Statistics of Income

SOI BULLETIN

Department of the Treasury
Internal Revenue Service

Volume 2, Number 1 Summer 1982

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Publication 1136 (Rev. 7–82)

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This report contains information on: unincorporated business activity, both sole proprietorships and partnerships, for 1980; income paid to and tax withheld from nonresident aliens for 1980; taxpayer usage of the 1981 individual income tax returns; capital asset transactions reported on individual income tax returns, 1973-1980; and third quarter 1981 windfall profit tax liability. In addition, there is an appendix consisting of selected historical data for individuals, corporations, sole proprietorships, and partnerships, as well as data on gross internal revenue collections.

Additional unpublished data concerning these topics are currently available upon request. Further information may be obtained by writing to the Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

Suggested Citation

Internal Revenue Service
Statistics of Income Bulletin,
Summer 1982
Washington, D.C. 1982

For sale by the Superintendent of Documents,
U.S. Government Printing Office,
Washington, D.C. 20402

COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

July 26, 1982

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

Dear Mr. Secretary:

I am transmitting the Summer 1982 issue of the Statistics of Income Bulletin. 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.

Presented in this issue are recent financial and tax data obtained from tax returns and associated supporting schedules. A new feature, commencing with this issue, is the presentation of several statistical time series covering income and tax data from individual, corporation, sole proprietorship, and partnership returns, for selected years from 1970 to 1980, as well as gross internal revenue collections, by type of tax, from 1979 through the first three quarters of Fiscal Year 1982.

With kind regards,

Sincerely,

Roscoe Egger

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Unincorporated Business Activity for 1980

By Robert A. Wilson*

The recession that occurred during 1980 is clearly evidenced in the first tax return statistics on unincorporated businesses for the 1980 Income Year, as profits plummetted sharply after having reached record highs the year before. For sole proprietorships, profits dropped from $60.8 billion to $55.4 billion. For partnerships, the drop was far more pronounced, from $15.2 billion to $8.2 billion.

A more complete picture of the impact of the 1980 recession on the Nation's businesses as indicated by the receipts, deductions and profits they reported on their tax returns will not be possible until later this year, when the first 1980 statistics for corporations become available.

This article deals mainly with partnerships and Table 1 presents the first statistics for 1980 concerning them. In order to complete the picture of unincorporated businesses though, Table 2 presents somewhat similar statistics for sole proprietorships, which are covered in more detail in another Statistics of Income report, now available [1].

MAJOR CHANGES, 1979 VS 1980

Comparisons summarizing the position of partnerships and sole proprietorships for 1979 and 1980 are provided in the table below and show how the number of businesses and the volume of business reported each increased from 1979 to 1980. They also show how profits declined, notwithstanding these increases. In evaluating the data shown, the fact that receipts and profits have slightly different definitions as between the two legal forms of business organization should be kept in mind [2].

Unincorporated Businesses	Income Year 1979	1980	Change
	Number (thousands)		
Sole proprietorships	12,330	12,702	3.0%
Partnerships	1,300	1,380	6.2
	Total Receipts (billions)		
Sole proprietorships	$487.8	$505.9	3.7
Partnerships	258.2	292.0	13.1
	Net Income less Deficit (billions)		
Sole proprietorships	$60.8	$55.4	- 8.9
Partnerships	15.2	8.2	-46.0

As shown below in Figure A, total active partnerships continued to grow in number during 1980 in nearly all industry divisions, even with the recession [3]. Firms classified in the finance, insurance and real estate division continued to dominate the number of partnerships and at an increasing rate that reflected in large part the growth in real estate undertakings. For 1980, businesses in finance, insurance or real estate accounted for about 46 percent of all active partnerships. Five years earlier, they accounted for 41 percent, and ten years earlier, 37 percent.

Figure A. -- Partnerships by Industry

Industry	Number (thousands) 1979	1980
Total	1,300	1,380
Agriculture, forestry and fishing	125	126
Mining	28	35
Construction	75	67
Manufacturing	30	30
Transportation and utilities	20	20
Trade	205	200
Wholesale	32	32
Retail	173	168
Finance, insurance and real estate	577	637
Finance	139	166
Real estate	431	464
Services	239	263

Figure B helps show where the decline in partnership profits occurred.

Figure B. -- Net Income Less Deficit by Industry

Industry	Net Income less Deficit (billions) 1979	1980
Total	$15.2	$8.2
Agriculture, forestry and fishing	1.1	0.5
Mining	-2.5	-4.2
Construction	2.1	1.6
Manufacturing	0.5	-0.5
Transportation and utilities	0.4	0.2
Trade	2.9	2.5
Wholesale	0.9	0.9
Retail	1.9	1.6
Finance, insurance and real estate	-0.5	-4.2
Finance	-0.5	-1.4
Real estate	-1.4	-3.3
Services	11.3	12.4

*Chief, Coordination and Publication Staff. Technical assistance was provided by Patrick Piet, Special Projects Section, Corporation Statistics Branch.

Partnership profits for Income Year 1980 were influenced not only by the recession, but also by increases in the costs and expenses recognized in conducting a business. The deduction claimed for interest paid on business indebtedness was a major factor. Among other effects, the continued rise in interest rates led to another sharp increase in the deduction, up from $21.3 billion for 1979 to $28.4 billion for 1980. The sharp increase in this deduction actually began with 1978, initially contributing to a lower rate of increase in profits (for that year and for 1979), followed by the steep decline witnessed for 1980.

Because many partnerships are engaged primarily in investment activities, it is not surprising that, based on the industries in which it occurred, most of the interest deducted was related to investment projects, rather than to loans or notes to finance the ordinary day-to-day operations of a business or farm. Thus, partnerships in three of the four industries which, together, accounted for 75 percent of the total 1980 interest deduction, were engaged mainly in financial or real estate dealings. The table below shows the interest paid reported for these four industries; the data are presented for 1980 as well as for 1977, the year before the beginning of the rapid rise in the interest deduction.

Industry	Interest Paid (billions) 1977	1980
Total	$13.5	$28.4
Farming	0.8	1.6
Security and commodity brokers and services	0.4	1.4
Holding and investment companies	0.4	2.7
Real estate operators and lessors of builders	8.7	15.6
All other	3.2	7.1

Figure C shows the relationship between partnership interest deductions and profits for the 10 years ending with 1980. The concentration of the interest paid deduction on returns with deficits is unique to partnerships; for corporations and sole proprietorships, those with net income typically account for the majority of the deduction.

