their adjusted basis on that date. Exclude any ordinary gain from the sale of investment assets reported in column j, Part V and column q, Part VI. For investment assets, see instructions for Part I.)

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
33						
34 Total of column g (where columns h through k are not required)						
h. F.M.V. as of 12/31/58	i. Adjusted basis as of 12/31/58		j. Subtract column i from column h, but not less than zero		k. Gain (subtract column i from column h, but not less than zero)	
35 Total of column k						
36 (a) Combine lines 34 and 35						
(b) Sections 1245 and 1250 etc. gains from investment assets. Enter here and on Schedule A, line 7						
(c) Total net ordinary gain or (loss). Subtract line 36(b) from line 36(a). Enter here and include in total of line 11, Schedule E						

Part V Gain from Disposition of Depreciable Property and Certain Real Property Held More Than One Year—Section 1245 (Report gain from disposition of other depreciable real property in Part VI. For investment assets, see instructions for Part I.)

Part III Depreciation (See instructions)					
a. Kind of property (If necessary, attach description)		b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis
37					

Part VI Gain from Disposition of Depreciable Real Property Held More Than One Year—Section 1250 (If held 1 year or less, see instructions for columns i, l, and o. For investment assets, see instructions for Part I.)

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis	f. Total depreciation allowed (or allowable)
40					
g. Adjusted basis (subtract col. f from col. d)	h. Total gain (subtract col. g from col. d)	i. Enter additional depreciation after 12/31/75	j. Applicable percentage (times the smaller of col. h or col. i (see instructions))	k. Subtract col. i from column h. (If zero or less, enter zero and skip cols. l through p.)	l. Enter additional depreciation after 12/31/75 and before 1/1/76
m. Applicable percentage (times the smaller of col. k or col. i (see instructions))	n. Subtract col. i from col. h. (If zero or less, enter zero and skip cols. o and p.)	o. Enter additional depreciation after 12/31/83 and before 1/1/70	p. Applicable percentage (times the smaller of col. n or col. o (see instructions))	q. Ordinary gain (add cols. l, m, and p)	r. Other gain (subtract column q from col. k)
41 Total ordinary gain. Enter here and on line 33, and identify as gain from line 41					
42 Total other gain. Enter here and on line 43, and identify as gain from Part VI. (If this amount includes any gain from casualty or theft, see instructions.)					

Part VII Sale or Exchange of Property Used in Trade or Business and Involuntary Conversions—Section 1231

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
43						
44 Total (If gain, enter on line 4; if loss, enter on line 33. Identify as gain or (loss) from Part VII.)						

Instructions

(References are to the Internal Revenue Code.)

Report every sale or exchange of property in detail even if there is no gain or loss.

All or part of the gain on a disposition of property may be required to be reported as ordinary income under sections 1245, 1250 (see Parts V and VI), 1251, 1252, 1254, and 1255. The remaining gain may be subject to capital gain treatment depending on the circumstances.

Inventory conversions.—

(a) If gains from casualty or theft of property used in a trade or business or of any capital asset held more than one year are equal to or more than the losses, the gains and losses are entered in Part VII and treated as section 1231 gains and losses. If the losses from involuntary conversions are more than the gains, the gains and losses are entered in Part IV and treated as ordinary gains and losses. This applies to both insured and uninsured property.

(b) Gains from involuntary conversions of property that is also section 1245 or 1250 property must first be reported in Part V or VI to determine how much gain is ordinary income. Any remaining gain (line 38, Part V, or line 42, Part VI) is included in the separate computation described above. Similar computations are required for section 1251, 1252, 1254 or 1255 property.

Options to buy or sell.—For the treatment of gain or loss of a purchaser or a grantor of an option of stock, securities, or commodities, see section 1234.

Gain from the sale of depreciable property between certain related taxpayers may be taxed as ordinary income. See section 1239.

PART I

Capital assets.—Each item of property held by a corporation (whether or not connected with its trade or business) is a capital asset except as provided in section 1221. However, gains or losses from the sale or exchange of depreciable assets of any trade or business (other than an insurance business) carried on by the life insurance company (such as renting real estate or operating a radio station, a housing development, or a farm) will be treated as gains or losses from the sale or exchange of capital assets.

Exchange of "like kind" property.—Although no gain or loss is recognized when property held for use in a trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property of a "like kind" to be held either for use in a trade or business or for investment, you must report the transaction in the appropriate part and identify the property disposed of in column (a). Enter the date of acquisition in column (b) and write the date of exchange in column (c). Write "like kind exchange" in column (d) and enter the adjusted basis in column (f). Enter zero in column (g). (See section 1031.)

Investment assets.—Gains or losses from the sale or exchange of investment assets are treated as gains or losses from the sale or exchange of capital assets. All sales of investment assets subject to sections 1245 and 1250 should be reported in Parts V and VI respectively, regardless of the time held. If held one year or less, the other gain reported in column k, Part V and column l, Part VI, should be entered on line 1, Part I and identified as gain from Part V or

Part VI. If held more than one year, the other gain reported in column k, Part V and column l, Part VI, should be entered on line 4, Part I, and identified as gain from Part V or Part VI. Any amount in column j, Part V and column q, Part VI (ordinary income from the sale of investment assets) should be included in Part IV, line 33.

Column g.—Unless section 817 applies, the gain or loss is column d plus column e, less column f. If section 817 applies, complete columns a through f and attach a schedule showing the computation of the gain reported in column g. See instructions for "Basis."

Columns h–k.—These columns are used only for gains on disposition of property if the F.M.V. of property held on December 31, 1958 exceeded the adjusted basis for determining gain at that date.

Line 4.—A. Columns a–g: Enter the total of applicable items from Part VII and other long-term capital gains and losses (exclude gains from those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis at that date).

B. Columns h–k: Enter only the long-term capital gains of those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis on that date.

Capital losses.—Capital losses are allowed only to the extent of capital gains. A net capital loss may be carried back 3 years and forward 5 as a short-term capital loss. However, the amount allowable as a capital loss carryback is subject to the limitations of section 1212(a)(1).

A quick refund of the tax overpayment created by the capital loss carryback may be obtained by filing Form 1139, Corporation Application for Tentative Refund. If net capital loss carryback creates an unused investment credit, an unused job credit, or an unused work incentive (WIN) credit, in an earlier year, the unused credit may be carried back to the 3 preceding years. A quick refund of the tax overpayment may also be obtained by filing Form 1139.

Worthless securities.—Except for banks, if securities that are capital assets become wholly worthless during the tax year, the loss is treated as a capital loss on the last day of the tax year.

Losses not allowable.—No loss is allowed for wash sales of stock or securities. (See section 1091.) No loss is allowed (except for distributions in liquidation) on transactions between related persons. (See section 267.)

Long-term capital gains from regulated investment companies.—Include in income as a long-term capital gain the amount the corporation has notified is its share of the undistributed capital gains of a regulated investment company.

Short sales of capital assets.—See section 1233 for rules on certain short sales of stock or other securities and transactions in commodity futures.

Basis.—Gains and losses may be figured differently depending on various factors.

(a) Gain on property held on December 31, 1958.—The gain that is recognized on the sale or other disposition of certain property held by the company on 12/31/58 is limited. The gain on the sale or other disposition of this property is the amount (but not less than zero) by which the gain (determined without section 817(b)(1)) is more than the difference between the fair market value on 12/31/58, and the adjusted basis (as provided in section 1016(a)) for determining gain at that date. This limitation applies only if (1) the property was held by a life insurance company on 12/31/58; (2) the fair market value of the property on 12/31/58 is greater than the adjusted basis for determining gain at that date; and (3) the taxpayer has been a life insurance company at all times from 12/31/58 to the date of sale or other disposition of the property.

(b) Certain substituted property acquired after December 31, 1958.—See section 817(b)(2)(A)–(C) for rules for this property.

For (a) and (b), above, property does not include insurance and annuity contracts (and supplementary contracts) and stock-in-trade or inventory-type property.

(c) Losses on property held on December 31, 1958, and certain substituted property acquired after December 31, 1958.—The basis for determining losses on property described in (a) and (b) above is cost adjusted by section 1016.

(d) Other property acquired after December 31, 1958.—If property, other than property described in (b) above, was purchased after 12/31/58, the basis is cost, adjusted by section 1016. If property was acquired by bequest, gift, involuntary conversion, or wash sale of stock, see sections 1014, 1015, 1033, and 1091.

(e) Bargain sale to a charitable organization.—If a charitable contribution deduction is allowed for the sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

PART III

Alternative tax.—If there is a net capital gain, an alternative tax may be used instead of the regular tax if the alternative tax is less than the regular tax. The alternative tax is the sum of (1) a partial tax computed at the rates specified in section 11 on the taxable income determined by reducing the taxable investment income, and the gain from operations, by the net capital gain, and (2) 28% of the net capital gain.

Members of a controlled group under section 1561.—For members of a controlled group, the \$25,000 amount in each taxable income bracket is to be divided equally unless all members of the controlled group agree to an unequal allocation. Members of controlled groups will enter their part of the taxable income bracket amount on lines 18, 20, 22, and 24.

If an unequal apportionment plan is adopted or amended, each member of the controlled group must attach a copy of its consent to the plan to its tax return. See the regulations under section 1561 for the time and manner of making this election.

PART IV

Ordinary gains and losses.—(For investment assets, see instructions for Part I.) Include gains and losses from disposition or involuntary conversion of land and depreciable property held one year or less and gains and losses from compulsory or involuntary conversion of capital assets held one year or less.

If losses from casualty or theft of property used in a trade or business (as defined in section 1231) or of any capital asset held more than one year exceed the gains, enter the gains and losses in Part IV as ordinary gains and losses.

PART V

Gain from disposition of depreciable property and certain real property held more than one year (section 1245).—(Report any gain from the sale or exchange of property held more than one year in Part IV. For investment assets, see instructions for Part I.)

In general, when section 1245 property (as defined below) is disposed of, the gain will be treated as ordinary income to the extent of depreciation allowed (or allowable) after 1961. Except for certain involuntary conversions (see instructions for Part IV), the balance of the gain, if any, will be combined in Part VII with gains and losses from section 1231 property.

Section 1245 property is property which is depreciable (or subject to amortization) and is either—

- (a) personal property,
- (b) elevators and escalators,
- (c) real property (other than property described in (d)) subject to amortization under section 169, 185, 188, 190, 193, or 194; or
- (d) tangible real property (except buildings and their structural components) if used as an integral part of certain business activities or as a facility for research or for the bulk storage of fungible commodities (including commodities in a liquid or gaseous state) in connection with these activities. These business activities are manufacturing, production, extraction, or furnishing transportation, communications or certain other public utility services.

Section 1245(b) for exceptions and limitations involving: (a) disposition by gift; (b) certain tax-free transactions; (c) like-kind exchanges, involuntary conversions, (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders, and (e) transfers to a tax-exempt organization where property will be used in an unrelated business.

Column l.—Enter depreciation allowed (or allowable) after December 31, 1961. However, use June 30, 1963 for elevators and escalators and December 31, 1969 for livestock.

PART VI

Gain from disposition of depreciable real property held more than one year (section 1250).—(Report any gain from this property held one year or less in Part IV. For investment assets, see instructions in Part I.)

In general, when section 1250 property (as defined below) is disposed of, all or a part of the "additional depreciation" is treated as ordinary income. Except for certain involuntary conversions (see instructions for Part IV), the balance of gain is combined in Part VII with gains and losses from section 1231 property.

Section 1250 property is depreciable real property other than section 1245 property. See section 1250(d) for exceptions and limitations involving: (a) disposition by gift; (b) certain tax-free transactions; (c) like-kind exchanges, involuntary conversions, (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders, (e) disposition of qualified low-income housing, (f) transfers to a tax-exempt organization where property will be used in an unrelated business, and (g) property disposed of under foreclosure proceedings.

Columns i, l, and o, additional depreciation.—For section 1250 property held 1 year or less, additional depreciation is the total amount of depreciation claimed. Omit columns i through p and enter in column q the lesser of the amount of gain (column h) or the total amount of depreciation claimed (column l).

For property held more than 1 year, additional depreciation is the excess of actual depreciation after December 31, 1963, over depreciation figured for that period under the straight line method. Enter in column i the additional depreciation for the period after December 31, 1975, in column l the additional

depreciation for the period after December 31, 1969, and before January 1, 1976, and in column o, additional depreciation for the period after December 31, 1963, and before January 1, 1970.

For additional depreciation of rehabilitation expenditures, see section 1250(b)(4).

Column j, applicable percentage.—Enter 100% of column i in column j, except:

(a) For section 1250 property on which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by direct loan or tax abatement under similar provisions of State or local laws for which the owner is subject to the restrictions in section 1039(b)(1)(B), the percentage is 100% minus 1% for each full month the property was held over 100 full months;

(b) For dwelling units which, on the average, were held for occupancy by families or individuals eligible to receive subsidies under section 8, U.S. Housing Act of 1937, or under the provisions of State or local law authorizing similar levels of subsidy for lower income families, the percentage is 100% minus 1% for each full month the property was held over 100 full months;

(c) For section 1250 property on which a loan is made or insured under title V of the Housing Act of 1949, the percentage is 100% minus 1% for each full month the property was held over 100 full months; and

(d) For section 1250 property for which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), the percentage is 100% minus 1% for each full month over 100 full months after the date the property was placed in service.

If on the average 85% or more of the dwelling units contained in a building (or part) are units described in paragraph (b), the building (or part) is treated as property described in paragraph (b).

Items (a), (b), and (c) do not apply to the additional depreciation described in section 1250(b)(4).

Column m, applicable percentage.—Enter 100% of column i in column m, except:

(a) For section 1250 property disposed of under a written contract that was, on July 24, 1969, and thereafter, binding on the property owner, the percentage is 100% minus 1% for each full month the property was held over 20 full months;

(b) For section 1250 property on which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by direct loan or tax abatement under similar State or local laws, and on which the owner is subject to the restrictions in section 1039(b)(1)(B), the percentage is 100% minus 1% for each full month the property was held over 20 full months;

(c) For residential rental property other than that covered by (a) and (b) above, the percentage is 100% minus 1% for each full month the property was held over 100 full months;

(d) For section 1250 property for which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), the percentage is 100% minus 1% for each full month over 100 full months after the date the property was placed in service.

Items (a), (b), and (c) do not apply to the additional depreciation described in section 1250(b)(4).

Column p, applicable percentage.—The percentage is 100% minus 1% for each full month the property was held over 20 full months.

PART VII

Sale or exchange of property used in trade or business and involuntary conversion (section 1231).—Section 1231 provides special treatment for the recognized gains and losses on the sale or exchange of "property used in the trade or business" and upon the compulsory or involuntary conversion of this property and capital assets held more than one year.

Note: Refer to the previous page for rules for involuntary conversions from casualty or theft.

After determining in Parts V and VI how much of the total gain from disposition of depreciable property is ordinary gain, combine the total other gain with other gains and losses from section 1231 property to determine if there is a net gain or net loss. The total shown on line 44 determines whether the items represent a long-term capital gain or an ordinary loss. This value must be entered on line 4 or line 33, whichever applies.

In determining whether gains exceed losses, include the gains and losses as if they were all ordinary gains and losses. The limitation of section 1221 does not apply.

Section 817(a) provides that in applying section 1231(a), the term "property used in the trade or business" includes only (1) property used in carrying on an insurance business, which is subject to taxation provided in section 167 and held for more than one year (including real property but excluding (a) intangible property or property held primarily for sale to customers, and (b) certain copyrights; literary, musical or artistic compositions; letters or memoranda; or similar property); and (2) timber, coal, and domestic iron ore to which section 631 applies.

The total shown on line 44, page 2, determines whether the items represent a long-term capital gain or an ordinary loss. In either case, after the initial determination, the items must be segregated into (1) assets held on December 31, 1958, where the F.M.V. exceeded the adjusted basis on that date, and (2) other. Enter the totals into the appropriate schedules of Part I or Part IV.