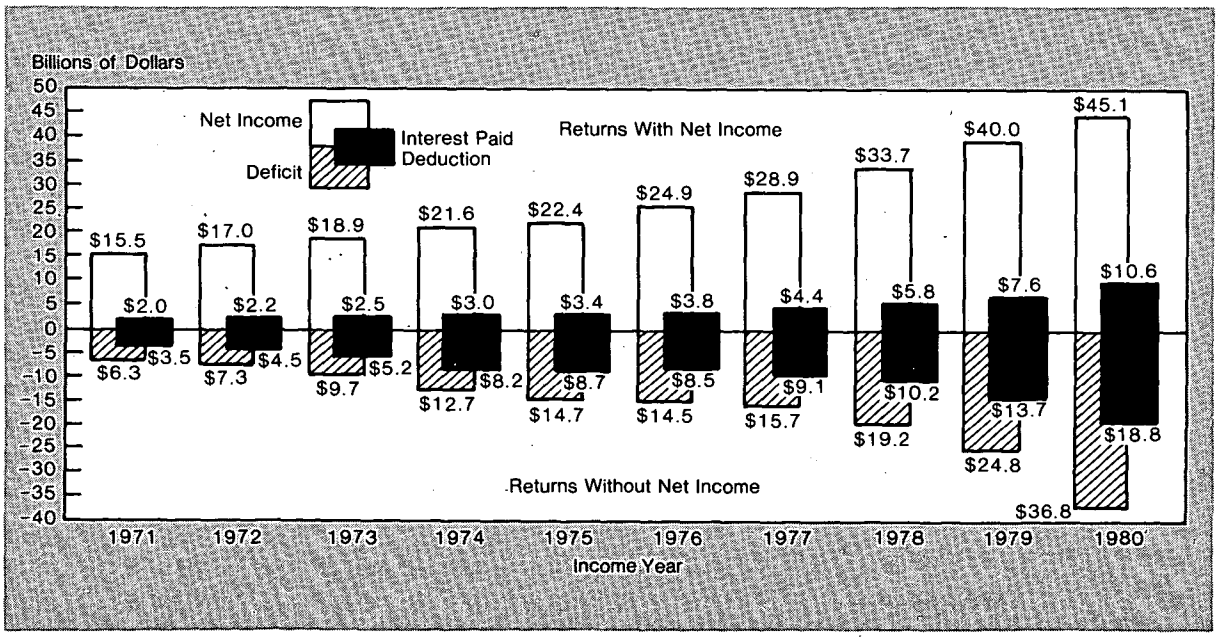
Interest reported as income was only about two-fifths as much as the amount reported as a deduction. Thus, the rising interest rates that led to the increase in the interest deduction had little offsetting effect on the income side of the ledger, which only served to reinforce the downward slide in profits for 1980. This kind of situation can be contrasted with that of the corporate sector which contains most banking and credit institutions and where, as a result, statistics for interest income tend to offset those for interest deducted, with a minimal effect on the total corporate profits data.

Another major deduction for which there was a sizable increase was depreciation, up by more than 20 percent over 1979. The generally more liberal depreciation allowed for tax purposes permitted partnerships to reduce their 1980 profits by nearly $21.6 billion. Real estate operators and lessors of buildings reported the lion's share, $10.8 billion or 50 percent of the total. Farm partnerships were a distant second, with $1.6 billion or 8 percent of the total. These same two industries dominated the depreciation statistics for 1979 as well.

Figure D shows how profits were distributed for 1979 and 1980 as between partnerships with net income and those without. This table helps pinpoint the decline in profits to a marked increase in the total deficit reported by businesses without net income, rather than to a decline in the net income of profit-reporting businesses. The latter's profit continued to grow at a steady pace as evidenced by Figure C. Related to the increased growth in partnership losses was the marked increase in the number of businesses without net income. This increase can be contrasted with the much more

Figure C.

Partnership Net Income and Deficit and Deduction for Interest Paid, 1971-80



moderate increase in the number with net income. The same growth patterns also characterized 1979, although the net result was a slight rise in total profits over the previous year.

Figure D. -- Partnerships with Net Income or Deficit

Partnerships	1979 Number	1980 (thousands)	Change
Total	1,300	1,380	6.2%
With net income	766	774	1.0
Without net income ..	534	605	13.3
	Net Income (billions)		
Total	$15.2	$8.2	-46.0
With net income	40.0	45.1	12.8
Without net income ..	-24.8	-36.8	48.4

The decline in 1980 partnership profits was not accompanied by a decline in overall partnership operating receipts ("Business receipts" in Table 1). On the contrary, receipts rose, although as shown below, at a reduced rate compared to 1979. Receipts for purposes of this table and of Figure E which follows may be compared to "total receipts", shown earlier. The latter, a somewhat larger amount, also includes the income from investments reported by partnerships whose investments were incidental to their principal line of business.

Income Year	Receipts from Operations (billions)	Annual Increase
1976 ...	$157.6	7.9%
1977 ...	176.5	12.0
1978 ...	214.9	21.8
1979 ...	253.0	17.7
1980 ...	286.0	13.4

Figure E shows the change in receipts between 1979 and 1980 by broad industrial groupings.

Figure E. -- Receipts from Operations by Industry

Industry	Receipts from Operations (billions) 1979	1980
Total	$253.0	$286.0
Agriculture, forestry and fishing	20.8	21.6
Mining	9.7	13.2
Construction	19.7	18.4
Manufacturing	13.1	15.3
Transportation and utilities	5.4	5.9
Trade	58.2	65.8
Wholesale	20.5	28.4
Retail	37.7	37.3
Finance, insurance and real estate	76.3	87.1
Finance	21.2	23.4
Real estate	51.8	60.6
Services	49.7	58.6

PARTNERSHIP INDUSTRY HIGHLIGHTS

In the aggregate, the most profitable industry division was services, where both receipts and profits rose, despite the downturn in business for the year. While this pattern was uneven by industry within the services division, the various declines indicated by the more detailed industry statistics shown in Table 1 were more than countered by the increases in two categories, legal services and medical and health services. For legal services, receipts increased from $12.4 billion for 1979 to $14.1 billion for 1980, while profits increased from $5.8 billion to $6.6 billion. For medical and health services, the increases were tied directly to those reported by physician partnerships. Receipts and profits of physician partnerships increased from 1979 to 1980 from $3.9 billion to $5.6 billion and from $1.8 billion to $2.4 billion, respectively.

Agriculture was an example of an industry division where sales increased, but where profits were down considerably compared to 1979. Thus, receipts from farming (which accounted for most of the activity in this division) increased from $18.6 billion to $19.2 billion, while profits dropped almost in half, from $0.9 billion to $0.5 billion. A contributing factor was the interest paid deduction shown above, which increased by about one third over the year before.

Construction witnessed a decrease in both receipts and net income. The combination of increased interest rates and reduced new housing starts during 1980 were undoubtedly factors. The ripple effect of the declines was also apparent in related industries in other industrial divisions, particularly in manufacturing (for lumber and wood; furniture; and stone, clay and glass) and in retail trade (for dealers in building materials, furniture, and home furnishings).

Quite apart from the declines in the construction industry, and in the industries that were dependent on it, were the declines in certain retail trade industries. Sales of automobile dealers dropped and so did their profits, with the latter down from $421 million to $273 million. Profits of general merchandise stores fell from $54 million to $34 million and those of apparel stores, from $115 million to $63 million. Aside from these specific industries, the trade division in total (the sum of wholesalers and retailers) was characterized by increasing sales, but declining profits. However, the increase in sales was due entirely to wholesalers. Retailers taken as a whole experienced a decline in sales as is shown in Figure E above. There were major exceptions, however, within the retail group. Of these, gasoline service stations and grocery stores each showed significant increases in receipts, even though their profit picture was far less favorable.

Unincorporated business is often characterized as being largely comprised of trade and service firms and, of course, most farm businesses are also unincorporated. In contrast, manufacturers, public utilities, and financial institutions are often associated with the corporate form. Partnerships tend to follow the pattern for unincorporated business with large numbers of firms engaged in trade and services, but they are also unique in that they include large numbers of firms classified in finance and especially in real estate. These latter industries are not only the largest in terms of the number of partnerships, but also the largest in terms of partnership receipts.

The effect of finance and real estate can readily be seen from Figure E, which shows that for 1979 and 1980 these two industry groupings accounted for well over one-fourth of all partnership operating receipts. When profits are disaggregated for the two industries, they, too, accounted for a disproportionately large portion of the totals, about one third of the total net income and nearly one half of the total deficit

reported for all partnerships. Three groupings within finance and real estate were responsible for this predominance: within the finance group, security and commodity brokers and services, and holding and other investment companies; and within the real estate group, operators and lessors of buildings.

PARTNERSHIPS AS TAX SHELTERS

A large part of the real estate activity reflected in the statistics may be the result of the higher-than-average incidence of tax shelter arrangements involving limited partnerships that characterize this industry [4]. These arrangements often involve land purchases and the construction, management or operation of office buildings, apartments, or of building complexes such as shopping centers. According to the partnership statistics for real estate, one group, real estate operators and lessors of buildings, accounted for most of the activity: 84 percent of real estate partnerships and 28 percent of all partnerships; 14 percent of the total net income of all partnerships and 27 percent of the total deficit. In addition, the partnerships in this industry reported sizable amounts for depreciation (already noted), $15.6 billion for interest paid (55 percent of the total and 24 percent more than 1979) and about $2.0 billion for net long-term capital gains allocable to partners. Most of these deductions and capital gains showed up on returns of partnerships that reported a loss for the year.

Other industry groups that are known to include above average incidences of tax shelter activities are oil and gas extraction, the largest single industry in mining, and equipment rental and leasing, the largest single industry in the business services category. Oil and gas extraction involves partnership ventures whose results are often highly speculative for all concerned, while equipment leasing usually involves the purchase by a partnership (often using borrowed funds) of equipment for use by a lessee, with attendant benefits to the partnership, the partners, and the lessee.

The receipts and profits of these three activities are given below, for 1980 and 1979, and for 1974, for comparison purposes.

Industry	1974	1979	1980
	(Amounts in billions)		
Real Estate			
Number of partnerships (thousands)	312	431	464
Receipts from operations	$22.8	$51.8	$60.6
Net income less deficit	-3.5	-1.4	-3.3
Net income	2.5	7.0	8.1
Deficit	-6.0	-8.4	-11.4
Oil and Gas Extraction			
Number of partnerships (thousands)	12	24	31
Receipts from operations	$2.2	$6.0	$9.3
Net income less deficit	-0.3	-2.5	-3.7
Net income	0.7	2.5	3.6
Deficit	-1.0	-5.0	-7.3
Equipment rental and leasing			
Number of partnerships (thousands)	8	18	20
Receipts from operations	$0.6	$1.8	$2.2
Net income less deficit	-0.2	-0.2	-0.3
Net income	0.1	0.4	0.4
Deficit	-0.3	-0.6	-0.7

In past years, other popular tax shelters associated with partnerships have included cattle breeding and feeding; production, holding and distribution of motion picture film or television tapes; exploration for specific minerals and natural deposits other than oil and gas; and the development of certain tree crops.

Tax shelter activities often involve use of the partnership form of business. Promoters of specific business ventures often find that the partnership form facilitates the raising of capital (usually obtained from wealthier individuals) for projects that entail some extra degree of risk, but where the rates of return to the investing partners are potentially high in terms of profits and income tax reductions. Also, partnerships are not taxed directly; their profits and losses are passed through to the partners instead [5]. Thus, returns to the partners take the form of shares of the partnerships' profits and losses and, in addition, of any percentage depletion and capital gains or losses, guaranteed payments to partners and other tax benefits, such as the potential for investment tax credits. In general, partnership losses that are deductible by partners are limited (except when they result from the holding of real estate other than mineral property) to the amounts for which partners are individually liable, their so-called investment "at risk." By borrowing, individual partners can generally increase the size of their investment "at risk" to the advantage of both the partnership(for which it means increased capital) and of the partners (for which it means increased interest deductions). Moreover, in the case of limited partnerships, additional capital may also be raised by partnerships borrowing in their own right. Since losses are deductible to the partners, increases in partnership indebtedness allow partners to increase their share of any losses beyond that for which they are individually liable based on their investment contribution to the business.

OTHER INFORMATION

Following tables 1 and 2 is a brief discussion on the sources of the data and their limitations, as well as the notes and references that go along with the article.

Table 1. — Business and Selected Other Receipts, Deductions, Net Income, and Inventory, by Industry