Line 43.—Enter each section 1231 item not carried over from line 37.

Line 44.—Enter the net gain or loss for the section 1231 items described in Part VII.

Minimum tax on tax preference items.—If the net long-term capital gain exceeds the net short-term capital loss, you may be liable for minimum tax. See Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries.

**U.S. Mutual Insurance Company
Income Tax Return**

CALENDAR YEAR
1980

Name	A Employer identification number
Number and street	B Date incorporated
City or town, State, and ZIP code	C Place incorporated

Part I—Taxable Income and Tax Computation

1 Taxable investment income or (loss)—Part II, line 23. If less than \$6,000, see instructions for line 11.	1	
2 Statutory underwriting income or (loss)—Part III, line 36.	2	
3 Amounts subtracted from the Protection Against Loss Account—Schedule E, line 9, column (d).	3	
4 Total (combine lines 1, 2, and 3).	4	
5 Unused loss deduction (attach schedule).	5	
6 Mutual insurance company taxable income (subtract line 5 from line 4). If less than \$12,000, see instructions for line 8.	6	
7 (a) Are you a member of a controlled group? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If Yes, see instructions and enter your share of each taxable income bracket:		
(i) \$ (ii) \$ (iii) \$ (iv) \$	7(b)	
(b) Income tax—see instructions to figure the tax.	8	
8 Special computation (see instructions).	9	
9 Enter amount to be included by reciprocal (see instructions).	10	
10 Total (line 7(b) or line 8, whichever applies, plus line 9).	11	
11 Alternative tax for certain small companies (see instructions).	12	
12 Income tax—Enter the smallest of line 10, line 11, or the alternative tax from Schedule D (Form 1120). Check box <input type="checkbox"/> if tax is from Schedule D (Form 1120).	13	
13 Tax credits—(a) Foreign tax credit (attach Form 1118).	13(a)	
(b) Investment credit (attach Form 3468).	13(b)	
(c) Work incentive (WIN) credit (attach Form 4874).	13(c)	
(d) Jobs credit (attach Form 5884).	13(d)	
14 Subtract line 13 from line 12.	14	
15 Foreign corporations—Tax on income not connected with U.S. business (see instructions).	15	
16 Increase in tax from refunding an earlier year investment credit (attach Form 4255).	16	
17 Minimum tax on tax preference items (see instructions—attach Form 4626).	17	
18 Total tax (add lines 14 through 17).	18	
19 Credit: (a) Overpayment from 1979 allowed as a credit.	19(a)	
(b) 1980 estimated tax payments.	19(b)	
(c) Less refund of 1980 estimated tax applied for on Form 4466.	19(c)	
(d) Tax deposited with Form 7004.	19(d)	
(e) Tax deposited with Form 7005 (attach copy).	19(e)	
(f) Credit by reciprocal for tax paid by attorney-in-fact under section 826(e).	19(f)	
(g) Other refundable credits and payments (see instructions).	19(g)	
20 TAX DUE (subtract line 19 from line 18). See instruction for depository method of payment.	20	
21 OVERPAYMENT (subtract line 18 from line 19).	21	
22 Enter amount of line 21 you want: Credited to 1981 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	22	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Title
Preparer's signature and date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
Firm's name (or yours, if self-employed) and address	E.I. No.	ZIP code

Part II—Taxable Investment Income or (Loss)—Section 822

	1. Interest received	2. Amortization of premium	3. Balance (Column 1 minus column 2)
1 Interest on:			
(a) Wholly exempt obligations (attach schedule)			
(b) U.S. obligations			
(c) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.			
(d) Totals			
2 Dividends (Schedule B, line 6)			
3 Gross rents (attach schedule)			
4 Gross royalties (attach schedule)			
5 Gross income from trade or business other than insurance business and from Form 4797. (Include sections 1245, 1250, etc. gains for investment assets only.)			
6 Leases, etc.			
7 Total (add lines 1(d) through 6)			
8 Gain from separate Schedule D (Form 1120)			
9 Gross investment income (add lines 7 and 8)			
10 Taxes			
11 Real estate expenses			
12 Depreciation (attach Form 4562—see instructions for line 12)			
13 Depletion (attach schedule)			
14 Trade or business deductions as provided in section 822(c)(8) (attach schedule)			
15 Interest paid or accrued			
16 Other capital losses (Schedule C, line 12, column g)			
17 Total lines 10 through 16			
18 Interest wholly exempt from tax (line 1(a), column 3)			
19 Investment expenses (attach schedule—see instructions for line 19)			
20 Total deductions (add lines 17 through 19)			
21 Subtract line 20 from line 9			
22 Dividends-received deduction (Schedule B, line 12—see Schedule B instructions for limitation)			
23 Taxable investment income or (loss) (subtract line 22 from line 21). Enter here and on Part I, line 1.			

Schedule A—Invested Assets, Book Values

(Do not complete if no deduction is claimed for general expenses allocated to investment income.)

	1. Beginning of tax year	2. End of tax year
1 Real estate		
2 Mortgage loans		
3 Collateral loans		
4 Policy loans, including premium notes		
5 Bonds of domestic corporations		
6 Stock of domestic corporations		
7 Government obligations, etc. (attach schedule)		
8 Bank deposits bearing interest		
9 Other interest-bearing assets (attach schedule)		
10 Totals of lines 1 through 9		
11 Total of columns 1 and 2, line 10		
12 Mean of the invested assets for the tax year (enter one-half of line 11)		
13 One-fourth of 1% (.0025) of line 12		
14 Income base (subtract line 17, Part II from line 9, Part II)		
15 3 1/4% (.0375) of line 12		
16 Subtract line 15 from line 14 (but not less than zero)		
17 25% (.25) of line 16		
18 Limitation on deduction for investment expenses (add lines 13 and 17)		

Schedule B—Dividends (See instructions)

Income	Deductions
1 Certain domestic corporations	7 85% of line 1
2 Certain public utility corporations	8 59.13% of line 2
3 Certain foreign corporations	9 85% (see instr. for 100%) of line 3
4 Certain affiliated groups	10 Total (see instructions for 85% limitation)
5 Other corporations (attach schedule)	11 100% of line 4
6 Total (add lines 1 through 5)	12 Total (line 10 plus line 11)

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Part III—Statutory Underwriting Income or (Loss)—Section 823

Gross Income	1 Investment income—Section 832(b)(2): (a) Interest		
	(b) Dividends (Schedule B, line 6)		
	(c) Rents (attach schedule)		
	2 Premiums earned—Section 832(b)(4)		
	3 (a) Net gain from sale or other disposition of capital assets—Section 832(b)(1)(B) (attach Schedule D (Form 1120))		
	(b) Ordinary gain from attached Form 4797 (include all sections 1245, 1250, etc. gains)		
4 Other income—Section 832(b)(1)(C) (attach schedule)			
5 Decrease in subscriber accounts—Section 823(b)(2)(B)			
6 Gross income (add lines 1 through 5)			
Deductions	7 Salaries and wages—Section 832(c)(1)		
	8 Rents—Section 832(c)(1)		
	9 Interest—Section 832(c)(2)		
	10 Taxes—Section 832(c)(3)		
	11 Losses incurred on insurance contracts—Section 832(c)(4)		
	12 Other capital losses—(Schedule C, line 12, col. g)		
	13 Worthless agency balances and bills receivable—Section 832(c)(6)		
	14 Interest (excluded under section 103)—Section 832(c)(7)		
	15 Depreciation—Section 832(c)(8) (attach Form 4562)		
	16 Depletion—Section 832(c)(8) (attach schedule)		
	17 Contributions—Section 832(c)(9) (not over 5% of line 24 adjusted per instructions—attach schedule)		
	18 Dividends paid or declared to policyholders—Section 832(c)(11)		
	19 Increase in subscriber accounts—Section 823(b)(2)(A)		
	20 Pension, profit-sharing, etc. plans—Section 832(c)(10) (see instructions)		
	21 Employee benefit programs—Section 832(c)(10) (see instructions)		
	22 Other deductions—Section 832(c)(10) (attach schedule)		
	23 Total deductions (add lines 7 through 22)		
	24 Subtract line 23 from line 6		
	25 Dividends received deduction—Section 832(c)(12) (Schedule B, line 12—see Schedule B instructions for limitation)		
	26 Total deductions (add lines 23 and 25)		
	27 Subtract line 26 from line 6		
	28 Taxable investment income (Part II, line 23)		
	29 Subtract line 28 from line 27		
	30 (a) Limitation	\$1,100,000.00	
	(b) Amount from Part II, line 7		
	(c) Premiums (see instructions)		
	(d) Total (add lines 30(b) and (c)). If \$500,000 or less, skip line 30(e) and enter \$6,000 (but not more than line 29) on line 30(f)		
	(e) Subtract line 30(d) from line 30(a). If less than zero, enter zero on line 30(f)		
	(f) 1% (.01) of line 30(e) (but not more than line 29)		
31 Underwriting gain or (loss)—subtract line 30(f) from line 29			
Protection Against Loss Deduction	32 1% of line 11. (Also enter in Schedule E, line 2, column (a).)		
	33 25% of underwriting gain on line 31. (Also enter in Schedule E, line 2, column (b).) If line 31 is zero or a loss, skip lines 34(a)–(e) and enter a zero on line 34(f)		
	34 Concentrated risks: (a) Premiums earned (line 2, above)		
	(b) Amount of line 34(a) attributable to insuring against losses arising, either in any one State or within 200 miles of any fixed point selected by the taxpayer, from windstorm, hail, flood, earthquake, or similar hazards		
	(c) Divide (b) by (a)		
(d) Limitation	40%		
(e) Premium percentage which exceeds 40% (subtract (d) from (c))			
(f) Multiply line 31 (if a gain) times line 34(e). (Also enter in Schedule E, line 2, column (c).)			
35 Protection against loss deduction (add lines 32, 33, and 34(f)). Enter here and in Schedule E, line 2, column (d)			
36 Statutory underwriting income (or loss) (subtract line 35 from line 31). Enter here and in Part I, line 2			

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Schedule C Other Capital Losses (See Instructions) (Capital assets sold or exchanged to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders)

1 Dividends and similar distributions paid to policyholders						
2 Losses paid						
3 Expenses paid						
4 Total of lines 1, 2 and 3						
5 Interest received (Part II, line 1(d), col. 3, adjusted to cash method if on accrual method)						
6 Dividends received (Schedule B, line 6, adjusted to cash method if on accrual method)						
7 Lines 3 through 6 of Part II (adjusted to cash method if on accrual method)						
8 Net premiums received (adjusted to cash method if on accrual method)						
9 Total (Add lines 5 through 8)						
10 Limitation on gross receipts from sales of capital assets (subtract line 9 from line 4, but not less than zero)						
a. Description of capital asset	b. Date acquired	c. Gross sales price	d. Cost or other basis	e. Expense of sale	f. Depreciation allowed (or allowable)	g. Loss (col. d plus col. e less the sum of cols. c and f)
11						
12 Totals—column c must not be more than line 10. (Enter column g in Part II, line 16, and Part III, line 12)						

Schedule E Protection Against Loss Account

(a) 1% of losses	(b) 25% of underwriting gain	(c) Concentrated risks	(d) Total (add cols. (a), (b), and (c))
1 Balance at beginning of year			
2 Additions (Part III, lines 32–35)			
3 Totals (add lines 1 and 2)			
SUBTRACTIONS:			
4 Section 824(d)(1)(A)			
5 Section 824(d)(1)(B)			
6 Section 824(d)(1)(C)			
7 Section 824(d)(1)(D)			
8 Section 824(d)(1)(E)			
9 Totals (add lines 4 through 8)			
10 Balances at end of year (line 3 less line 9)			

Schedule F Compensation of Officers (See Instructions for information to be attached)**Additional Information Required**

	Yes	No		Yes	No
D Did you previously submit a copy of the National Association of Insurance Commissioners' annual statement for the preceding years?			(d) Employees' families at conventions or meetings? If "Yes," were any of these conventions or meetings outside the U.S. or its possessions?		
If "Yes," name the Internal Revenue Service Center where filed ▶			(e) Employee or family vacations not reported on Form W-2?		
E Does a copy of the 1980 National Association of Insurance Commissioners' annual statement accompany this return?			(f) Enter total amount claimed on Form 1120M for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d) (see instructions, page 8) ▶		
If "No," see instructions and attach an explanation.					
F Did you at the end of this tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation (for rules of attribution, see section 267(c))?			I Did you file all required Forms 1087, 1096, and 1099?		
If "Yes," attach a schedule showing: (1) name, address, and identifying number; and (2) percentage owned.			J At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see instructions, page 8)?		
G Were you a U.S. shareholder of any controlled foreign corporation (see sections 951 and 957)? (If "Yes," attach Form(s) 3645.)			K Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may be required to file Forms 3520, 3520A, or 926		
H (1) Did you claim a deduction for expenses connected with:			L During the tax year was any part of your tax accounting records maintained on a computerized system?		
(a) Entertainment facility (boat, resort, ranch, etc.)?					
(b) Living accommodation (except employee on business)?					
(c) Employees attending conventions or meetings outside the U.S. or its possessions?					

1980 Department of the Treasury Internal Revenue Service Instructions for Form 1120M U.S. Mutual Insurance Company Income Tax Return

(References are to the Internal Revenue Code.)

Highlights

Form 1120M and the instructions have been rearranged to make it easier for you to complete and file your return.

The recapture of WIN credit for employees dismissed before completing a certain period of employment has been repealed.

A penalty may be imposed if the company does not file the annual statement with the tax return.

Purpose

Every domestic mutual insurance company (other than a life insurance company subject to a tax under section 802 and other than a fire, flood, or marine insurance company subject to tax under section 831) and every foreign corporation carrying on an insurance business within the U.S. (if its U.S. business would qualify as a mutual insurance company subject to tax under section 821) must file Form 1120M.

Exceptions.—(a) Mutual insurance companies exempt under section 501(c)(15) file Form 990, Return of Organization Exempt from Income Tax.

(b) A mutual insurance company subject to tax under section 821 that disposes of its insurance business and reserves or otherwise ceases to be entitled to be taxed under section 821, but continues its corporate existence for the purpose of winding up and liquidating its affairs, must file Form 1120, U.S. Corporation Income Tax Return.

General Information

When to file.—The return must be filed by March 16, 1981.

File Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request a 3-month extension of time to file Form 1120M.

File Form 7005, Application for Additional Extension of Time to File Corporation Income Tax Return, after obtaining an automatic 3-month extension by filing Form 7004.

Where to file.

If the corporation's principal business, office, or agency is located in Use the following Internal Revenue Service Center address

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtzville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Opden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

Foreign corporations carrying on an insurance business within the U.S., and corporations claiming the possessions tax credit, must file their returns with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a group of corporations may be filed with the Service Center for the principal office of the managing corporation that keeps all the books and records.

Penalties.—Avoid penalties and interest by correctly filing and paying the tax when due.

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed under section 6651(a)(1) on the net amount due.

Since regulations section 1.6012-2(c) requires that the annual statement be filed as part of the return, a penalty may be imposed under section 6651(a)(1) for failure to include the annual statement when filing the return.

2. A corporation that fails to pay the tax when due may be subject to a penalty of 1/2% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. The penalty is

imposed under section 6651(a)(2) on the net amount due.

These penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate determined under section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment, under section 6655 at a rate determined under section 6621.

If estimated tax was underpaid, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how you figured the penalty or which exceptions you believe you meet.

Accounting methods.—Taxable income must be figured using the method of accounting regularly used in keeping the corporation's books and records. The method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, the method of accounting used to report income in earlier years (for income as a whole or for any material item) may not be changed without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

Information returns.