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

Industry	Number of partnerships	Business receipts[1]	Rents	Cost of sales and operations	Guaranteed payments to partners	Depreciation	Amortization	Rent paid	Interest paid	Bad debts	Net income less deficit	Net income	Deficit	Inventory (end-of-year)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All industries	**1,379,654**	**285,967,243**	**1,179,617**	**113,885,668**	**4,746,253**	**21,576,190**	**583,353**	**6,631,627**	**28,362,386**	**392,259**	**8,248,656**	**45,061,756**	**36,813,101**	**14,689,960**
All nonfarm industries	**1,271,560**	**266,793,717**	**1,029,919**	**101,326,901**	**4,541,722**	**19,949,563**	**582,102**	**5,693,794**	**26,750,725**	**384,396**	**7,822,302**	**42,822,646**	**35,000,343**	**14,140,978**
Agriculture, forestry, and fishing	**126,224**	**21,610,584**	**158,366**	**13,725,017**	**262,900**	**1,821,456**	**2,061**	**978,139**	**1,738,249**	**13,165**	**471,548**	**2,538,830**	**2,067,282**	**603,964**
Farms, total	108,094	19,173,526	149,698	12,558,767	204,531	1,626,626	1,251	937,833	1,611,661	7,864	426,353	2,239,110	1,812,757	548,982
Field crop	41,888	6,648,618	72,783	3,747,898	68,812	692,031	176	499,916	614,203	5,526	469,790	1,045,390	575,600	139,032
Vegetable and melon	1,970	703,468	5,381	459,518	7,048	39,578	—	48,531	35,334	—	29,986	76,342	46,356	*172
Fruit and tree nut	9,742	1,321,727	14,093	742,214	22,545	126,408	627	34,649	185,104	*82	−54,409	208,735	263,144	29,045
Horticultural specialty	2,605	316,008	*1,422	173,045	5,037	20,335	*103	3,649	19,575	*124	6,318	34,662	28,344	3,655
Beef cattle feedlots	1,412	938,289	6,273	830,939	*2,810	23,399	*12	24,986	40,106	*200	−27,860	30,554	58,414	83,950
Beef cattle, except feedlots	22,159	3,996,261	31,927	3,089,447	37,673	248,224	312	167,182	358,750	1,478	−147,861	358,392	506,253	229,644
Hogs, sheep, and goats	6,162	990,390	4,655	780,991	5,759	76,115	*(2)	28,040	59,179	*57	−45,344	54,409	99,752	10,409
Dairy farms	17,460	3,355,153	8,367	2,095,290	45,213	326,326	*17	112,481	241,668	*351	244,159	366,192	122,033	30,843
Poultry and eggs	1,113	562,842	1,125	391,509	6,453	33,048	—	6,197	27,235	*31	4,515	21,052	16,537	*7,497
General livestock, except animal specialty	1,119	230,659	*1,556	181,204	*1,461	10,807	—	9,462	18,263	—	−1,123	*27,119	28,241	*13,038
Animal specialty	2,298	98,347	*903	59,029	*1,721	28,215	*5	2,594	11,276	*14	−50,091	14,573	64,664	*1,456
Farms not allocable	*166	*11,764	*1,214	*7,684	—	*2,139	—	*145	*967	—	*−1,728	*1,691	*3,419	*241
Agricultural services	12,510	1,766,541	6,220	907,559	35,115	110,779	526	30,285	57,685	4,108	58,507	212,571	154,064	42,661
Veterinary services	1,418	328,619	*865	51,750	16,051	8,681	*146	8,021	6,869	287	104,841	105,088	247	7,032
Livestock breeding	1,446	210,293	*587	153,419	*1,703	39,855	*3	2,080	19,100	3	−59,553	16,380	75,933	1,585
Animal services, except livestock breeding and veterinary	1,853	88,121	*174	55,939	*1,202	12,126	—	2,507	6,147	1	−22,872	*3,053	25,925	*583
Landscape and horticultural services	4,038	269,994	*746	136,851	*4,594	13,362	*360	5,256	3,686	*48	22,057	34,542	12,485	7,688
Other agricultural services	3,754	869,514	3,849	509,600	11,566	36,735	*16	12,421	21,682	3,769	14,034	53,508	39,474	25,771
Forestry	2,690	219,616	799	95,646	7,114	21,620	*275	4,040	31,731	783	−14,181	27,532	41,712	*1,630
Fishing, hunting, and trapping	2,931	450,900	*1,648	163,045	16,140	62,431	*8	5,982	37,173	410	869	59,617	58,748	10,691
Mining	**35,076**	**13,200,978**	**44,840**	**4,200,658**	**113,427**	**1,276,019**	**58,986**	**202,316**	**697,799**	**3,367**	**−4,208,334**	**3,919,568**	**8,127,902**	**214,557**
Metal mining	1,345	1,682,824	*542	874,024	*4,053	211,493	*4,483	23,497	110,787	*151	−203,740	153,715	357,455	71,816
Coal mining	1,120	1,702,360	4,438	947,459	13,696	149,546	44,102	24,825	93,297	*353	−265,551	124,670	390,221	31,200
Oil and gas extraction	31,405	9,252,091	38,010	2,042,253	91,458	869,425	10,094	133,879	475,063	2,421	−3,693,856	3,577,178	7,271,034	71,949
Nonmetallic minerals, except fuels	1,206	563,703	1,850	336,922	4,219	45,555	*306	20,115	18,653	443	−45,186	64,006	109,192	39,592
Construction	**66,590**	**18,407,210**	**93,675**	**13,131,438**	**341,987**	**357,997**	**11,235**	**117,849**	**486,454**	**17,343**	**1,560,093**	**2,119,434**	**559,340**	**1,626,366**