1. Forms W-2 and W-3.—Employee's wage and tax statement; and transmittal of income and tax statements.

2. Form W-2P.—Statement for recipients of annuities, pensions or retired pay and periodic payments from retirement plans and Individual Retirement Arrangements.

3. Forms 1087-DIV, INT, MED, MISC, and OID.—Nominees' information returns for reporting dividends, interest, medical and health care payments, miscellaneous income, and original issue discount received on behalf of another person.

4. Form 1096.—Annual summary and transmittal of U.S. information returns.

5. Form 5452.—Corporate report of nontaxable dividends.

6. Forms 966 and 1099L.—Information returns for dissolution or liquidation, and distributions in liquidation.

7. Forms 1099-DIV, INT, MED, MISC, NEC, OID, PATR, and R.—Information returns for reporting dividends, interest income, medical and health care payments, miscellaneous income payments, nonemployee compensation, original

issue discount, patronage dividends, and total distributions from profit-sharing retirement plans, and Individual Retirement Arrangements.

8. Form 5713.—International boycott report for persons having operations in or related to "boycotting" countries. Persons who participate in or cooperate with an international boycott may have to complete Form 5713 to figure their loss of the foreign tax credit, the deferral of earnings of controlled foreign corporations, and DISC benefits.

9. Forms 2952 and 3646.—See section 551(c) and attach the required statement if there was an ownership of 5% or more in value of the outstanding stock of a foreign personal holding company.

A taxpayer who controls a foreign corporation or is a 10% or more shareholder of a controlled foreign corporation may be required to file Forms 2952 and 3646.

Annual statement.—A copy of the annual statement for mutual insurance companies adopted by the National Association of Insurance Commissioners for the year 1980, as filed with the Insurance Department of the State or District of Columbia, and copies of Schedule A (real estate) and Schedule D (bonds and stocks) must accompany the return.

Similar copies for the preceding tax year must also be furnished, if not already filed.

You may file miniature statements instead of the larger statements.

Attachments.—If more space is needed on forms or schedules, attach separate sheets and use the same arrangement as the printed forms. Show the totals on the printed forms. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

Signatures.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of a corporation.

Paid Preparer's Information.—If your corporate officer filled in Form 1120M, the Paid Preparer's Use Only area should remain blank. If someone prepares Form 1120M and does not charge the corporation, that person should not fill in this area. Certain others who prepare Form 1120M should not fill in this area. For example, a regular, full-time employee of the corporation, such as a clerk or secretary, does not have to fill in the Paid Preparer's Use Only area.

Generally, anyone who is paid to prepare Form 1120M must sign the return

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and fill in the other blanks in the Paid Preparer's Use Only area of the return.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box.

If you have questions about whether a preparer is required to sign Form 1120M, please contact an IRS office.

The person required to sign the return as preparer MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (Signature stamps or labels are not acceptable);
- Give a copy of Form 1120M to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, lists some of the preparers' other responsibilities and penalties for which they may be liable. The publication also contains the regulation citations which govern their work.

Specific Instructions

These instructions follow the line numbers on the return. Specific instructions for most of the lines have been provided. Those lines that do not appear in the instructions are self-explanatory.

Name, Address, and Employer Identification Number.—Enter the employer identification number (EIN) of the corporation.

Corporations that do not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120M is sent. Write "applied for" in the space provided for EIN, if it is not received by the time Form 1120M is filed.

Period covered.—This return is for calendar year 1980. If the corporation ceased to exist in 1980, write "FINAL RETURN" at the top of the form.

Part I—Taxable Income and Tax Computation

Mutual Insurance Company Taxable Income (Lines 1-6)

Line 5

Unused loss deduction.—The deduction is the total of the unused loss carryovers and carrybacks to the tax year.

Unused loss.—"Unused loss" for any tax year means the amount by which—

- (1) the sum of the statutory underwriting loss and the investment loss, exceeds
- (2) the sum of—
 - (a) the taxable investment income,
 - (b) the statutory underwriting income, and
 - (c) the amount required by section 824(d) to be subtracted from the protection against loss account.

The unused loss for any loss year may be carried back to each of the 3 tax years preceding the loss year, and carried over to each of the 7 tax years following the loss year, or an irrevocable election may be made only to carry the unused loss over to each of the 7 years following the year of the loss. After applying the loss to the first year, the part of the loss that may be carried to each of the remaining tax years is the excess of the loss over the sum of the offsets (as defined in section 825(f)) for each of the earlier tax years to which the loss may be carried.

Limitations.—An unused loss may not be carried—

- (1) to or from any tax year for which the insurance company is not subject to the tax imposed by section 821(a), or
- (2) to any tax year if, between the loss year and that tax year, there is an intervening tax year for which the insurance company was not subject to the tax imposed by section 821(a).

See section 844 for special carryover loss rules for an insurance company that has changed its form of organization or has changed the nature of its insurance business.

Tax Computation (Lines 7-20)

Line 7

Income Tax

If you are not a member of a controlled group, figure your tax as follows: If the amount on line 6 is:

Over—	But not over—	Enter on line 7(b)—	Of the amount over—
0	\$25,000	17%	0
\$25,000	50,000	\$4,250 + 20%	\$25,000
50,000	75,000	9,250 + 30%	50,000
75,000	100,000	16,750 + 40%	75,000
100,000	—	26,750 + 46%	100,000

If you are a member of a controlled group, the following rules apply:

1. **Members of a Controlled Group.**—Members of a controlled group, as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

When an apportionment plan is adopted or amended, each member of the controlled group must attach to its tax return a copy of its consent to this plan.

The copy must show or have attached a statement showing the amount of the \$25,000 amount in each taxable income bracket apportioned to that member, and other data. See regulations section 1.1561-3(b) for making the consent.

2. Equal Apportionment Plan.—If no apportionment plan is adopted, the members of the controlled group must divide the \$25,000 amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of Corporation A and Corporation B. They do not elect an unequal apportionment plan. Therefore, Corporation A is entitled to \$12,500 (one-half of \$25,000) in each taxable income bracket and Corporation B is entitled to \$12,500 in each taxable income bracket.

3. Unequal Apportionment Plan.—Members of a controlled group may elect an unequal apportionment plan and divide the \$25,000 amount in each taxable income bracket in any way that they see fit. They do not have to divide the taxable income brackets in the same way. Any member of the controlled group may be entitled to all, some, or none of the \$25,000 amount in a taxable income bracket as long as the total amount for all members of the controlled group does not exceed \$25,000 in any taxable income bracket.

4. Members of a controlled group figure their tax as follows:

(Note: If the alternative tax applies: (1) On line 1 below, enter amount from line 12, Schedule D (Form 1120); (2) complete lines 2 through 15 below; (3) enter partial tax from line 15 on line 13, Schedule D (Form 1120) and complete balance of Schedule D (Form 1120). Enter the alternative tax on line 12, Part I, (and check the box on that line) if the alternative tax applies.)

1. Enter taxable income (line 6, page 1)
2. Enter the smaller of line 1 or your share of the first \$25,000 taxable income bracket
3. Subtract line 2 from line 1
4. Enter the smaller of line 3 or your share of the second \$25,000 taxable income bracket
5. Subtract line 4 from line 3
6. Enter the smaller of line 5 or your share of the third \$25,000 taxable income bracket
7. Subtract line 6 from line 5
8. Enter the smaller of line 7 or your share of the fourth \$25,000 taxable income bracket
9. Subtract line 8 from line 7
10. 17% of line 2
11. 20% of line 4
12. 30% of line 6
13. 40% of line 8
14. 45% of line 9
15. Total of lines 10 through 14. Enter this amount on line 7(b) page 1

Line 8

Special Computation.—Section 821(a)(2) imposes a limitation on the income tax liability of a mutual insurance company whose taxable income is less than \$12,000. If the amount on line 6 is less than \$12,000, subtract \$6,000 from the amount on line 6, and multiply the result by 34%.

Line 9

Amount to be included by reciprocal.—For the election and required statement of a reciprocal to be subject to the limitation in section 826(b), see section 826(a) and its regulations. For the computation of tax on the section 826(a) amount, see below.

If the mutual insurance company taxable income is \$100,000 or more before the inclusion of the section 826(a) amount, make no entry. If the mutual insurance company's taxable income is less than \$100,000 before the inclusion of the section 826(a) amount, you must make a computation to tax the section 826(a) amount at the highest rate of tax specified in section 11(b) (46%).

For example, a mutual insurance company's taxable income is \$110,000, \$40,000 of which is the section 826(a) amount. Of the \$40,000 amount, \$5,000 has been taxed at 30% (the third taxable income bracket), \$25,000 has been taxed at 40% (the fourth taxable income bracket), and \$10,000 has been taxed at 46%.

You must multiply each amount by the appropriate percentage so that the section 826(a) amount is taxed at the highest rate of tax specified in section 11(b). Therefore, the \$5,000 amount is multiplied by 15% (46% less 30%) and the \$25,000 amount is multiplied by 6% (46% less 40%). The \$10,000 is not adjusted since it has already been taxed at 46%.

If you have made an election under section 826(a) and there is an amount to be taxed at the highest rate specified in section 11(b), please attach a statement showing the computation of the tax and enter the total on line 9.

Line 11

Alternative tax for certain small companies.—Section 821(c) provides an alternative tax for companies if the gross amount reported on Part II, line 7, plus premiums, is over \$150,000 but not over \$500,000.

Section 821(c)(1)(B) imposes a limitation on the income tax liability of these mutual insurance companies if taxable investment income (line 1) is less than \$6,000. If the amount entered on line 1, is less than \$6,000, subtract \$3,000 from the amount on line 1 and multiply

the result by 34%. Enter the limitation on line 4 of the alternative tax schedule below.

Any mutual insurance company that is subject to the tax imposed by section 821(c) may elect to be subject to the tax imposed by section 821(a). See section 821(d) and the related regulations for an election to include statutory underwriting income or loss.

The alternative tax is not available to a company that has a balance in its protection against loss account at the beginning of the tax year, or to a company that has an election in effect under section 821(d) to be taxed under section 821(a).

See the instructions for Part III, line 30 for a definition of premiums.

Figure the alternative tax using the following schedule:

1(a) Amount from Part II, line 7	
1(b) Premiums	
1(c) Total of (a) plus (b) (If \$150,000 or less, enter zero. If \$250,000 or more, enter \$250,000)	\$150,000.00
1(d) Subtract limitation	
1(e) Balance	
2 Line 1(e) divided by \$100,000	
3 Tax—see instructions for line 7 to figure tax using amount in Part I, line 1 instead of Part I, line 6	
4 Enter limitation if section 821(c)(1)(B) special computation applies. Otherwise enter amount from line 3, above	
5 Multiply the smaller of line 3 or line 4 times line 2. Enter here and on Part I, line 11	

Line 13(a)

Foreign tax credit.—See Form 1118, Computation of Foreign Tax Credit—Corporations, for rules on this credit.

Line 13(b)

Investment credit.—See Form 3468, Computation of Investment Credit, to figure the credits for investment in certain types of property, including energy property. Also see Publication 572, Investment Credit.

Line 13(c)

Credit for wages paid or incurred in a Work Incentive (WIN) Program.—See Form 4874, Credit for Work Incentive (WIN) Program Expenses, for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the WIN credit on line 12, Form 4874.

See the instructions for line 13(d), Jobs Credit, for instructions on how to identify lines on which the corporation has reduced its salary and wage deductions.

Line 13(d)

Jobs credit.—Employers may elect to take a jobs credit for hiring members of certain "targeted" groups. See Form 5884, Jobs Credit, for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the jobs credit on line 9 of Form 5884. See the instructions for Form 5884 for additional information.

Attach a schedule to Form 1120M to show how and where the reduction of the salary and wage deduction(s) was made. Show the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120M on which a reduction is made. If the reduction of salaries and wages is less than the jobs credit on Form 5884 plus the WIN credit on Form 4874, explain the difference.

Line 14

(1) **Possessions corporation tax credit.**—See Form 5712, Election to be Treated as a Possessions Corporation Under Section 936, for rules to claim this tax credit. Figure the credit on Form 5735, Computation of Possessions Corporation Tax Credit Under Section 936, and include the credit in the total for line 14. Write the amount of the credit on the dotted line next to the entry on line 14, and identify it as a section 936 credit.

(2) If the corporation can claim a credit for alcohol used as a fuel or production of nonconventional source fuels, include it in the total for line 14. In the margin next to the entry write the name and the amount of the credit. See the instructions for Form 6478, Credit for Alcohol Used as a Fuel, and sections 44D, 44E, and 86.

Line 15

Foreign corporations.—A foreign corporation carrying on an insurance business within the U.S. is taxable in the same manner as a domestic insurance company on its income effectively connected with the conduct of a trade or business within the U.S. See section 842.

Any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a trade or business within the U.S. is taxed at a

30% (or lower treaty rate). See section 881. If you have this income, attach a schedule showing the nature of income, amount of income, rate of tax (30% or lower treaty rate), and amount of tax. Enter the amount of tax imposed by section 881 on line 15.

Line 16

Increase in tax from refiguring an earlier year investment credit.—If property is disposed of or ceases to qualify before the end of the life-year category used in figuring the regular or energy investment credit, the credit must be refigured, using as the useful life the period the property was actually held. If the credit taken, including carrybacks and carryovers, exceeds the refigured credit, the tax in the year of disposition must be increased by the excess. Form 4255, Recapture of Investment Credit, may be used to figure the increase in tax.

The increase in tax may not be offset against the current year's investment credit.

Line 17

Minimum tax on tax preference items.—Attach Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries, if items of tax preference exceed \$10,000 even if there is no minimum tax, OR if you have any minimum tax liability deferred from an earlier tax year to this year. Members of a controlled group must attach Form 4626 if their total items of tax preference exceed their share of the \$10,000 exclusion.

Some tax preference items are: accelerated depreciation on real property; amortization of certified pollution control facilities; railroad rolling stock; on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

Line 19(b)

Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W may be used as a worksheet to figure estimated tax.

Line 19(c)

Refund of estimated tax.—If there was an overpayment of estimated tax, file Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax, if the overpayment is at least 10% of your expected income tax liability AND at least \$500. This application must be made within 2½ months after the end of the tax year and before Form 1120M is filed.

Line 19(f)

Credit by reciprocal for tax paid by attorney-in-fact.—See section 826(e) and the related regulations.

Line 19(g)

Other tax credits.—The corporation may claim credit for Federal excise tax on gasoline for farm use; business nonhighway uses; intercity, local, and school bus uses; and commercial fishing vessel uses. See Form 4136, Computation of Credit for Federal Tax on Gasoline, Special Fuels and Lubricating Oil.

Include on line 19(g) any of the tax, included on line 15, that was withheld at the U.S. source.

If the company has overpaid the Crude Oil Windfall Profit Tax, include on line 19(g) the overpayment from Form 6249, Computation of Overpaid Windfall Profit Tax. See the instructions for Form 6249 for more information.

Include on line 19(g) any credit from a regulated investment company. Attach Form 2439, Notice to Shareholders of Undistributed Long-Term Capital Gain, to Form 1120M if you claim this credit.

Line 20

Tax due.—The balance of tax due must be paid in full when the return is filed or in two installments, 50% by March 16, 1981, and 50% by June 15, 1981.

Deposit corporation income tax payments and estimated tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the corporation is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instruction on the back of Form 503 for additional information and exceptions.

Preinscribed FTD Forms 503 will be mailed to corporations on a regular basis depending on the tax year of the corporation. Corporations needing deposit forms may apply for them to the Internal Revenue Service Center where they will file their returns. The application should include the corporation's name, employer identification number, address, and the tax year for which the deposits will be made.

Part II

Taxable Investment Income or (Loss)

Income (Lines 1-9)

Line 1

Interest.—Enter interest received or accrued from all sources during the tax year. The gross amount of interest reported must be decreased by the amortization of premiums for the tax year on bonds, notes, debentures, or other evi-

dences of indebtedness. Determine the amortization by the method regularly used, if reasonable, or under the regulations. Attach a statement showing the method and computation.