General building contractors and operative builders	24,472	9,543,769	71,428	7,455,455	123,885	85,706	9,778	32,895	391,471	2,212	715,661	1,006,011	290,350	1,449,816
General building contractors	23,439	7,976,535	44,053	6,319,175	107,373	69,414	4,443	23,391	258,800	1,844	503,985	742,459	238,474	1,083,512
Operative builders	1,032	1,567,233	27,375	1,136,281	16,512	16,291	5,335	9,503	132,671	369	211,676	263,553	51,876	366,304
Heavy construction contractors	3,638	3,537,783	8,284	2,740,008	13,596	94,444	*186	26,224	26,218	2,688	138,836	309,210	170,373	46,651
Highway and street construction	1,448	811,815	2,222	618,447	6,295	27,690	33	6,578	8,751	707	39,203	63,277	24,074	5,771
Heavy construction, except highway	2,189	2,725,969	6,062	2,121,561	7,300	66,753	*153	19,645	17,467	1,982	99,634	245,933	146,299	40,880
Special trade contractors	38,188	5,311,359	13,963	2,934,743	204,507	176,516	669	58,181	68,765	12,442	696,557	795,173	98,617	129,614
Plumbing, heating, and air conditioning	4,479	790,389	1,060	526,701	44,807	13,639	*(2)	4,424	6,658	2,306	71,265	83,359	12,094	31,947
Painting, paper hanging, and decorating	3,895	259,104	*2,352	125,481	17,888	6,611	—	2,244	2,139	*127	56,150	59,519	3,369	*614
Electrical work	3,373	574,542	*4,468	369,711	10,418	9,139	*71	2,743	3,355	*421	101,817	104,421	*2,604	43,163
Masonry, stonework, tile setting, and plastering	6,034	742,629	*1,782	382,274	22,885	19,276	*6	6,826	5,716	*3,496	114,699	141,342	26,643	12,242
Carpentering and flooring	5,060	451,046	*918	227,564	19,902	10,600	*203	5,567	3,524	*338	87,748	89,762	*2,014	10,036
Roofing and sheet metal work	1,480	283,928	*571	158,028	8,732	5,650	*181	1,310	2,551	1,726	45,006	46,578	*1,572	6,524
Concrete work	2,573	396,136	*620	220,311	21,651	20,042	*2	4,509	4,884	*446	27,705	38,451	10,746	*1,750
Water well drilling	704	108,657	*144	43,102	*3,408	6,262	33	*1,125	3,766	*36	22,196	23,164	*968	*3,767
Miscellaneous special trade contractors	10,591	1,704,927	2,049	881,571	54,817	85,297	173	29,432	36,173	3,545	169,969	208,575	38,606	19,571
Contractors not allocable	*293	*14,299	—	*1,232	—	*1,332	*602	*550	—	—	*9,039	*9,039	—	*286
Manufacturing	**30,086**	**15,326,978**	**22,392**	**11,443,875**	**158,553**	**763,980**	**6,293**	**197,053**	**392,393**	**19,473**	**−472,049**	**1,199,078**	**1,671,127**	**1,581,813**
Food and kindred products	1,435	1,929,021	1,134	1,517,283	9,868	42,728	858	8,987	40,039	1,534	33,543	71,640	38,098	187,418
Textile mill products	395	242,727	*181	186,102	*877	4,939	—	2,604	5,215	618	12,762	15,428	*2,666	43,109
Apparel and other textile products	1,884	483,097	*214	324,369	8,908	5,817	19	6,805	4,281	2,436	38,592	45,845	7,253	48,002
Lumber and wood products, except furniture	5,821	1,600,609	8,102	1,075,229	28,757	93,288	1,589	21,461	45,995	998	8,875	109,595	100,720	120,408
Furniture and fixtures	1,061	188,809	7	119,486	*1,968	2,494	*3	5,839	1,904	*234	26,224	27,256	*1,032	20,681
Printing, publishing, and allied industries	7,157	1,113,452	3,402	450,821	24,603	131,825	1,329	27,906	26,484	2,872	37,350	197,628	160,278	42,824
Chemicals and allied products	424	3,213,352	*154	2,749,221	*1,182	314,627	460	47,069	156,250	2,269	−529,334	154,384	683,717	300,430
Leather and leather products	*299	*58,808	*91	*39,150	*1,806	*894	—	*559	*304	—	*6,875	*7,183	*308	*4,001
Stone, clay, and glass products	683	274,429	*4,625	170,338	3,843	12,756	32	2,579	5,575	618	31,905	32,560	*655	17,461
Primary metal industries	153	670,317	62	495,000	*5,944	18,859	*17	3,796	9,011	*830	76,836	88,243	*11,407	58,898
Fabricated metal products	3,188	828,773	1,200	533,921	26,483	27,316	*588	13,700	13,479	1,457	94,732	118,072	23,340	133,704
Machinery, except electrical	1,648	795,827	*173	593,767	15,377	14,930	*9	9,675	24,670	1,783	−15,505	53,039	68,543	151,519
Electrical and electronic equipment	864	344,775	*69	239,402	*1,121	13,368	*248	13,909	8,974	*940	−61,050	17,994	79,043	118,688
Transportation equipment	422	96,506	3	*56,221	*1,099	2,032	2	*1,532	*1,031	*371	20,837	24,593	*3,756	*11,429
Other manufacturing industries	4,650	3,479,626	2,975	2,889,000	26,716	78,092	1,140	30,490	49,181	2,513	−254,783	235,528	490,311	323,240
Manufacturing not allocable	*3	*6,851	—	*4,565	—	*14	—	*143	—	—	*91	*91	—	—