Line 3

Gross rents.—Enter gross rents for property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

Line 4

Gross royalties.—Enter gross royalties. If a deduction is claimed for depletion, report it in Part II, line 13.

Line 5

Gross income from trade or business other than insurance business.—Enter the gross income from any trade or business (other than an insurance business) carried on by the mutual insurance company, or by a partnership of which the mutual insurance company is a member. Include section 1245, section 1250, and other gains from Form 4797, Supplemental Schedule of Gains and Losses, on investment assets only.

Line 6

Leases, etc.—Enter gross income received from the entering into (or the alteration or termination) of any lease, mortgage, or other instrument or agreement from which the mutual insurance company earns interest, dividends, rents, or royalties.

Line 8

Net gain from sale or exchange of capital assets.—Report sales or exchanges of capital assets in separate Schedule D (Form 1120) (but see Schedule C (Form 1120M)). Every sale or exchange of a capital asset must be reported in detail, even if there is no gain or loss.

Losses from sales or exchanges of capital assets (except losses from capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders) are allowed up to the gains from sales or exchanges for companies taxable under section 821.

The net capital loss for these companies is the amount by which losses for the year from sales or exchanges of capital assets exceed the sum of the gains from these sales or exchanges and the lesser of (1) the taxable investment income (figured without gains or losses from sales or exchanges of capital assets) or (2) losses from the sale or exchange of capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and pay dividends and similar distributions to policyholders.

A net capital loss may be carried back 3 years and forward 5 years as a short-term capital loss. A capital loss carry-back is limited by section 1212(a)(1).

For more information on gains and losses from sales or exchange of property, see instructions for Schedule D (Form 1120).

Deductions (Lines 10–22)

Line 10

Taxes.—Enter taxes paid or accrued only on real estate owned by the company as provided in section 164. For the limitation on the deduction, see the instruction for Part II, line 20.

Line 11

Real estate expenses.—Enter all ordinary and necessary building expenses, paid or accrued, such as fire insurance, heat, light, and labor; and the cost of incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinary efficient operating condition. Do not include any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or any amount spent on foreclosed property before the property is held for rent. For the limitation on this deduction, see the instructions for Part II, line 20.

Line 12

Depreciation.—See the instructions for Form 4562, Depreciation. The deduction is limited to the depreciation on the property that is used, and to the extent used, for producing the income specified in section 822(b). For the limitation on this deduction, see the instructions for Part II, line 20.

Line 13

Depletion.—See section 613 and 613A for percentage depletion rates for natural deposits.

Attach Form T (Timber), Forest Industries Schedules, if a deduction is claimed for depletion of timber.

Line 14

Trade or business deductions.—Enter total deductions for any trade or business (other than an insurance business), if the income is included in the mutual insurance company's gross investment income by section 822(b)(2). Do not include losses from sales or exchanges of capital assets, from sales or exchanges of property used in the trade or business, or from the compulsory or involuntary conversion of property used in the trade or business.

Line 15

Interest paid or accrued.—Enter the amount of interest paid or accrued during the tax year, except on indebtedness incurred or continued to purchase or carry obligations on which the interest income is wholly exempt from tax.

Line 16

Other capital losses.—See instructions for Schedule C on page 8.

Line 18

Interest wholly exempt from tax.—Enter the amount of interest which is wholly exempt from tax under section 103.

Line 19

Investment expenses.—Enter expenses which are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot exceed the limitation on line 18, Schedule A. Attach a schedule showing the nature and amount of the items and group the minor items into one amount. See the regulations under section 822(c)(2).

Line 20

Total deductions:

Limitation on deductions relating to real estate owned and occupied.—The deductions on lines 10, 11, and 12 for real estate owned and occupied by the company are limited to an amount which bears the same ratio to the total deductions (figured without section 822(d)(1)) as the rental value of the space not so occupied bears to the rental value of the entire property. Attach a schedule showing this computation.

Items not deductible.—No deduction is allowable for any amount allocable to a class of exempt income other than exempt interest income. Items directly attributable to wholly exempt income must be allocated to this income, and items directly attributable to any class of taxable income must be allocated to taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable part of the item must be allocated to each.

Attach a statement showing the amount of each class of exempt income, and the amount of expense items allocated to each class. Show the amount allocated by apportionment separately.

Line 22

Dividends-received deduction.—See instructions for Schedule B, on page 7.

The 85% limitation on the dividends-received deduction does not apply for any year in which there is a loss from taxable investment income.

Part III

Statutory Underwriting Income or (Loss) Income (Lines 1–6)

Line 1

Investment income.—To all interest, dividends, and rents received during the

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tax year, add interest, dividends, and rents due and accrued at the end of this tax year and deduct all interest, dividends, and rents due and accrued at the end of the preceding tax year.

Line 2

Premiums earned.—From the amount of gross premiums written on insurance contracts during the tax year, deduct return premiums and premiums paid for reinsurance. To this result add unearned premiums on outstanding business at the end of the preceding tax year and deduct unearned premiums on outstanding business at the end of this tax year.

Line 3(a)

Net gain from sale or other disposition of capital assets.—Enter the net gain from the sale or other disposition of capital assets from Schedule D (Form 1120).

Line 3(b)

Ordinary gain.—For reporting sales or exchanges of property (other than capital assets) including involuntary conversions, and all section 1245 and section 1250, etc. gains, see Form 4797.

Line 5

Decrease in subscriber accounts.—Enter the amount of the decrease for the tax year in savings credited to subscriber accounts of an interinsurer or reciprocal underwriter. See the instructions for Part III, line 19 for savings credited to subscriber accounts.

Deductions (Lines 7–30)

Line 8

Rents.—Enter rent paid or accrued for business property in which the company has no equity.

Line 9

Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest income is wholly exempt from income tax.

See section 267 for the limitation on deductions for unpaid expenses and interest in transactions between related taxpayers.

Line 10

Taxes.—Enter taxes paid or accrued during the tax year. Do not include Federal income tax; foreign or U.S. possession income taxes if a foreign tax credit is claimed; or taxes not imposed upon the corporation.

See section 164(d) for the division of real estate taxes between seller and purchaser.

Line 11

Losses incurred on insurance contracts.—To losses paid during the tax year.

year, add salvage and reinsurance recoverable outstanding at the end of the preceding tax year and deduct salvage and reinsurance recoverable outstanding at the end of this tax year. To this result, add all unpaid losses outstanding at the end of this tax year and deduct unpaid losses outstanding at the end of the preceding tax year.

Line 12

Other capital losses.—See instructions for Schedule C on page 8.

Line 13

Worthless agency balances and bills receivable.—Enter agency balances and bills receivable that became worthless during the tax year.

Line 14

Interest.—Enter interest earned during the tax year that is excluded from gross income under section 103.

Line 15

Depreciation.—See instructions for Form 4562, Depreciation.

Line 16

Depletion.—See instructions for Part II, line 13, on page 5.

Line 17

Contributions.—Enter contributions or gifts paid within the tax year to or for the use of charitable and government organizations described in section 170(c) and any unused contributions carried over from earlier years.

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3d month after the end of the tax year if the contributions are authorized by the board of directors during the tax year.

A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year, and a copy of the resolution, must be attached to the return.

The total amount claimed may not exceed 5% of line 24, Part III, figured without any deduction for contributions. Charitable contributions in excess of the 5% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

If a charitable contribution of property is made, the contribution must be re-

duced by the sum of the ordinary income, short-term capital gain, and for certain contributions, 60.87% of the long-term capital gain that would have resulted if the property were sold at its fair market value.

The reduction for 60.87% of the long-term capital gain applies to contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and contributions of any property to or for the use of certain private foundations. For special rules for a contribution of inventory, and other ordinary income property (described in section 1221(1) or (2)) to an exempt organization described in section 501(c)(3), for use in the care of the ill, needy, or infants, see section 170(e)(3).

If a charitable contribution deduction is taken for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount that is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

Line 19

Increase in subscriber accounts.—A mutual insurance company which is an interinsurer or reciprocal underwriter may deduct the increase in savings credited to subscriber accounts for the tax year.

"Savings credited to subscriber accounts" means the surplus credited to the individual accounts of subscribers by March 15, 1981. This applies only if the company would be required to pay this amount promptly to a subscriber if the subscriber ended the contract at the end of the company's tax year. The subscriber must be notified as required by regulations section 1.823-6(c)(2)(v). The subscriber must treat any savings credited to the subscriber's account as a dividend paid or declared.

Line 20

Pension, profit-sharing, etc. plans.—Employers who maintain pension, profit-sharing, or other funded deferred compensation plans (except Simplified Employee Pension plans) are generally required to file one of the 5500 series forms specified in the following paragraph. This requirement applies regardless of whether the plan is qualified under the Internal Revenue Code and regardless of whether the deduction is claimed for the current tax year. The Employee Retirement Income Security Act of 1974 imposes a penalty for late filing of these forms.

The forms required to be filed are: Form 5500 (Annual Return/Report of Employee Benefit Plan).—For each plan with 100 or more participants.

Form 5500-C (Annual Return/Report of Employee Benefit Plan) or Form 5500-R (Registration Statement of Employee Benefit Plan) (whichever applies).—For each plan with fewer than 100 participants.

Only one return is required to be filed for a plan of a controlled group of corporations or a multiemployer-collectively bargained plan. Individual participating or contributing employers are not required to file separately.

Line 21

Employee benefit programs.—Enter your contributions to employee benefit programs (e.g., insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 20. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

Line 25

Dividends-received deduction.—See instructions for Schedule B.

The 85% limitation on the dividends-received deduction does not apply to any year in which there is a loss from statutory underwriting income.

Line 30

Special Deduction.—Section 823(c) provides that if the gross amount received during the tax year from the items described in section 822(b) (other than paragraph (1)(D)) and premiums (including deposits and assessments) is less than \$1,100,000, then an additional deduction is allowed for determining statutory underwriting income or loss under section 823(a) for the tax year.

"Premiums" means the total premiums and other consideration provided in the insurance contract without deduction for commissions, return premiums, reinsurance, dividends to policyholders, dividends left on deposit with the company, discounts on premiums paid in advance, interest applied in reduction of premiums (whether or not required to be credited in reduction of premiums under the terms of the contracts), or any other item of a similar nature.

The term includes advance premiums, premiums deferred and uncollected, and premiums due and unpaid, deposits, fees, assessments, and consideration for assuming liabilities under contracts not issued by the taxpayer (such as a payment or transfer of property in an assumption reinsurance transaction), but does not include amounts received from other insurance companies for losses

paid under reinsurance contracts. (See regulations section 1.821-4(a)(1)(ii).)

Protection Against Loss Deduction (Lines 32-35)

Section 824 provides a deduction of 1% of the losses incurred during the tax year, plus 25% of the underwriting gain for the year; and, if the concentrated windstorm premium percentage for the tax year is more than 40%, an amount obtained by multiplying the percentage that is more than 40% times the underwriting gain for the year.

See also the instructions for Schedule E, on page 8.

SCHEDULE B Dividend income

Dividends (Lines 1-6)

Line 1

Certain domestic corporations.—Enter dividends received from domestic corporations subject to income tax that qualify for the 85% deduction under section 243(a)(1).

So-called dividends or earnings from mutual savings banks, money market certificates, etc., are really interest and should not be treated as dividends.

See section 854 for the amount of dividends received from a regulated investment company that qualify for the 85% deduction.

Line 2

Certain public utility corporations.—Enter dividends received on the preferred stock of a public utility subject to income tax that qualify for the deduction in section 247 for dividends paid.

Line 3

Certain foreign corporations.—Enter dividends received from foreign corporations that qualify for the 85% deduction in section 245(a).

Enter dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends and all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

If dividends received from wholly-owned foreign subsidiaries are included

in line 3, attach a schedule showing the amount of these dividends.

Line 4

Certain affiliated groups.—Enter only those dividends that are subject to section 243(b).

Line 5

Other corporations.—Attach a schedule showing separately:

(a) Foreign dividends not reportable on line 3. Do not include distributions of amounts constructively taxed in the current year or in earlier years under subpart F.

(b) Income constructively received from controlled foreign corporations under subpart F. (This amount should equal the total of amounts reported in Schedule A of Form(s) 3646.)

(c) "Gross-up" of dividends for taxes deemed paid under sections 902 and 960.

(d) Dividends (other than capital gain dividends) received from regulated investment companies that do not qualify for the 85% deduction.

(e) Dividends from tax-exempt organizations.

(f) Dividends (other than capital gain dividends and exempt-interest dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856-860.

(g) Dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments on similar stock.

(h) Any other taxable dividend income not properly reported above.

Dividends-received deduction (Lines 7-12)

Line 9

Dividends-received from certain foreign corporations.—Enter 85% of dividends-received from certain foreign corporations described in section 245(a).

Enter 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction in section 245(b).

See section 245 for qualifications and limitations on the amount of these deductions.

Line 10

Total.—This total is subject to the 85% limitation under section 246(b) as follows:

(a) Part II.—The line 10 total may not exceed 85% of (line 21, Part II, less Schedule B, line 11).

(b) Part III.—The line 10 total may not exceed 85% of (line 24, Part III, less Schedule B, line 11).

Line 11

Dividends-received from certain members of affiliated groups.—Members of affiliated groups may elect under section 243(b) to deduct 100% of the qualifying dividends-received from other members of the same group. Qualifying corporations which elect to take the 100% deduction are limited to one \$25,000 amount in each taxable income bracket which must be apportioned among the members of the controlled group. See section 243(b) for qualifications and restrictions on this deduction.

SCHEDULE C Other Capital Losses

Other Capital Losses

Capital assets are considered sold or exchanged to provide funds to meet abnormal insurance losses and to pay dividends and make similar distributions to policyholders to the extent that the gross receipts from their sale or exchange are not more than the amount by which the sum of dividends and similar distributions paid to policyholders, losses paid, and expenses paid for the tax year is more than the total of line 9.

Total gross receipts from sales of capital assets (line 12, column c) should not be more than line 10. If necessary, part of the gross receipts from a particular sale of a capital asset may be reported in this schedule and the rest reported in Schedule D (Form 1120). Otherwise sales reported in this schedule should not be reported in Schedule D (Form 1120).

Enter total other capital losses (line 12, column g) on Part II, line 16, and Part III, line 12.

SCHEDULE E

Protection Against Loss Account

Section 824(b) requires each insurance company subject to tax under section 821(a) to establish and maintain a protection against loss account.

The protection against loss deduction (Part III, lines 32-35) must be added to this account.

See section 824(d) for the subtractions from this account. These subtractions must be included in the mutual insurance company taxable income.

SCHEDULE F

Compensation of Officers

Attach a schedule using the following columns: 1. Name of officer; 2. Social security number; 3. Time devoted to business; 4. Amount of compensation; 5. Expense account allowance.

Complete columns 1 through 4 for all officers. Complete column 5 for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means amounts, other than compensation, received as advances or reimbursements, and amounts paid by or for the corporation, for expenses incurred by or on behalf of an officer. Column 5 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

This information must be submitted by each member of an affiliated group included in a consolidated return.

Additional Information Required

Questions H, J, and K, page 4

Question H—Travel and entertainment (section 274(d)).—Enter the total amount spent during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d). See regulations, section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required.

Expenses paid or incurred in tax years beginning in 1980 that are in-

cluded in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return.

Do not include amounts treated as compensation and reported on Forms W-2.

Question J—Foreign financial accounts and foreign trusts.—Check the Yes box if either (1) or (2) below applies to you.

(1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if either of the following apply to you:

- The combined value of the accounts were \$1,000 or less during the whole year; OR
- The account was with a U.S. military banking facility operated by a U.S. financial institution.

(2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1, Report of Foreign Bank and Financial Accounts, to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question J, file Form 90-22.1 by June 30, 1981, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question K—Foreign Trusts.—Check the Yes box if you were ever a grantor of, or a transferor to, a foreign trust that existed during this tax year.

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L Did you claim a deduction for expenses connected with:

- a Entertainment facilities (boat, resort, ranch, etc.)?
- b Living accommodations (except for employees on business)?
- c Employees attending conventions or meetings outside the U.S. or its possessions?
- d Employees' families at conventions or meetings?
- If "Yes," were any of these conventions or meetings outside the United States or its possessions?
- e Employee or family vacations not reported on Form W-2?
- 2 Enter total amount claimed on Form 1120S for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d) (see instructions) ▶
- M Did you file all required Forms 1087, 1096, and 1099?
- N At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see instructions)?
- O Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A or 926
- P During this tax year was any part of your tax accounting records maintained on a computerized system?
- Q 1 Did you elect to claim amortization (under section 191) or depreciation (under section 167(o)) for a rehabilitated certified historic structure (see instructions)?
- 2 Amortizable basis (see instructions) ▶
- R Number of shareholders in the corporation at the end of the tax year ▶

Schedule K Computation of Undistributed Taxable Income and Summary of Distributions and Other Items

Computation of Corporation's Undistributed Taxable Income

- 1 Taxable income (line 28, page 1)
- 2 Less: a Money distributed as dividends out of earnings and profits for the tax year
- b Tax imposed on certain capital gains (line 31, page 1)
- 3 Corporation's undistributed taxable income (subtract line 2 from line 1)
- 4 Actual dividend distributions taxable as ordinary income. (Do not include amounts shown on line 6.)
- 5 Actual dividend distributions taxable as long-term capital gains (after tax)
- 6 Actual dividend distributions taxable as ordinary income and qualifying for dividend exclusion
- 7 Nondividend distributions
- 8 Undistributed taxable income—taxable as ordinary income or (loss) (see instructions)
- 9 Undistributed taxable income—taxable as long-term capital gain (after tax) (see instructions)

10 Investment credit property

Property Qualified for Investment Credit			Cost or basis
Basis of new investment property	a 3 or more but less than 5 years		
	b 5 or more but less than 7 years		
	c 7 or more years		
New commuter highway vehicle	d 3 or more years		
Qualified progress expenditures	e 7 or more years		
Cost of used investment property	f 3 or more but less than 5 years		
	g 5 or more but less than 7 years		
	h 7 or more years		
Used commuter highway vehicle	i 3 or more years		

11 Interest on investment indebtedness:

- a 1 Interest on investment indebtedness incurred before 12-17-69
- 2 Interest on investment indebtedness incurred before 9-11-75, but after 12-16-69
- 3 Interest on investment indebtedness incurred after 9-10-75
- b Net investment income or (loss)
- c Excess expenses from "net lease property"
- d Net capital gain attributable to investment property

12 Items of tax preference (see instructions): a Accelerated depreciation on:

- 1 Certified historic structure rehabilitation (167(o) or amortization under 191)
- 2 Low-income rental housing (167(k))
- 3 Other real property
- 4 Personal property subject to a lease
- b Amortization: 1 2 3 4
- c Reserve for losses on bad debts of financial institutions
- d Depletion
- e Intangible drilling costs
- f Net capital gain (after tax)

13 Jobs credit

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Schedule L Balance Sheets

Assets	Beginning of tax year		End of tax year	
	A	B	C	D
1 Cash				
2 Trade notes and accounts receivable				
a Less allowances for bad debts				
3 Inventories				
4 Gov't obligations: a U.S. and instrumentalities				
b State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to shareholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other depreciable assets				
a Less accumulated depreciation				
10 Depletable assets				
a Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
a Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
Liabilities and Shareholder's Equity				
15 Accounts payable				
16 Mtes., notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from shareholders				
19 Mtes., notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Capital stock				
22 Paid-in or capital surplus				
23 Retained earnings—appropriated (attach schedule)				
24 Retained earnings—unappropriated				
25 Shareholders' undistributed taxable income previously taxed				
26 Less cost of treasury stock				
27 Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income on Books With Income on Return

1 Net income on books		7 Income recorded on books this year not included in this return (Itemize):	
2 Federal income tax		a Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (Itemize) \$		8 Deductions in this tax return not charged against book income this year (Itemize):	
5 Expenses recorded on books this year not deducted in this return (Itemize):		a Depreciation \$	
a Depreciation \$		b Contributions carryover \$	
b Contributions carryover \$			
6 Total of lines 1 through 5		9 Total of lines 7 and 8	
		10 Income (line 28, page 1)—line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings on Books (line 24 above)

1 Balance at beginning of year		5 Distributions out of current or accumulated earnings and profits: a Cash	
2 Net income on books		b Stock	
3 Other increases (Itemize)		c Property	
		6 Current year's undistributed taxable income or net operating loss (total of lines 8 and 9, Schedule K)	
		7 Other decreases (Itemize)	
		8 Total of lines 5, 6, and 7	
4 Total of lines 1, 2, and 3		9 Balance at end of year (line 4 less line 8)	

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1980

Department of the Treasury Internal Revenue Service Instructions for Form 1120S U.S. Small Business Corporation Income Tax Return

(References are to the Internal Revenue Code.)

General Instructions

Purpose

Form 1120S is used instead of Form 1120 if a corporation elected to be taxed as a small business (Subchapter S) corporation and its election is in effect.

If you need more information, you may want to get Publication 589, Tax Information on Subchapter S Corporations. It is available from many Internal Revenue Service offices.

Filing Form 1120S

Who Must File

You must file Form 1120S if you elected, by filing Form 2553, to be taxed as a small business corporation; if IRS accepted your election; and if the election is in effect. A corporation that files Form 1120S is generally exempt from income tax, which its shareholders pay instead.

End of Election

The election to be taxed as a small business corporation can end automatically or it can be revoked. During the 5 years after an election has ended automatically or been revoked, the corporation can make another election on Form 2553 only if the Commissioner consents. (See section 1.1372-5 of the regulations.)

The election ends automatically in any of the following cases:

a. A new shareholder affirmatively refuses to consent to the election by the 60th day after the day the shareholder acquired the stock. A new shareholder is a person who was not a shareholder on the first day of the first tax year for which the election is effective or on the day the election is made, whichever is later.

b. The new shareholder's affirmative refusal must be filed with the Internal Revenue Service Center that has jurisdiction for the area where the principal business, office, or agency of the corporation is located.

c. More than 80% of the corporation's gross receipts are "passive investment" income, as defined in section 1372(e)(5) (C). However, this does not apply during the first 2 tax years of active conduct of the business if the passive investment income is less than \$3,000.

The ending of an election for any of these reasons is effective for the tax year of the corporation in which any of the cases above occur and for all the corporation's later tax years. (See sections 1372(e) and (f).)

The election may be revoked for any tax year after the first tax year for which it is effective. All shareholders on the day the revocation is made must agree to it in order for it to take effect.

A revocation is effective either for the tax year in which it is made (if made within the first month of the tax year) or for the following year (if made after the first month of the tax year). It must be made according to section 1.1372-4 of the regulations.

Change in Accounting Period

To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period. Also see Publication 538, Accounting Periods and Methods.

When To File

In general, file Form 1120S by the 15th day of the 3rd month after the end of the tax year.

Use Form 7004 to request an automatic 3-month extension to file Form 1120S.

Use Form 7005 to request an additional extension after getting an automatic 3-month extension with Form 7004.

Period to be Covered by 1980 Return

File the 1980 return for calendar year 1980 and fiscal years beginning in 1980 and ending in 1981. If the return is for a fiscal year, fill in the tax year spaces on the form. Final Returns. If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

Where To File

If the corporation's principal business, office, or agency is located in:

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester

New York (all other counties), Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Alabama, Florida, Georgia, Mississippi, South Carolina, Michigan, Ohio

Helixville, NY 00501

Andover, MA 05501

Atlanta, GA 31101

Cincinnati, OH 45999

Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73101
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93889
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

Paying the Tax

You must pay the balance of tax due (line 33) either (1) in full when you file the return or (2) in two equal installments. The first installment is due by the 15th day of the 3rd month after the end of the tax year. The second installment is due by the 15th day of the 6th month after the end of the tax year.

Deposit corporation income tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) serving the geographic area where the taxpayer is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for more information and exceptions.

You can get Form 503 from the IRS service center where you file your returns. The application should include the corporation's name, identification number, address, and the tax year to which the deposits relate.

Accounting Methods

Figure taxable income using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

A corporation may change the method of accounting used to report income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method, unless the law specifically states otherwise. Rounding Off to Whole-Dollar Amounts. You may round off dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

Information Returns That May Be Required

Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Forms 1099-DIV, INT, MED, MISC, ODI, PATR and R. You may have to file these information returns to report certain dividends, interest payments, medical and health care payments, miscellaneous income, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements.

Use Form 1099-DIV to report actual dividend distributions taxable as ordinary income, actual dividend distributions taxable as long-term capital gains (after tax), nondividend distributions, and dividends qualifying for the dividend exclusion.

Use Schedule K-1 (Form 1120S) to report constructive dividends (undistributed taxable income). Do not report them on Form 1099-DIV.

Forms 966 and 1099L. Use these information returns to report dissolution or liquidation, and distributions in liquidation.

Stock Ownership in Foreign Corporations

If the corporation owned at least 5% in value of the outstanding stock of a foreign personal holding company, attach the statement required by section 551(c).

A taxpayer who controls a foreign corporation, or who is a 10% or more shareholder of a controlled foreign corporation, may have to file Forms 2952 and 3646.

Balance Sheets

You may use either Schedule L or copies of other balance sheets required by Federal, State, or other authorities. Balance sheets filed under this procedure must contain sufficient information to enable IRS to reconstruct a balance sheet similar to that contained on Form 1120S, without contacting the taxpayer during processing. Include certificates of deposit as cash on line 1 of the balance sheet.

Complete the financial statements in accordance with the method of accounting used in figuring taxable income.

Net Operating Loss and Other Deductions

An electing small business corporation may not take the deduction for net operating losses provided by section 172 and the special deductions in Part VIII (except section 248) of subchapter B. (See section 1373(d).)

The corporation's net operating loss is allowed as a deduction from the shareholders' gross income. (Section 1374.)

Attachments

If you need more space on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120S. Be sure to put the corporation's name and employer identification number on these separate sheets.

Signature

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of a corporation.

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If your corporate officer fills in Form 1120S, the space under "signature of officer" should remain blank. If someone prepares Form 1120S and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120S should not sign. For example, a regular, full-time employee of the corporation such as a clerk or secretary does not have to sign. (This list is not all-inclusive.)

In general, anyone paid to prepare Form 1120S must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

When more than one person prepared Form 1120S, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (that is, not employed by any person or business to prepare the return), he or she should check the "self-employed" box in the preparer's section of Form 1120S.

If you have questions about whether a preparer must sign Form 1120S, please contact an IRS office.

The person required to sign the return as preparer MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120S to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, lists some of the preparer's other responsibilities and penalties for which they may be liable. The publication also contains the regulation citations which govern their work.

Transfers to Corporation Controlled by Transferor

If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee must attach the information required by section 1.351-3 of the regulations.

Penalties

a. A corporation that does not file its tax return by the due date, including any extensions, may have to pay a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due—section 6651(a)(1).)

b. A corporation that does not pay the tax when due may have to pay a penalty of 1/2% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. (The penalty is imposed on the net amount due—section 6651(a)(2).)

These penalties will not be imposed if the corporation can show that not filing or not paying was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate under section 6621.

Specific Instructions

Employer Identification Number. If the employer identification number (EIN) on the label is wrong or if you did not receive a label, write the correct number at the top of the return.

A corporation that does not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number. You can get this form at any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which you send Form 1120S. If you have not received the EIN by the time for filing Form 1120S, write "Applied for" in the space for the EIN. Total Assets. Enter the total assets of the corporation. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

Gross Income

Line 1

Gross receipts

Enter gross receipts or sales from all business operations except those you must report on lines 4 through 10.

For reporting advance payments and long-term contracts, see section 1.451-5 of the regulations.

If you use the installment method, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current year and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on amount collected.

Line 2

Cost of goods sold (From Schedule A) Valuation methods

Your inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner of Internal Revenue. If that method conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. To make this change file Form 3115. For more information about the change, see Regulation section 1.446-1(e)(3) and Rev. Proc. 70-27, 1970-2 C.B. 509.

In line 2a, check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional requirements, see Regulation section 1.471-4.

Inventories may be valued below cost when the merchandise is unsaleable at normal prices or unsaleable in the normal way because the goods are "subnormal"

(that is because of damage, imperfections, shop wear, etc.) within the meaning of Regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) where the taxpayer can establish such a price. See Regulation section 1.471-2(c) for additional requirements.

In line 8b, indicate whether you used a method of inventory valuation other than those described in line 8a, and attach a statement describing the method used.

If this is the first year you used the "Last-in First-out" (LIFO) inventory method under section 472, attach Form 970 or a statement with Form 1120S and check the LIFO box in line 8c. In line 8d, enter the amount or percent (estimates may be used) of total closing inventories covered under section 472.

Full absorption method of inventory costing

If you are engaged in manufacturing or production, you must use the full absorption method of inventory costing. If you are not using it, you must change to this method. Under it, both direct and certain indirect production costs are included for inventory valuation purposes.

You may use Form 3115 to change to full absorption. For details, see Revenue Procedure 75-40, 1975-2 C.B. 571, and section 1.471-11 of the regulations. Cost of operations (when inventories are not an income-determining factor) If the amount entered on line 2 includes an amount for the cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

Line 6

Other interest

Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, etc.

Do not offset interest income against interest expense.

Line 7

Gross rents

Enter the gross amount you received for renting property. In the proper lines, deduct expenses such as repairs, interest, taxes, and depreciation.

The corporation may be limited in the amount of expense deductions for renting a vacation home if a shareholder uses the property for personal purposes. (See section 280A.)

Line 9

Capital gains and losses

See separate Schedule D (Form 1120S), and Form 4797, Supplemental Schedule of Gains and Losses.

If line 9b is more than \$25,000, see instructions for Part IV, Tax Computation, of Schedule D (Form 1120S).

Report every sale or exchange of a capital asset in detail on Schedule D (Form 1120S) even though there is no gain or loss.

Line 10

Other income

Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other

income are recoveries of bad debts deducted in earlier years under the specific charge-off methods and refunds of taxes deducted in earlier years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 10.

Deductions

Line 12

Compensation of officers

Complete columns 1 through 5, Schedule E, for all officers. Complete column 6, Schedule E, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, except compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or for an officer. You do not have to complete column 6 for any officer whose combined amount is less than \$30,000.

Line 13

Salaries and wages

Enter on line 13a the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the tax year. Enter on line 13b the applicable job credit from line 9 of Form 5884. See instructions for Form 5884 for more information.

Line 14

Repairs

Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life.

Include in this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLADR) system.

You may choose to deduct as a current expense certain expenses for the removal of architectural and transportation barriers to the handicapped and elderly. See section 190 and related regulations.

Line 15

Bad debts

You may treat bad debts in either of two ways: (a) as a deduction for debts that become worthless in whole or in part, or (b) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

Apply on Form 3115 if you want to change the method of figuring bad debts.

Line 17

Taxes

Enter taxes paid or accrued during the tax year.

Do not include Federal income tax or taxes not imposed on the corporation. See section 164(d) for dividing taxes on real property between seller and buyer.

Do not deduct amounts paid or accrued during the year for real property construction period taxes (other than for low-income housing). See instructions

for line 20 for information on amortizing these amounts. However, you may deduct amounts paid or accrued during the year for nonresidential real property construction period taxes if the construction period began in a tax year beginning before January 1, 1976. You may also deduct amounts for residential real property if the construction period began in a tax year beginning before January 1, 1978. (See section 169.)