Footnotes at end of table.

Table 1. — Business and Selected Other Receipts, Deductions, Net Income, and Inventory, by Industry — Continued

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

Industry	Number of partnerships	Business receipts[1]	Rents	Cost of sales and operations	Guaranteed payments to partners	Depreciation	Amortization	Rent paid	Interest paid	Bad debts	Net income less deficit	Net income	Deficit	Inventory (end-of-year)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Transportation, communication, electric, gas, and sanitary services	**20,417**	**5,868,413**	**13,718**	**2,196,295**	**78,572**	**892,623**	**8,168**	**101,629**	**389,011**	**10,592**	**248,387**	**1,092,415**	**844,029**	**18,712**
Local and interurban passenger transit	1,238	85,931	668	22,005	*6,557	11,206	—	*1,741	4,193	*7	578	4,803	4,224	*88
Taxicabs	*124	*9,658	*171	*6,261	*958	467	—	*2	*336	—	*-36	—	*36	*36
Other passenger transportation	1,115	76,272	*497	*15,744	*5,598	10,740	—	*1,739	3,857	*7	614	4,803	*4,188	*52
Trucking and warehousing	10,777	1,678,380	5,692	359,005	45,938	167,098	808	40,046	85,287	2,020	116,415	174,874	58,459	6,235
Trucking, local and long distance	9,330	1,422,826	3,251	305,177	43,596	129,400	*522	37,668	40,678	1,627	87,681	131,802	44,121	3,567
Public warehousing and trucking terminals	1,446	255,554	2,442	53,829	2,343	37,698	*286	2,378	44,609	392	28,734	43,072	14,338	*2,668
Water transportation	1,343	567,418	*4,192	215,928	4,661	133,313	82	9,264	105,014	592	-2,863	111,045	113,907	*4,267
Air transportation	1,112	74,881	*198	*8,269	*610	55,665	*29	1,782	26,520	(2)	-69,893	*2,404	72,297	359
Transportation services	2,205	2,033,547	*672	1,076,078	9,787	211,542	393	18,829	59,937	1,266	423,498	547,175	123,676	*153
Passenger transportation arrangement	1,169	438,756	*670	307,425	4,749	4,391	*381	9,332	5,401	436	2,952	*10,413	7,461	*153
Freight transportation arrangement	356	76,229	—	*28,878	*1,457	5,314	*4	*380	2,516	*152	12,523	16,473	*3,951	—
Other transportation services	679	1,518,562	2	739,775	*3,581	201,837	8	9,118	52,021	678	408,024	520,289	112,265	—
Communication	1,811	504,942	1,094	102,523	6,559	105,970	5,409	25,144	59,997	6,146	-32,109	100,540	132,648	*3,013
Electric, gas, and water services	715	694,217	*239	354,904	*3,155	184,208	*309	904	41,023	*284	-224,743	111,287	336,030	*4,407
Sanitary services	1,216	229,096	*963	57,582	*1,304	23,621	*1,138	3,919	7,041	*277	37,502	40,289	*2,787	189
Wholesale and retail trade	**200,273**	**65,793,083**	**124,795**	**51,494,185**	**729,754**	**718,292**	**18,897**	**1,125,840**	**631,344**	**98,683**	**2,474,626**	**3,374,331**	**899,705**	**5,808,549**
Wholesale trade	32,394	28,426,030	33,262	24,946,188	178,331	184,558	1,602	136,710	197,920	38,594	912,899	1,133,269	220,370	1,968,532
Motor vehicles and automotive equipment	2,645	827,088	1,162	580,760	19,109	8,613	*47	11,395	6,738	3,432	65,823	70,762	4,938	154,222
Lumber and construction materials	1,353	784,279	2,364	609,075	10,954	19,240	*7	4,532	11,314	2,458	26,113	35,495	9,382	64,490
Electrical goods	1,397	308,549	*678	229,663	7,956	3,687	—	4,816	1,914	549	-1,786	29,945	*31,731	41,857
Hardware, plumbing, and heating equipment	1,101	321,588	*324	225,874	4,229	2,205	1	4,069	5,787	2,632	31,813	38,518	*6,705	38,834
Farm machinery and equipment	1,630	737,166	2,947	592,337	7,681	6,950	*1	3,243	11,139	966	43,598	48,238	4,640	191,786
Other machinery, equipment, and supplies	3,346	902,774	5,093	637,224	15,210	14,986	4	8,961	11,592	1,817	66,039	78,933	12,894	174,886
Other durable goods	5,939	3,067,143	4,651	2,603,676	28,496	22,771	*205	15,873	25,004	3,055	148,861	176,968	28,107	252,759
Drugs, chemicals, and allied products	1,192	496,644	*1,496	414,964	*8,275	1,613	*24	2,539	2,354	293	18,031	21,315	*3,284	54,501
Apparel, piece goods, and notions	1,960	620,570	*171	420,655	*6,571	3,226	*4	9,273	27,536	2,753	20,252	40,124	19,872	78,561
Groceries and related products	3,178	3,405,877	3,233	2,931,796	21,943	21,780	97	17,536	15,823	3,171	105,458	125,910	20,452	114,062
Farm-product raw materials	1,577	3,435,418	644	3,191,745	10,654	23,003	*284	24,395	30,689	3,520	33,215	58,891	25,676	277,050
Alcoholic beverages	662	926,909	*374	783,006	8,430	7,821	*291	3,823	4,388	93	30,729	32,799	*2,071	57,369
Other nondurable goods	6,177	12,482,779	9,991	11,633,536	28,819	47,629	637	25,135	42,713	13,849	317,969	368,518	50,548	463,326
Wholesalers not allocable	239	109,248	*132	91,878	*4	1,035	*1	*1,121	930	*6	6,783	6,853	*70	*4,829
Retail trade	167,826	37,307,313	91,533	26,502,456	551,065	533,502	17,295	988,203	433,155	60,050	1,557,947	2,236,195	678,247	3,830,062
Building materials, paint, hardware, garden supply, and mobile home dealers	7,215	2,273,154	8,416	1,593,932	47,595	35,538	294	30,007	36,429	8,073	118,656	159,065	40,409	396,660
Lumber and other building materials	2,469	1,025,334	2,702	740,342	12,498	19,042	*36	7,079	15,182	4,997	41,118	59,662	18,544	141,563
Paint, glass, and wallpaper stores	1,006	138,022	*351	83,560	*4,855	1,993	*38	4,887	1,305	*260	14,333	15,075	*742	15,283
Hardware stores	2,482	728,281	2,231	491,226	25,862	7,164	*219	13,786	7,086	2,586	53,157	64,240	11,082	169,888
Retail nurseries and garden supply stores	938	191,218	*410	124,234	3,694	4,979	—	3,070	4,183	*214	5,781	12,781	*7,000	20,998
Mobile home dealers	320	190,300	*2,722	154,571	*686	2,359	1	1,186	8,674	*16	4,266	7,307	*3,041	48,928
General merchandise stores	2,710	784,441	2,586	581,559	11,085	7,855	*31	14,735	8,961	1,271	33,879	47,686	13,806	143,189
Variety stores	743	198,767	669	146,081	1,905	1,948	*14	4,840	2,006	*23	11,594	15,654	*4,060	41,478
Other general merchandise stores	1,967	585,674	1,917	435,478	9,181	5,907	*17	9,895	6,955	1,248	22,285	32,031	9,746	101,712
Food stores	20,535	7,341,731	12,937	5,877,772	59,756	79,072	1,515	92,047	52,619	5,145	280,429	332,556	52,127	418,156
Grocery stores	13,101	6,014,586	10,469	4,921,565	38,281	54,437	685	60,548	35,786	4,635	222,257	249,575	27,318	381,195
Meat and fish markets, including freezer provisioners	2,021	637,132	*230	504,787	7,886	6,423	*14	8,925	5,187	208	32,940	36,352	3,412	12,089
Fruit stores and vegetable markets	769	131,921	—	101,992	*1,840	3,514	*144	2,262	1,173	*17	3,132	7,512	*4,379	4,458
Candy, nut, and confectionery stores	1,026	44,478	*428	24,371	*88	2,065	*398	*3,256	2,541	*1	-2,024	*4,534	*6,558	3,270
Dairy products stores	927	133,214	*97	90,805	*778	4,125	*175	3,023	3,294	*142	3,426	6,958	3,533	3,336
Retail bakeries	1,258	176,903	*552	93,245	6,699	5,032	—	6,894	2,003	*10	12,265	15,552	*3,287	3,274
Miscellaneous food stores	1,432	203,496	*1,160	141,007	4,185	3,476	*99	7,139	2,634	*133	8,433	12,073	3,640	10,534
Automotive dealers and service stations	22,442	9,970,095	12,892	8,404,453	95,145	*67,107	2,015	*116,193	88,799	16,922	272,703	374,104	101,401	849,764
Motor vehicle dealers - new car dealers (franchised)	1,774	1,936,047	3,900	1,674,446	17,747	10,845	*643	13,639	32,118	4,108	17,140	44,826	27,686	326,022
Motor vehicle dealers - used cars only	2,677	821,008	1,033	676,308	11,287	5,337	*18	7,944	12,340	2,670	19,522	31,404	11,881	88,786
Auto and home supply stores	4,110	803,027	*748	562,589	20,164	10,827	*170	16,935	11,071	3,055	36,930	52,470	15,540	135,505
Gasoline service stations	11,569	5,946,756	6,655	5,132,165	42,017	35,382	521	69,657	22,573	6,763	206,741	229,329	22,588	176,441
Boat dealers	863	109,738	*168	74,873	*1,202	1,634	*271	4,033	3,041	*23	-16,434	*2,918	19,352	29,542
Recreational vehicles	*143	*68,540	—	*55,588	*303	*659	—	*1,548	*1,194	*240	*1,569	*2,009	*440	*12,686
Motorcycle dealers	732	139,081	*45	112,946	*1,360	1,189	*29	1,554	3,341	*49	3,909	4,630	*721	45,228
Miscellaneous aircraft and automotive dealers	574	145,897	*343	115,537	*1,066	1,234	*362	884	3,120	*14	3,326	*6,519	*3,193	35,554

Footnotes at end of table.

Table 1. — Business and Selected Other Receipts, Deductions, Net Income, and Inventory, by Industry — Continued