Line 18

Interest

Enter interest expense, including investment interest expense. Do not include interest on indebtedness that is incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. For exceptions, see item (2) of section 265.

See section 267 for limits on deductions for unpaid expenses and interest on transactions between related taxpayers.

Do not deduct amounts paid or accrued during the year for real property construction period interest (other than low-income housing). See instructions for line 20 for information on amortizing these amounts. However, you may deduct amounts paid or accrued during the year for nonresidential real property construction period interest if the construction period began in a tax year beginning before January 1, 1978. (See section 169.)

In general, a cash basis taxpayer cannot deduct prepaid interest that is allocable to years after the current tax year. A cash basis taxpayer, who in 1980 prepaid interest allocable to any period after 1980, can deduct only the amount allocable to 1980. Please see Publication 545, Interest Expense.

Line 19

Contributions

Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations, described in section 170(c). Also enter any unused contributions carried over from earlier years.

The total amount claimed may not be more than 5% of taxable income (line 28, page 1) figured without regard to this deduction.

You may not deduct for the tax year charitable contributions larger than the 5% limit, but you may carry the excess over to the next 5 tax years.

Corporations on the accrual basis may choose to deduct contributions paid by the 15th day of the 3rd month after the end of the tax year if the board of directors authorized the contributions during the tax year. Attach to the return a declaration signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution to the return. Attach a schedule showing the name each organization and the amount paid. For a contribution in property other than

money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined. Special rule for contributions of certain property

If you make a charitable contribution of property, the contribution must be reduced by the sum of the following:

1. the ordinary income, short-term capital gain, and
2. for certain contributions, 60.87% of the long-term capital gain that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to (a) contributions of tangible personal property to an exempt organization to be used for a purpose or function unrelated to the basis for its exemption, and (b) contributions of any property to or for the use of certain private foundations. (Section 170(e).)

Bargain sale to a charitable organization If you take a charitable contribution deduction for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

Line 20

Amortization

Generally, if a deduction is taken for amortization, you must attach a schedule showing: (1) a description of the expenses you amortized; (2) data acquired, completed, or spent; (3) amount being amortized; (4) amortization deducted in earlier years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amortization minus the amount claimed in Schedule A.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 and related regulations for amortization over a 60-month period of certain expenditures made before January 1, 1982 for child care facilities.

See section 189(b) for amortization of real property construction period interest and taxes, other than for low-income housing.

Line 21

Depreciation

See instructions for Form 4562, Depreciation.

Line 22

Depletion

See sections 613 and 613A for rates applicable to natural deposits.

Attach Form T if you claim a deduction for depletion of timber.

Line 24

Pension, profit-sharing, etc., plans

Employers who maintain a pension, profit-sharing, or other funded deferred compen-

Page 4

sation plan (other than a Simplified Employee Pension (SEP)) whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. Employers who maintain a 401 (j)(6) type plan in which employees or shareholder-employees are participants may not maintain a SEP (section 408(k)). The Employee Retirement Income Security Act of 1974 imposes penalties for failure to file these forms on time.

Form 5500.—Complete this form for each plan with 100 or more participants. Form 5500-C or 5500-R.—Complete the applicable form for each plan with fewer than 100 participants.

Only one return is required to be filed for a plan of a controlled group of corporations or a multiemployer collectively-bargained plan. Individual participating employers or contributing employers are not required to file separately.

See section 1379(b) for inclusion of excess contributions in gross income of the shareholder-employee beneficiary.

Line 25

Employee benefit programs

Enter the amount of contributions to employee benefit programs (such as insurance and health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included in line 24.

Also include the corporation's contributions to a qualified group legal services plan established for the exclusive benefit of employees (including shareholders) or their spouses or dependents. Section 120 permits employees (including their spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

Line 26

Other deductions

In most cases, you may not take a deduction for any part of any item allocable to a class of exempt income. The exception is certain parts of interest included by face-amount certificate companies registered under the Investment Company Act of 1940. (See section 265(2) for exceptions.)

Items directly attributable to wholly exempt income must be allocated to that income. Items directly attributable to any class of taxable income must be allocated to that taxable income.

If an item is indirectly attributable both to taxable income and to exempt income, allocate a reasonable proportion of the item to each, based on all the facts in each case.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expenses items allocated to each class. Show the amount allocated by apportionment separately.

In the case of a farming syndicate, a deduction for amounts paid for feed, seed, fertilizer, or other similar farm supplies is allowed only in the tax year in which these items are actually used or consumed. For definitions, exceptions to the general rule, and special rules for

orchard and vineyard expenses, see section 278.

For special treatment of certain expenses incurred in the production of films, books, records, or similar property, see section 280.

If any part of a loss from section 465 activities could not be distributed to shareholders for the corporation's 1979 tax year because of section 465 limits, that part of the loss is treated as a deduction allocated to the activity in 1980. (See section 465 and the instruction for line 28 for details.)

Line 28

Taxable income

Special "at risk" rules apply to a small business corporation engaged in any activity (except the holding of real property other than mineral property) as a trade or business or for the production of income. If applicable, these rules limit the corporate loss or losses to be entered on line 28. See section 465(a).

A corporation's section 465(d) loss from each activity for the tax year is limited to the amount for which the corporation is "at risk" for the activity at the end of the tax year. The corporation is considered "at risk" for an activity for amounts described in section 465(b)(1) and (2). The amounts borrowed are not considered to be "at risk" if they are excluded or excepted under section 465(b)(3) and (4).

If any activities of the corporation incur a loss for the year, figure each activity loss separately. Attach a schedule showing the amount at risk and gross income and deductions for each section 465 activity with a loss.

If the corporation sells or otherwise disposes of any part of an asset or interest in an activity to which the "at risk" rules apply, combine the gain or loss on the sale or disposition with the profit or loss from the activity to determine the net profit or loss from the activity.

If a loss from an activity is more than the amount for which the corporation is at risk, modify the amount that would otherwise be entered on line 28 of Form 1120S for the excess. Pass through to the shareholders only the allowable loss (described above) for the tax year. Treat any loss from an activity not allowed under this section for the tax year as a deduction allocable to the activity in the following tax year. See the instruction for line 26.

See sections 204(c)(2) and (3) of the Tax Reform Act of 1976 for special transitional rules for movies, video tapes, and leasing activities.

Line 30

Minimum tax on tax preference items

Electing small business corporations are subject to the minimum tax only for the capital gains item of tax preference and only to the extent that the gains are subject to the tax imposed by section 1378.

Corporations having such capital gains of more than \$10,000 must attach Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries.

All other items of tax preference, excluding capital gains, must be divided among the shareholders in a manner

consistent with the way net operating losses are divided under section 1374 (c)(1).

Line 32c

Overpaid Windfall Profit Tax.—A corporation that has overpaid its windfall profit tax may claim a credit for the overpayment on its income tax return. Use Form 6249 to figure the overpayment. Include the amount of overpayment in the total for line 32c, and identify it as overpaid windfall profit tax.

Additional Information

Be sure to answer the questions and provide other information in items F through R. The instructions that follow are keyed to these items.

Item L (2)

Travel and entertainment expenses (section 274(d))

Enter the total amount spent during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenses paid or incurred in tax years beginning in 1980 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return. This is true even though all or part of the expenses are included in ending inventory, asset accounts, etc.

Do not include amounts that are treated as compensation and reported on Forms W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item L(2).

Question N

Foreign financial accounts

Check the Yes box if either 1. or 2. below applies to you.

1. At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception. Check No if either of the following apply to you:

- The combined value of the accounts was \$1,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

2. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question N, file Form 90-22.1 by June 30, 1981, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not

file it with the IRS. But be sure to file your Form 1120S with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question O

Foreign trusts

Check the Yes box if you were ever a grantor of, or a transferor to, a foreign trust that existed during the tax year.

Question Q1

Certified historic structures

You may elect to amortize rehabilitation expenditures or take accelerated depreciation for certain certified historic structures. Section 191 allows amortization to be figured using a period of 60 months. Section 167(c) allows an accelerated method of depreciation if you substantially rehabilitate a certified historic structure.

If you elect amortization for these expenditures or elect to take an accelerated method of depreciation: (1) answer "Yes" to Question Q1 of page 3; (2) attach to the return a copy of the final certification letter issued by the Department of the Interior approving the rehabilitation or, if no such letter has been issued, (3) attach to the return a copy of a completed first page of U.S. Department of the Interior Form FHR-8-253a, Historic Preservation Certification Application—Part 2 (as submitted to the Department of the Interior).

Item Q2

On line Q2, include the amortizable basis of the property. This is the amount that is permitted to be deducted over the 60-month period.

Schedule K

Computation of Undistributed Taxable Income and Summary of Distributions and Other Items

Lines 1, 2, and 3

Undistributed taxable income is taxable income minus the sum of:

1. The taxes imposed by sections 58 (d)(2) and 1378(a), and
2. The amount of money distributed as dividends out of earnings and profits of the tax year.

Treat money distributions made within 2 months and 15 days after the close of the corporation's tax year as distributions of that earlier year's undistributed taxable income to the extent of the shareholders' apportioned shares.

Summary of Distributions and Other Items

On Form 1099-DIV, report—

- a. Actual dividend distributions entered on lines 4, 5, and 6 of Schedule K.
- b. Nondividend distributions shown on line 7 of Schedule K.

If an earlier actual distribution reported to shareholders as ordinary income on Form 1099-DIV is determined to be capital gain at the close of the corporation's tax

year, the corporation must issue corrected Forms 1099-DIV to the shareholders.

The constructive dividends entered on lines 8 and 9 of Schedule K must be reported on Schedule K-1.

Line 4

Enter the actual dividend distributions of money or property that are out of current earnings and profits and that are taxable as ordinary income. A dividend distribution of property does not reduce undistributed taxable income.

Line 5

Enter actual dividend distributions that the shareholders are to treat as a long-term capital gain after tax. (See section 1375 and section 1.1375-1 of the regulations.)

Line 6

Only dividends that are not considered to be out of the earnings and profits of the tax year qualify for the dividend exclusion. For purposes of this rule, the earnings and profits of the tax year are considered not to be more than taxable income for the year. The dividends entitled to the exclusion include, for example, dividends paid out of accumulated earnings and profits.

Line 7

Enter the total amount of distributions of money and property not out of earnings and profits.

For tax years after the first tax year to which the Subchapter S election applies, include any distribution of undistributed taxable income previously taxed to shareholders as allowed by section 1375(d). See section 1377 to find out whether a distribution is out of the corporation's undistributed taxable income previously taxed to shareholders.

Section 1375(f) states that money distributions made within 2 months and 15 days after the close of the tax year are treated as non-dividend distributions of that year's undistributed taxable income to the extent they are not more than the shareholders' shares of undistributed taxable income for that year. Report these distributions in the year they are made. For example, if a 1980 calendar year corporation makes a section 1375(f) distribution within 2 months and 15 days after the close of its tax year, this distribution must be reported as a non-dividend distribution on Schedule K of the 1981 Form 1120S, and on the 1981 Form 1099-DIV. (See section 1375(f).)

Line 8

Enter the part of undistributed taxable income that the shareholders are to treat as ordinary income. The undistributed taxable income is the amount that the shareholders would have received as a dividend if the income had been distributed to them on the last day of the corporation's tax year.

A dividend distribution of property other than money may cause the corporation's undistributed taxable income (line 3) to be more than the total of lines 8 and 9.

If there is a net operating loss for the tax year, enter it here.

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Line 9

Enter on line 9 the part of undistributed taxable income that is long-term capital gain after tax. (See section 1375 and section 1.1375-1 of the regulations.)

Line 10

Enter on lines 10a through 1 the basis (or cost) of regular investment credit property that the corporation acquired or constructed during the tax year. Also list qualified progress expenditures taken into account during the tax year. If a property qualifies as regular investment credit property and energy property, list the property in lines 10a through 1.

Also attach a separate schedule reporting the total energy property acquired or constructed during the tax year. List each item of property, the type of property, the dollar basis of each item, and the life years category for each item. See the instructions for Form 3468, Computation of Investment Credit, for information on types of energy property.

Line 11

List the amounts of interest on investment indebtedness, and the applicable items below that were included in figuring the taxable income (or loss) for the corporation: (1) net investment income or (loss); (2) excess expenses over rental income from net lease property; and (3) net capital gain (excess net long-term capital gain over net short-term capital loss) from investment property.

Allocate the interest on investment indebtedness to the period in which the indebtedness was incurred. The periods are: (1) before December 17, 1969; (2) between December 17, 1969, and September 10, 1975; and (3) after September 10, 1975. For more information, see Form 4952.

Shareholders must be notified of their share of the above information to figure their interest on investment indebtedness at the shareholder level. (See Form 4952 and section 163(d).)

Line 12

Enter the amount of each item of tax preference. List the total amount of amortization deducted by the corporation in the total column of line 12b. List the dollar amount of each specific type of amortization contained in the total in the following order in the four spaces provided: (1) certified pollution control facilities, (2) railroad rolling stock, (3) on-the-job training facilities, and (4) child care facilities. Although these amounts are used in figuring the taxable income of the corporation, they are subject (with certain reductions) to a minimum tax (alternative minimum tax) in the case of the net capital gain tax preference item at the shareholder level. (See instruction for line 30, Form 1120S.)

The shareholder must take these amounts into account along with similar items of tax preference from all other sources in preparing Form 4625, Computation of Minimum Tax—Individuals (Form 4625 for a shareholder who is an estate or trust) and

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Form 6251, Alternative Minimum Tax Computation.

Line 13

Enter the jobs credit figured by the corporation on Form 5884. The credit is figured at the corporate level and then apportioned to persons who are shareholders of the corporation on the last day of the corporation's tax year.

See Form 5884 for information about the jobs credit.

Write In Credits

Nonconventional Source Fuel Credit

Effective for tax years ending after December 31, 1979, a credit is allowed for the sale of qualified fuels produced from nonconventional sources. Section 44D contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. The credit is figured at the corporate level and then is apportioned to persons who are shareholders of the corporation on the last day of the corporation's tax year.

Attach a separate schedule to the return to show the computation of the credit. Enter the credit below line 13 of Schedule K and write "Nonconventional Source Fuel Credit" next to the amount. Attach a statement to Schedule K-1 (Form 1120S) to show each shareholder's share of the credit.

Alcohol Fuel Credit

Effective for tax years ending after September 30, 1980, a credit is allowed for sale of alcohol fuel or the use of alcohol as a fuel by the corporation. The credit is figured at the corporate level and then apportioned to persons who are shareholders of the corporation on the last day of the corporation's tax year.

Use Form 5478 to figure the credit. Enter the credit below line 13 of Schedule K and write "Alcohol Fuel Credit" next to the amount. The amount of the alcohol fuel credit must be included in the corporation's income. Include the dollar amount of the credit in line 10 of Form 1120S, page 1, and write in the margin next to line 10, the amount of the credit and the words "alcohol fuel credit". Attach a statement to Schedule K-1 (Form 1120S) to show each shareholder's share of the credit.

Unused Credits from Cooperatives

If the corporation is a member of a cooperative that passes an unused regular investment credit, unused energy investment credit, or unused WIN credit, through to its members, enter the corporation's share of the unused credit below line 13 of Schedule K and identify the types of unused credits. If the corporation receives an unused jobs credit from a cooperative, it combines the credit with any other jobs credit it figures on Form 5884 and passes the combined credit through to its shareholders.

The unused credits are apportioned to persons who are shareholders of the corporation on the last day of the corporation's tax year. Attach a statement to Schedule K-1 (Form 1120S) to show each shareholder's share of each unused credit.

Schedule K-1

Shareholder's Share of Undistributed Taxable Income, etc.

Complete a separate Schedule K-1 (Form 1120S) for each shareholder, and file Copy A with Form 1120S.

Under section 6576, there is a \$5 penalty for not giving the identifying number of each shareholder.

Schedule K-1 (Form 1120S) must show complete information for everyone who was a shareholder of the corporation during any part of the tax year.

Substitute forms

Prior IRS approval is not required for (a) a substitute Schedule K-1 that shows only the line items required for use by a taxpayer if these line items have the same numbers and titles and are in the same order as on the comparable IRS Schedule K-1; and (b) a substitute Schedule K-1 that is an exact facsimile of an IRS Schedule K-1. Other substitute Schedules K-1 require prior approval. You may apply for approval of a substitute form by writing to: Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, D.C. 20224, Attention TXR.

Use Form 1099-DIV to report actual dividend distributions totaling \$10 or more to a shareholder during the calendar year.

PART I Income

Line 1

Enter each shareholder's share of undistributed taxable income (or loss) reported on line 8 of Schedule K, page 3, Form 1120S.

Any section 465 activity losses included on line 28 of Form 1120S must be included on line 1, Part I, and also entered on line 3, Part I. The entry on line 3 is only for information purposes to help the shareholder determine how much section 465 activity loss the shareholder may deduct on his or her tax return. See instructions for line 3 for an explanation of section 465 activity loss limitations.

Actual dividend distributions taxable as ordinary income are reported to shareholders on Form 1099-DIV.

Line 2

Enter each shareholder's share of undistributed taxable income reported on line 9 of Schedule K, page 3, Form 1120S. The shareholder must report this amount as "net long-term gain from small business corporations (subchapter S)." See section 1375 and section 1.1375-1 of the regulations concerning special rules applicable to distributions of electing small business corporations.

If a section 465 activity incurs an operating loss for the year, enter each shareholder's

pro rata share of the loss on line 3. If there is more than one activity loss to enter on line 3, attach a schedule listing each loss separately.

For more information concerning section 465 activity loss limitations, see instructions for line 28 of Form 1120S.

Line 4
Enter the amount of loan repayments for loans the corporation borrowed from the shareholder (line 18 of Schedule L of Form 1120S—Loans from shareholders).

PART II Interest on Investment Indebtedness

Each shareholder must be notified of his or her share of interest on investment indebtedness and the applicable items below that were included in figuring the taxable income (or loss) for the corporation: (1) net investment income (or loss); (2) excess expenses over rental income from net lease property; and (3) net capital gain from investment property.

Allocate the interest on investment indebtedness to the period in which the indebtedness was incurred. The periods are: (1) before December 17, 1969; (2) between December 17, 1969 and September 10, 1975; and (3) after September 10, 1975. For more information, see Form 4952.

Combine these items with similar items from other sources to figure the shareholder's limitation on the deduction for interest incurred on investment indebtedness. (See Form 4952 and section 163(d).)

PART III Items of Tax Preference

The shareholders take all items of tax preference into account, along with similar items from other sources, in preparing Form 4625, Computation of Minimum Tax-Individuals (Form 4626 for estates or trusts) and Form 5251, Alternative Minimum Tax Computation. The items of tax preference, except capital gains, are apportioned to each shareholder on a daily basis and not as of the end of the year.

This manner is consistent with the way net operating losses are apportioned under section 1374. (See section 1374 and Instructions for line 30, Form 1120S.)

PART IV Property Eligible for Investment Credit

Enter the shareholder's share of the corporation's investment in certain depreciable property.

In addition to the regular investment credit property reported in Part IV of Schedule K-1, attach a separate schedule showing the shareholder's share of the corporation's investment in qualified energy property.

PART V Property Used in Refiguring an Earlier Year Investment Credit

Notify each shareholder when property is disposed of before the "life years" assigned. Each shareholder must pay back the amount by which the credit taken in an earlier year or years is more than the credit as refigured due to the early disposition of the property. See section 1.47-4 of the regulations and Instructions for Form 4255. For refiguring the investment credit for qualified progress expenditures, see section 47(b)(3).

PART VI Jobs Credit

Shareholders of record on the last day of the tax year may take a tax credit on their individual tax returns for their share of the jobs credit figured by the corporation on Form 5884.

PART VII Other Shareholder Information

Column 3
If the number of shares that a shareholder owns changed during the year, attach a statement showing the number of shares held for each period.

Column 4
Enter the compensation paid to each shareholder. Include any excess contributions to a pension, profit-sharing, etc., plan made on behalf of a shareholder-employee. Excess contributions are those deductible by the corporation under section 404(a)(1), (2), or (3) over the smaller of either:

- 15% of the compensation the shareholder-employee received or accrued from the corporation during its tax year; or
- \$7,500.

A shareholder-employee of the corporation is an employee or officer who owns (or, under section 318(a)(1), is considered to own) more than 5% of the corporation's outstanding stock on any day of its tax year. The excess contribution rule does not apply to contributions to a trust described in section 401(j)(6). (See section 1379(b).)

Credit for Wages Paid or Incurred in a Work Incentive (WIN) Program

Shareholders may take a WIN credit on their return for their share of the WIN program expenses (wages) paid or incurred by the corporation. Generally, the credit is 50% of first-year WIN program wages plus 25% of second-year WIN program wages paid or incurred for services of WIN program employees. For special rules and limitations, see Form 4874 and sections 50A and 50B.

The corporation must attach a statement showing each shareholder's share of the wages of each WIN program employee. This statement must also show each employee's name, social security number, initial date of employment, and first-year or second-year WIN program wages paid or incurred for the tax year.

For more information, get Publication 906, Targeted Jobs and WIN Credits. Shareholders claiming the WIN credit must attach Form 4874 to their returns.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Federal Statistical Policy and Standards, Department of Commerce, to classify enterprises by type of activity in which they are engaged. The system follows closely the

Standard Industrial Classification used to classify establishments.

Using the list below, enter on page 1, under B, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1c, page 1) plus

all other income (lines 4 through 10, page 1). On page 2, under H, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Drain mail products," the principal product or service may be "Cereal preparations."

Agriculture, Forestry, and Fishing

- 0400 Agricultural production, except horticulture
- 0500 Horticulture
- 0600 Aquaculture
- 1000 Fishing
- 1100 Forestry
- 1200 Other agriculture, forestry, and fishing

Construction

- 1500 General building contractors and operative builders
- 1600 Heavy and highway construction
- 1700 Electrical, electronic, and communications construction
- 1800 Other construction

Manufacturing

- 2000 Food and kindred products
- 2100 Meat products
- 2200 Dairy products
- 2300 Preserved fruits and vegetables
- 2400 Grain mill products
- 2500 Bakery products
- 2600 Sugar and confectionery products
- 2700 Malt liquors and malt
- 2800 Alcoholic beverages, except malt liquors and malt
- 2900 Bottled soft drinks, and flavorings
- 3000 Other food and kindred products
- 3100 Textile mill products
- 3200 Textile mill products
- 3300 Apparel and other textile products
- 3400 Men's and boys' clothing
- 3500 Women's and children's clothing
- 3600 Hats, caps, millinery, fur goods, and other apparel and accessories
- 3700 Miscellaneous textile products
- 3800 Lumber and wood products, except furniture
- 3900 Logging camps and logging contractors, sawmills and planing mills
- 4000 Other wood products, including wood buildings and mobile homes
- 4100 Furniture and fixtures
- 4200 Paper and allied products
- 4300 Pulp, paper, and board mills
- 4400 Other paper products
- 4500 Printing, publishing, and allied industries
- 4600 Newspapers
- 4700 Periodicals
- 4800 Books, greeting cards, and stationery
- 4900 Commercial and other printing, and printing trade services

Chemicals and Allied Products

- 2800 Chemicals and allied products
- 2900 Plastics, rubber, and synthetic materials
- 3000 Drugs, chemicals, and allied products
- 3100 Soap, cleaners, and toilet goods
- 3200 Paints and allied products
- 3300 Agricultural and other chemical products
- 3400 Petroleum refining and related industries (including those integrated with extraction)
- 3500 Petroleum refining (including those integrated with extraction)
- 3600 Other petroleum and coal products
- 3700 Rubber and miscellaneous plastics products
- 3800 Rubber products: plastics, footwear, hose and belting
- 3900 Miscellaneous plastics products
- 4000 Leather and leather products
- 4100 Footwear, except rubber
- 4200 Other leather and leather products
- 4300 Stone, glass, and concrete products
- 4400 Glass products
- 4500 Clay, glass, and concrete products
- 4600 Cement, hydraulic
- 4700 Concrete, gypsum, and plaster products
- 4800 Other nonmetallic mineral products

Transportation, Communication, Electric, Gas, and Sanitary Services

- 4000 Railroad transportation
- 4100 Local and interurban passenger transit
- 4200 Water transportation
- 4300 Transportation by air
- 4400 Other transportation services
- 4500 Telephone, telegraph, and radio and communication services
- 4600 Electric, gas, and sanitary services
- 4700 Electric services
- 4800 Gas production and distribution
- 4900 Combination utility services
- 5000 Water supply and other sanitary services

Wholesale Trade

- 5100 Motor vehicles and automotive equipment
- 5200 Furniture and home furnishings
- 5300 Lumber and construction materials
- 5400 Sporting, recreational, photographic, and hobby goods, toys and supplies
- 5500 Metals and minerals, except petroleum and scrap
- 5600 Electrical goods
- 5700 Hardware, plumbing and heating, equipment
- 5800 Other durable goods
- 5900 Paper and paper products
- 6000 Drugs, drug proprietaries, and druggists' sundries
- 6100 Apparel, piece goods, and notions
- 6200 Groceries and related products
- 6300 Farm-product raw materials
- 6400 Chemicals and allied products
- 6500 Petroleum and petroleum products
- 6600 Alcoholic beverages
- 6700 Misc. nondurable goods

Retail Trade

- 5400 Building materials, hardware, garden supply, and mobile home dealers
- 5500 Household appliances
- 5600 Radio, television, and electronic equipment
- 5700 General merchandise stores
- 5800 Grocery stores
- 5900 Other food stores
- 6000 Automotive dealers and service stations
- 6100 Motor vehicle dealers
- 6200 Gasoline service stations
- 6300 Other automotive dealers
- 6400 Apparel and accessory stores
- 6500 Furniture and home furnishings stores
- 6600 Eating and drinking places
- 6700 Misc. retail stores
- 6800 Drug stores and proprietary stores
- 6900 Liquor stores
- 7000 Other misc. retail stores

Finance, Insurance, and Real Estate

- 6000 Banking
- 6100 Mutual savings banks
- 6200 Bank holding companies
- 6300 Banks, except mutual savings banks and bank holding companies
- 6400 Credit agencies other than banks
- 6500 Savings and loan associations
- 6600 Personal credit institutions
- 6700 Business credit institutions
- 6800 Other credit agencies
- 6900 Security, commodity brokers, dealers, exchanges, and services
- 7000 Insurance companies
- 7100 Security brokers, dealers, and flotation companies
- 7200 Insurance agents, brokers, and allied services
- 7300 Insurance
- 7400 Life insurance
- 7500 Mutual insurance, except life
- 7600 Marine and certain fire or flood insurance companies
- 7700 Other insurance companies
- 7800 Insurance agents, brokers, and services
- 7900 Real estate operators (except developers) and lessors of real property
- 8000 Lessors of mining, oil, and other real property
- 8100 Lessors of railroad property and other real property
- 8200 Condominium management and cooperative housing
- 8300 Subdividers and developers
- 8400 Real estate investment companies
- 8500 Real estate investment trusts
- 8600 Small business investment companies
- 8700 Holding and other investment companies, except bank holding companies
- 8800 Services
- 8900 Motels and other lodging places
- 9000 Personal services
- 9100 Business services
- 9200 Advertising
- 9300 Business services, except advertising
- 9400 Auto repair and services; misc. repair services
- 9500 Auto repair and services
- 9600 Misc. repair services
- 9700 Amusement and recreational services
- 9800 Motion picture production, distribution, and services
- 9900 Motion picture theaters
- 9900 Amusement and recreation services, except motion pictures
- 9900 Other services
- 9900 Offices of physicians, including osteopaths
- 9900 Offices of dentists
- 9900 Offices of other health practitioners
- 9900 Nursing and personal care facilities
- 9900 Hospital, laboratories
- 9900 Medical laboratories
- 9900 Other medical services
- 9900 Social services
- 9900 Educational services
- 9900 Architectural and engineering services
- 9900 Membership organizations
- 9900 Accounting, auditing, and bookkeeping
- 9900 Miscellaneous services (including veterinarians)

Form **3468**Department of the Treasury
Internal Revenue Service**Computation of Investment Credit****1980**

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▶ Attach to your tax return.

Name

Identifying number as shown on page 1
of your tax return

Check the box(es) below that apply to you:

- A The corporation elects the basic or basic and matching employee plan percentage under section 48(n)(1) ☐
 B I elect to increase my qualified investment to 100% for certain commuter highway vehicles under section 46(c)(6) ☐
 C I elect to increase my qualified investment by all qualified progress expenditures made this tax year and all later years ☐
 D I claim full credit on certain ships under section 46(g)(3). (See the General Instructions for details.) ☐

1 Use the format below to list your qualified investment in new or used property acquired or constructed and placed in service during the tax year. Also list qualified progress expenditures made during the tax year and qualified rehabilitation expenditures for the year. See the instructions for lines 1(a) through 1(i).
 Note: Include your share of investment in property made by a partnership, estate, trust, small business corporation, or lessor.

Type of property	Line	(1) Life years	(2) Cost or basis	(3) Applicable percentage	(4) Qualified investment (Column 2 x column 3)
New property	(a)	3 or more but less than 5		33 1/3	
	(b)	5 or more but less than 7		66 2/3	
	(c)	7 or more		100	
New commuter highway vehicle	(d)	3 or more		100	
Qualified progress expenditures	(e)	7 or more		100	
	(f)	3 or more but less than 5		33 1/3	
	(g)	5 or more but less than 7		66 2/3	
Used property (See instructions for dollar limits)	(h)	7 or more		100	
	(i)	3 or more		100	

- 2 Qualified investment—Add lines 1(a) through (i) (see General Instructions for special limits)
 3 10% of line 2 (see instruction for line 3 for special limits)
 4 Corporations electing the basic or basic and matching employee plan percentage for contributions to tax credit employee stock ownership plans—Check election box A above (see instruction or line 4).
 (a) Basic 1% credit—Enter 1% of line 2
 (b) Matching credit (not more than 0.5%)—Enter allowable percentage times adjusted line 2 (attach schedule)
 5 Regular investment credit from cooperative
 6 Total—Add lines 3 through 5
 7 Carryover of unused credit(s)
 8 Carryback of unused credit(s)
 9 Tentative regular investment credit—Add lines 6, 7, and 8

- 10 (a) Individuals—Enter amount from Form 1040, line 37, page 2
 (b) Estates and trusts—Enter amount from Form 1041, line 26, page 1
 (c) Corporations—Enter amount from Schedule J (Form 1120), line 3, page 3
 (d) Others—Enter tax before credits from your return
 11 (a) Credit for the elderly (individuals only)
 (b) Foreign tax credit
 (c) Tax on lump-sum distribution from Form 4972 or Form 5544
 (d) Possessions corporation tax credit (corporations only)
 (e) Section 72(m)(5) penalty tax (individuals only)
 12 Total—Add lines 11(a) through (e)
 13 Subtract line 12 from line 10
 14 (a) Enter smaller of line 13 or \$25,000. See instruction for line 14
 (b) If line 13 is more than line 14(a) and you are a 1980 calendar year taxpayer, enter 70% of the excess (if your tax year ends in 1981, enter 80% of the excess). (Railroads, and airlines see instruction for line 14.)