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

Industry	Number of partnerships	Business receipts[1]	Rents	Cost of sales and operations	Guaranteed payments to partners	Depreciation	Amortization	Rent paid	Interest paid	Bad debts	Net income less deficit	Net income	Deficit	Inventory (end-of-year)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Wholesale and retail trade — Continued														
Retail trade — Continued														
Apparel and accessory stores	14,606	1,831,703	8,176	1,187,547	54,872	22,856	1,186	90,874	25,455	5,686	63,234	141,567	78,333	480,392
Men's and boys' clothing and furnishings stores	1,764	333,507	*1,963	210,119	14,298	3,925	*761	12,133	5,696	1,447	13,322	23,336	10,013	91,633
Women's ready-to-wear stores	3,945	370,173	*1,190	240,586	8,823	6,302	*156	24,255	5,294	298	-8,450	24,099	32,549	79,805
Women's accessory and specialty stores	852	126,471	—	84,373	*2,846	975	—	8,522	*521	*99	7,455	9,660	*2,204	23,538
Children's and infant wear stores	872	97,165	*61	63,377	*1,386	836	—	6,635	1,768	*205	1,766	6,792	*5,026	24,075
Family clothing stores	1,641	338,729	*765	219,633	12,390	3,312	*38	11,914	3,622	2,746	18,724	25,249	6,525	113,465
Shoe stores	2,145	282,308	*3,222	180,581	10,920	3,760	*218	14,098	3,726	573	13,179	20,588	*7,409	70,676
Furrier and fur shops	*333	*20,256	—	*14,795	—	*72	—	*327	*84	*3	*4,099	*4,101	*2	*1,652
Other apparel and accessory stores	3,055	263,094	*975	174,084	4,209	3,674	12	12,990	4,744	314	13,138	27,743	14,605	75,548
Furniture and home furnishing stores	12,013	1,899,710	6,416	1,198,634	49,014	23,078	*329	64,371	23,926	7,861	147,056	180,639	33,583	356,338
Furniture stores	3,723	817,656	824	487,928	14,979	9,773	*193	28,961	15,926	5,077	69,558	85,658	16,100	171,711
Floor covering stores	1,462	291,798	*1,341	193,741	9,653	4,143	*96	5,596	2,809	859	22,823	27,781	4,958	49,104
Drapery, curtain and upholstery stores	1,118	48,530	*14	27,818	*127	*706	—	3,533	*371	*148	5,602	*6,239	*637	*2,758
Home furnishings and equipment stores, except appliances	1,671	164,995	*157	103,846	*3,001	1,659	—	7,187	468	*311	7,402	9,271	*1,869	23,039
Household appliance stores	1,635	222,064	*2,648	152,385	5,278	2,648	*40	5,521	1,618	395	14,725	19,333	4,607	44,146
Radio and television stores	1,252	193,777	*259	125,066	13,313	2,017	—	6,047	1,888	431	13,639	17,047	*3,408	29,964
Music stores	1,152	160,889	*1,173	107,851	*2,664	2,131	—	7,526	847	*640	13,307	15,310	*2,003	35,616
Eating and drinking places	37,284	6,822,320	27,887	3,280,649	101,871	200,359	9,442	378,096	120,647	3,409	241,940	473,457	231,517	129,382
Eating places	29,056	6,073,396	21,457	2,907,327	85,046	175,626	8,761	349,711	101,013	2,802	187,956	405,256	217,300	107,497
Drinking places	8,227	748,924	6,430	373,322	16,825	24,733	*681	28,385	19,634	607	53,984	68,201	14,217	21,885
Miscellaneous retail stores	50,878	6,341,011	12,139	4,343,487	131,636	97,217	2,485	201,623	76,104	11,507	395,972	523,044	127,072	1,045,508
Drug stores and proprietary stores	2,581	721,887	3,249	485,617	30,599	5,897	*44	15,427	3,599	1,941	66,314	67,655	*1,342	113,868
Liquor stores	3,347	1,271,121	1,785	1,002,537	13,970	14,673	1,361	23,056	13,256	1,745	57,175	67,111	9,936	109,702
Used merchandise stores	4,632	307,304	*1,687	181,543	*6,966	4,807	*69	18,075	5,563	*423	23,727	37,620	13,893	85,872
Sporting goods and bicycle shops	3,370	346,629	*566	227,519	6,847	4,866	—	7,958	7,581	518	22,603	29,670	7,068	87,702
Book stores	2,015	120,348	*525	75,868	*3,306	1,391	*8	5,695	*771	*84	11,021	12,641	*1,620	31,821
Stationery stores	364	115,090	*30	71,763	*1,610	2,570	—	5,654	961	*75	4,769	5,282	*513	21,592
Jewelry stores	2,081	308,636	*227	168,383	*3,473	4,081	*4	12,812	4,709	1,388	36,660	44,180	*7,520	109,908
Hobby, toy, and game shops	2,431	131,253	*59	96,203	*1,205	1,828	—	7,839	1,318	*578	4,082	9,474	5,391	23,538
Camera and photographic supply stores	570	71,629	—	50,279	*1,933	1,036	—	*2,549	*538	*155	2,637	*4,567	*1,930	8,765
Gift, novelty, and souvenir shops	5,362	374,125	*537	228,623	6,891	6,538	*4	29,528	4,807	799	28,019	37,896	9,877	96,190
Sewing, needlework, and piece goods stores	2,301	117,689	*85	66,844	*14,005	1,363	—	6,998	1,645	—	7,389	8,624	*1,235	34,364
Mail order houses	1,973	219,665	46	148,978	*2,304	749	(2)	1,560	349	364	26,046	29,530	3,484	15,068
Merchandising machine operators	1,486	97,712	*349	61,889	*1,756	6,478	*32	2,017	1,208	*49	5,438	6,806	*1,368	4,816
Direct selling organizations	1,520	27,648	—	14,550	—	*593	—	*835	*100	—	-3,095	*1,780	4,875	*3,466
Fuel and ice dealers, except fuel oil dealers and bottled gas dealers	*145	*39,238	*26	*32,380	*293	*213	—	*155	*39	—	*3,053	*3,387	*334	*336
Fuel oil dealers	351	267,629	*329	234,346	2,148	1,826	*111	1,093	1,021	429	9,068	9,936	*868	12,212
Liquified petroleum gas (bottled gas) dealers	*261	*57,683	*2	*45,217	*477	*2,050	*181	*340	*619	*83	*1,986	*3,278	*1,293	*5,879
Florists	3,444	351,382	*163	186,749	4,867	7,366	*106	13,507	5,362	576	30,559	35,677	5,118	22,394
Cigar stores and stands	*107	*28,820	—	*18,073	*36	*1,770	—	*310	*64	(2)	*2,723	*2,723	—	*1,256
News dealers and newsstands	*631	*30,937	—	*24,506	*1,089	*182	*196	*564	*329	—	*439	*999	*560	*9,304
Other miscellaneous retail stores	11,906	1,334,587	2,475	921,620	27,860	26,941	*369	45,650	22,263	2,299	55,359	104,207	48,848	247,455
Retail trade not allocable	*144	*43,147	*83	*34,422	*91	*421	—	*256	*216	*177	*4,078	*4,078	—	*10,672
Wholesale and retail trade not allocable	*53	*59,740	—	*45,541	*358	*232	—	*927	*269	*39	*3,779	*4,867	*1,088	*9,955
Finance, insurance, and real estate	**637,480**	**87,133,197**	**457,584**	**8,979,661**	**1,079,628**	**11,608,309**	**340,871**	**1,341,338**	**21,549,095**	**135,279**	**-4,248,776**	**15,169,488**	**19,418,264**	**4,174,539**
Finance	165,969	23,379,400	130,440	33,971	462,900	399,447	45,264	196,038	4,284,605	48,149	-1,438,934	6,525,512	7,964,446	212,008
Banking and miscellaneous finance	314	218,993	2,326	—	*1,812	*5,439	—	*5,123	48,516	*639	55,011	*56,636	*1,624	—
Credit agencies other than banks	2,114	210,609	*1,591	*771	7,204	2,918	182	6,295	43,688	5,297	31,004	47,084	16,079	—
Security, commodity brokers, and services	2,069	12,663,076	3,167	*13,570	229,043	17,473	1,857	*92,730	1,449,102	*8,120	-479,077	591,207	1,070,284	1,748
Security underwriting syndicates	187	1,982,271	797	—	*11,880	864	40	22,186	27,521	8	127,649	131,300	3,651	—
Security brokers and dealers, except underwriting syndicates	1,272	9,911,662	*568	5,320	206,760	12,542	1,557	62,614	1,371,323	6,873	-461,447	365,889	827,336	—
Commodity contracts brokers, exchanges, and services	610	769,143	1,802	*8,250	10,402	4,067	260	7,930	50,258	1,238	-145,279	94,018	239,297	1,748
Holding and investment companies	161,471	10,286,722	*123,356	*19,630	224,842	373,616	*43,225	91,891	2,743,300	34,093	-1,045,873	5,830,586	6,876,459	210,260
Investment clubs	11,399	34,439	*604	*35	*732	1,568	*9	*145	4,327	—	-43,341	20,016	63,356	—
Common trust funds	2,365	2,779,693	*481	—	23,118	868	*11	13	29,686	*39	2,682,767	2,696,420	13,654	—
Other holding and investment companies	147,707	7,472,590	122,271	19,595	200,992	371,180	43,205	91,733	2,709,287	34,054	-3,685,299	3,114,149	6,799,449	210,260
Insurance agents, brokers, and service	7,127	3,116,599	6,900	562,009	64,936	18,877	1,527	44,761	14,365	15,941	477,313	519,307	41,994	—
Real estate	464,384	60,637,197	320,244	8,383,681	551,792	11,189,986	294,081	1,100,539	17,250,125	71,188	-3,287,155	8,124,669	11,411,824	3,962,531
Operators and lessors of buildings	390,946	47,236,116	97,092	905,929	383,826	10,773,849	240,312	986,078	15,571,594	61,632	-3,898,031	6,097,003	9,995,034	383,921
Lessors, other than buildings	30,689	1,065,132	18,734	143,922	6,430	152,823	1,899	20,846	230,357	611	194,614	412,475	217,861	127,355
Real estate agents, brokers, and managers	19,043	2,985,239	71,503	1,133,669	75,002	145,349	5,205	56,607	366,359	2,726	76,110	421,213	345,103	371,688
Title abstract companies	*118	*13,670	—	—	*571	*741	—	*75	*250	*8	*5,404	*5,404	—	—
Subdividers and developers, except cemeteries	23,106	9,302,727	131,688	6,195,438	85,140	115,420	46,553	36,288	1,072,530	6,041	339,592	1,185,317	845,726	3,076,023
Cemetery subdividers and developers	*84	*21,328	*1	*3,949	*747	*1,006	*109	*366	*6,512	*171	*-6,243	*275	*6,517	3,521
Combined real estate, insurance, loans, law offices	399	12,985	*1,225	*773	75	*797	3	*278	*2,522	—	*1,399	*2,981	*1,582	24