- 15 Regular investment credit limitation—Add lines 14(a) and (b)
 16 Allowed regular investment credit—Enter the smaller of line 9 or line 15
 17 Business energy investment credit limitation—subtract line 16 from line 13
 18 Business energy investment credit (from line 11, Schedule B on page 2)
 19 Allowed business energy investment credit—Enter smaller of line 17 or line 18
 20 Total allowed regular and business energy investment credit—Add lines 16 and 19. Enter here and on Form 1040, line 41; Schedule J (Form 1120), line 4(b), page 3; or the proper line on other returns

Form **3468** (1980)

Form 3468 (1980)

Page **2**

Schedule A If any part of your investment in line 1, page 1, or Schedule B below was made by a partnership, estate, trust, small business corporation, or lessor, complete the following schedule and identify property qualifying for the regular or energy investment credit.

Name (Partnership, estate, trust, etc.)	Address	Property			Life years
		Progress expenditures	New	Used	
		\$	\$	\$	

Schedule B Business Energy Investment Credit (See Instructions for line 18.)

List your qualified investment in new energy property acquired or constructed and placed in service during the tax year. Also list qualified progress expenditures made during the tax year.

Type of Property	(1) Life years	(2) Cost or basis	(3) Applicable percentage	(4) Qualified investment (Column 2 x column 3)
1 (a) Alternative energy property	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(b) Specially defined energy property	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(c) Recycling equipment	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(d) Shale oil equipment	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(e) Equipment for producing natural gas from geopressured brine	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(f) Cogeneration equipment	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(g) Qualified intercity buses	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(h) Total 10% energy investment property (add lines 1(a) through (g))				
2 (a) Qualified hydroelectric generating equipment Nameplate KWH ▶	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(b) Total 11% energy investment property (add line 2(a))				
3 (a) Solar and wind equipment	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(b) Ocean thermal equipment	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(c) Geothermal equipment	3 or more but less than 5		33 1/3	
	5 or more but less than 7		66 2/3	
	7 or more		100	
(d) Total 15% energy investment property (add lines 3(a) through 3(c))				

- 4 Enter 10% of line 1(h) column (4)
 5 Enter 11% of line 2(b) column (4)
 6 Enter 15% of line 3(d) column (4)
 7 Business energy investment credit from cooperative
 8 Current year business energy investment credit—Add lines 4 through 7
 9 Carryover of unused credit(s)
 10 Carryback of unused credit(s)
 11 Tentative business energy investment credit—Add lines 8 through 10. Enter here and on line 18 on page 1

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1980 Department of the Treasury Internal Revenue Service

Instructions for Form 3468 Computation of Investment Credit

(References are to the Internal Revenue Code)

General Instructions

Who Must File.—If you are an individual, estate, trust, or corporation claiming a regular or business energy investment credit, attach Form 3468 to your income tax return.

An estate or trust that divides the qualified investment among itself and its beneficiaries must attach to this form a statement showing each beneficiary's share of the basis of new property, the cost of used property, qualified rehabilitation expenditures, qualified progress expenditures, and the life-years assigned to the property.

Partnerships and small business corporations do not have to file this form because the partners and shareholders claim the credit. However, these entities must complete Schedule K of their return and show the amount of qualified progress expenditures, qualified rehabilitation expenditures, and regular and business energy property investment that will be divided among the partners or shareholders.

If you are a partner, beneficiary, shareholder in a small business corporation, or lessee, be sure to complete Schedule A on page 2 of Form 3468. Attach separate sheets if you need more space.

This credit does not apply to a Domestic International Sales Corporation (DISC). It is not divided among DISC shareholders.

When You May Take the Credit.—You may take the credit for the first year you place qualified property in service, or the year you make qualified progress expenditures. See section 46(d)(4)(F) for exceptions.

Property Defined.—You may take a credit against your tax for investment in the following types of property, provided it is depreciable property with a useful life of 3 years or more. Enter only the business part of the investment in property used both for business and personal use.

(1) Tangible personal property (except certain air-conditioning or heating units, and certain boilers fueled by oil or gas, described in section 48(a)(10)).

(2) Elevators and escalators.

(3) Other tangible property, including certain real property (except certain buildings and their structural components and land) if it is used as an integral part of manufacturing, production, or extraction, etc., or is used as a research facility or bulk storage facility for fungible commodities for these activities.

(4) Livestock (other than horses) if you do not sell or dispose of substantially identical livestock (not subject to recapture tax) during the 1-year period beginning 6 months before the date you got it. Reduce the cost of the livestock by the amount you received on the disposition of the substantially identical livestock.

(5) Certain single-purpose agricultural or horticultural structures as defined in section 48(p).

(6) Rehabilitation expenditures for all types of business and productive buildings which have been in use for at least 20 years (except those used as residences, such as apartments).

Exceptions.—The investment credit does not apply to property that is:

(1) Used mainly outside the United States.

(2) Owned by, leased to, or otherwise used by a tax-exempt organization (other than a section 521 farmer's cooperative) unless the property is used mainly in an unrelated trade or business.

(3) Owned by, leased to, or otherwise used by governmental units.

(4) Used for lodging or for furnishing the lodging unless—

(a) The property is a non-lodging commercial facility, such as a restaurant or drug store, able to be used by the general public; or

(b) The property is used by a hotel or motel; or

(c) The property is a coin-operated vending machine, washing machine, or dryer.

(5) Amortized or depreciated over a 5-year period such as railroad rolling stock, rehabilitation expenditures for low-income rental housing or certain historic structures, or expenditures for child care facilities (see sections 184, 167(k), 191, and 188 respectively).

(6) Acquired or constructed with any "cost-sharing payments" from grants made after September 30, 1979, under any program listed in section 126(a) or by grants or other assistance under the Energy Security Act.

Energy Property Defined.—Energy property is property (including qualified progress expenditures as described above) that is:

(1) Alternative energy property, including biomass, ocean thermal and geothermal property.

(2) Solar or wind energy property.

(3) Specially defined energy property.

(4) Recycling equipment.

(5) Shale oil equipment.

(6) Equipment for producing natural gas from geopressed brine.

(7) Qualified hydroelectric generating property.

(8) Cogeneration equipment installed in an existing facility, but only if the cogeneration energy capacity of the facility is expanded.

(9) Qualified intercity buses.

To qualify for the energy investment credit, energy property must meet the same requirements as regular investment credit property discussed under **Property Defined** above, except for sections 48(a)(1) and 48(a)(3). It must be acquired new and placed in service after September 30, 1978, or its construction, reconstruction, or erection must be completed after September 30, 1978. See sections 48(f)(1) through (17) for details.

If property qualifies for both the regular investment credit and the energy investment credit, you may take both credits. If, however, the property qualifies as more than one kind of energy property, you may only take one energy credit for the property.

Public utility property is not eligible for the energy credit if it is:

(1) alternative energy property, including biomass property;

(2) solar, wind, or geothermal property;

(3) recycling equipment;

(4) specially defined energy property;

(5) cogeneration equipment.

In general, through 1982 the percentage used to figure the energy credit for all energy property financed by industrial development bonds is half the energy percentages specified in section 46(a)(2)(C). However, from 1980 through 1982, use the special rule in section 48(v)(1) (as amended by the Crude Oil Windfall Profit Tax Act of 1980) to figure the credit for energy property, financed by subsidized energy financing or the proceeds of industrial development bonds, that is:

(1) hydroelectric generating equipment;

(2) cogeneration equipment;

(3) intercity buses;

(4) ocean thermal property;

(5) expanded energy credit property listed in section 223(c)(2)(C) of the Crude Oil Windfall Profit Tax Act of 1980.

Solar equipment does not include passive solar equipment.

Specially defined energy property must be installed in connection with an existing industrial or commercial facility. See section 48(i)(10) for the definition of "existing."

If the installed capacity of any hydroelectric generating property is greater than 25 megawatts, the 11% energy credit is allowed for only part of the qualified investment in the property. See section 48(i)(13)(C).

Election for Leased Property.—If you lease property to someone else, you may elect to treat all or part of an investment in new property as if it were made by the person who is leasing it from you. (See section 48(d) and regulations sections 1.48-4(f) and (g) for making the election.) For the limitation on availability of the credit to certain types of property for lease, see section 46(e)(3).

Basis and Cost.—The credit for new property is figured on the basis of the property. The credit for used property is figured on the cost of the property. The cost of used property does not include the basis of any property traded in unless the trade-in caused the recapture of all or part of an investment credit allowed earlier, or a reduction in an investment credit carryback or carryover. You do not have to adjust the basis of new property for additional first-year depreciation or salvage value before

figuring the credit. The useful life of the property for investment credit must be the same as the useful life for depreciation or amortization.

Ships.—You may take an investment credit of half of the regular investment credit for certain vessels. See sections 46(g)(1) through (6) for more information. If you claim the full credit, check block D on page 1 of the form.

Movies and Television Films.—See section 48(k) for special rules on figuring investment credit for movies and television films.

Mutual Savings Institutions, Regulated Investment Companies and Real Estate Investment Trusts.—The qualified investment for investment credit property and the \$25,000 amount in line 14(a) are limited for these organizations. See regulations section 1.46-4 for these limits.

Recapture of Tax on Early Disposition of Property.—If you dispose of property before the life-years category used in figuring regular or energy investment credit, refigure the credit. You may use Form 4235 to figure the tax increase.

Publication 572.—For more detailed information on investment credit, please get Publication 572, Investment Credit.

Specific Instructions

Lines 1(a)–(c). New Property.—On the proper line, enter the basis of new property placed in service during the year. Also, on lines 1(b) and 1(c), enter qualified rehabilitation expenditures. Qualified rehabilitation expenditures are any amounts chargeable to a capital account that are paid or incurred after October 31, 1978, for the rehabilitation of a qualified building. Qualified buildings include all types of business and productive buildings that have been in use for at least 20 years, other than buildings such as apartments which are used for residential purposes. See section 48(g) for definitions and other details.

Lines 1(d) and 1(i).—On line 1(d) for new vehicles, or line 1(i) for used vehicles, enter basis or cost of commuter highway vehicles with a useful life of 3 years or more but less than 7 for which you elect to claim the full investment credit.

Employers may elect under section 46(c)(6) to claim the full investment credit for commuter highway vehicles with a useful life of 3 years or more. Make this election by checking the box for election B at the top of Form 3468. See section 46(c)(6) for a definition of a commuter highway vehicle and other details.

Line 1(e). Qualified Progress Expenditures.—On line 1(e), enter the amount of qualified progress expenditures made in 1980. You may elect under section 46(d) to increase your qualified progress expenditures. Make this election by checking the box for election C at the top of Form 3468. The election applies to all progress expenditure property for the tax year it is made and all later tax years.

Do not take any qualified progress expenditures for the year in which the progress expenditure property is placed in service or for the year for which recapture is required for the property. The investment

credit allowed for the year the property is placed in service is based on the entire qualified investment in the property (reduced by the progress expenditures that were included as qualified investment in earlier years).

Lines 1(f)–(h). Used Property.—On the proper line, enter the cost (subject to the dollar limitation) of used property placed in service during the year. Property you inherited, received as a gift, or acquired from certain related people does not qualify for the investment credit.

In general, the amount of used property that you may take into account may not be more than \$100,000. Determine this amount before applying the percentages based on useful life.

If a husband and wife file separate returns, each may claim up to \$50,000. If one of them has no qualifying used property, the other may claim up to \$100,000.

The amount of used property placed in service by a partnership, small business corporation, estate, or trust that may be taken into account cannot be more than \$100,000. The \$100,000 limitation also applies to each partner, shareholder, and beneficiary.

A controlled group of corporations must divide the \$100,000 limitation among the members of the group. (See section 48(c)(3)(C).) The apportionment is made in the same ratio as the total cost of used property that each member placed in service bears to the total cost of all used property placed in service by all members of the group. Do not consider the \$100,000 limitation and the percentages based on useful life in figuring the ratios.

Divide the amount of qualified investment for an estate or trust among the estate or trust and the beneficiaries. Base the apportionment on the income of the estate or trust allocable to each.

Line 3.—Generally, the percentage is 10% of line 2. However, to the extent basis is attributable to construction before January 22, 1975, the percentage is 7% (4% for public utility property). If you have this property, do not enter the credit on this line. Include it on line 5, and write "7% (or 4%) credit \$....." on the dotted line next to the entry space. Attach a separate computation identifying the property.

Line 4(a).—You may take the basic employee plan credit on line 4(a) if the corporation makes the required contribution of stock or cash to a tax credit employee stock ownership plan. This required contribution must equal at least 1% of the qualified investment (line 2) minus any part of the additional credit carried over to a later year.

A corporation may elect the additional credit by checking the box for election A at the top of Form 3468.

Line 4(b).—The matching employee plan credit on line 4(b) is limited to a maximum of 0.5% multiplied by the qualified investment for investment credit property acquired, constructed, or erected after 1976. See section 46(a)(2)(E).

Line 5. Regular Investment Credit from Cooperative.—Cooperative organizations described in section 1381(a) may claim the regular and energy investment credits. If the cooperative cannot use any regular or energy investment credit because of the

tax liability limitation that applies to each, the unused credit (other than unused credits from tax years ending before November 1, 1978) must be allocated to the patrons of the cooperative. The recapture provisions of section 47 apply as if the cooperative had kept the credit and not allocated it.

Patrons should enter their regular investment credit from a cooperative on line 5. Enter energy investment credit on Schedule B, on line 7.

Lines 7 and 8.—Carryback and Carryover of Unused Credits.—If you cannot use part of a regular investment credit or business energy credit because it is more than the amount allowable, you may carry it back 3 years and forward 7 years. This includes any unused credit created by the carryback of a net operating loss or a net capital loss, or if you lose the benefit of the credit because the Alternative Minimum Tax applies. See Publication 525, Taxable and Nontaxable Income, for more information.

Line 11(c). Tax on Lump-sum Distributions.—If you are an individual, estate, or trust that receives lump-sum distributions from qualified employees' trusts or annuity plans, enter on line 11(c) the amount of partial tax included in line 10. This partial tax is figured on Form 4972 and Form 5344.

Line 14. Limitation.—If the tax liability (line 13) is \$25,000 or less, the investment credit may not be more than the amount of the tax liability.

If the tax liability is more than \$25,000, the credit may not be more than \$25,000 plus 70% of the excess for 1980 calendar year taxpayers (80% for tax years ending in 1981).

If you and your spouse file separate returns and both are entitled to an investment credit, figure the limitation by substituting \$12,500 for the \$25,000 shown in line 14(a).

Controlled corporate groups (see section 46(a)(6)) must divide the \$25,000 among all component members.

An estate or trust must reduce the \$25,000 amount to \$25,000 multiplied by the qualified investment apportioned to the estate or trust, divided by the total qualified investment apportioned among the estate or trust and its beneficiaries.

The alternative limitation under section 46(a)(8) applies to a railroad or an airline if the amount of qualified investment attributed to the property is 25% or more of the total of its qualified investment for the year.

Line 17. Business Energy Investment Credit Limitation.—The energy credit is limited to the tax on line 13 minus the regular investment credit allowed on line 16.

Line 18. Business Energy Investment Credit.—Complete Schedule B on page 2 of the form as follows:

Lines 1–3.—Enter the total basis and total qualified investment for each category of energy property. Figure the basis and qualified investment for property acquired, constructed, or erected during the tax year, and for qualified progress expenditures made during the tax year. See sections 46(c) and (d), 48(f) and 48(m).

Line 7.—See instructions for page 1, line 5.

Lines 9 and 10.—See instructions for page 1, lines 7 and 8.

User Survey

Statistics of Income — 1980 — Corporation Income Tax Returns

Please take a few moments to answer the following questions concerning this *Statistics of Income* publication. Your responses will enable us to direct our efforts to meeting the needs of our users. After indicating your responses, please fold, tape, and mail. No postage is required. Thank you for your assistance.

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- | | | |
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4

Basic Tables

5

Explanation of Terms

6

Forms and Instructions

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User Survey (Form 6839)