Footnotes at end of table.

Table 1. — Business and Selected Other Receipts, Deductions, Net Income, and Inventory, by Industry — Continued

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

Industry	Number of partnerships	Business receipts[1]	Rents	Cost of sales and operations	Guaranteed payments to partners	Depreciation	Amortization	Rent paid	Interest paid	Bad debts	Net income less deficit	Net income	Deficit	Inventory (end-of-year)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Services	**263,400**	**58,626,801**	**264,248**	**8,714,538**	**1,981,433**	**4,137,512**	**136,842**	**2,567,463**	**2,478,040**	**94,358**	**12,424,161**	**15,648,612**	**3,224,451**	**661,461**
Hotels and other lodging places	16,040	7,014,224	87,137	1,391,844	67,821	763,095	19,125	211,639	942,425	19,116	-11,400	697,903	709,303	82,707
Hotels	2,117	3,321,031	47,062	841,898	18,271	328,378	13,141	81,009	431,157	9,767	-134,344	275,497	409,841	35,190
Motels, motor hotels, and tourist courts	8,084	3,109,649	38,131	492,056	37,889	338,658	3,507	109,963	404,020	6,422	129,933	344,407	214,475	36,134
Rooming and boarding houses	1,192	107,510	889	*17,778	*819	10,919	*171	8,955	11,279	*31	130	11,606	11,476	5,416
Sporting and recreational camps	737	49,281	—	*4,222	*1,691	5,975	*27	*3,095	*4,056	*2	-9,148	*1,482	10,630	*420
Trailering parks and camp sites	3,444	372,654	*943	28,934	8,695	75,334	*2,277	6,862	84,473	*218	1,110	61,081	59,971	5,434
Organizational hotels and lodging houses, on a membership basis	465	54,099	*112	6,957	456	3,832	3	*1,756	7,439	2,675	919	3,830	*2,910	115
Personal services	25,607	1,661,812	9,727	372,184	102,997	81,303	2,575	111,711	32,935	6,150	222,839	281,302	58,463	29,037
Coin-operated laundries and dry cleaning	2,609	174,872	*3,573	38,838	*6,296	15,607	*310	15,721	7,876	*10	14,581	19,319	4,737	614
Other laundry, cleaning, and garment services	4,005	350,160	*1,302	70,949	12,800	18,592	*601	20,083	6,490	513	46,110	50,231	4,120	3,389
Photographic studios, portrait	1,256	81,440	*49	23,245	*3,679	3,145	*5	1,853	*463	*135	4,434	*7,792	3,357	*3,867
Beauty shops	8,829	387,982	*3,726	85,726	37,043	11,165	*300	37,946	3,652	*49	46,288	58,411	12,122	4,027
Barber shops	2,570	111,448	*393	11,347	26,989	2,167	—	10,958	*720	—	27,746	29,633	*1,887	*443
Funeral service and crematories	1,466	246,015	*242	76,400	8,857	9,873	*581	4,891	5,174	3,116	52,578	59,837	*7,259	11,240
Miscellaneous personal services	4,872	309,894	*442	65,680	7,333	20,755	*779	20,260	8,560	*2,327	31,100	56,080	24,980	5,457
Business services	51,277	5,256,460	42,925	957,534	161,762	1,768,358	6,510	134,259	695,471	6,837	63,531	1,167,958	1,104,427	74,127
Advertising	2,805	368,647	*541	160,969	19,120	8,791	250	13,660	6,071	*254	42,244	70,016	27,772	*421
Services to buildings	5,989	254,832	—	44,475	*13,323	8,305	—	2,985	2,505	*370	-28,217	76,631	104,849	*574
Computer and data processing services	4,020	332,283	*124	72,142	6,093	144,546	*1,343	9,127	22,041	*119	-27,192	61,715	88,907	*4,148
Management and public relations	6,474	955,378	5,117	132,263	58,857	24,116	1,148	30,225	16,430	*1,942	270,551	334,047	63,496	*1,957
Equipment rental and leasing	20,073	2,163,580	34,107	145,171	22,681	1,528,442	1,521	40,760	503,195	2,160	-305,585	429,154	734,739	48,048
Other business services	11,916	1,181,740	3,036	402,514	41,687	54,157	2,248	37,502	145,230	1,993	111,730	196,395	84,665	18,978
Automobile repair and services	22,752	2,415,045	11,109	1,088,780	83,380	180,776	9,690	96,919	109,627	6,588	197,708	317,730	120,021	84,640
Automotive rentals, without drivers	1,970	287,594	*2,513	27,429	4,611	109,931	*6,024	8,810	56,365	1,722	-20,841	23,266	44,106	*2,222
Automobile parking	346	71,521	*2,132	*2,376	*996	3,132	*363	24,506	10,447	*56	11,194	14,531	*3,337	*36
Automotive top and body repair shops	4,825	494,181	1,532	252,125	17,993	9,702	*1,201	12,215	5,335	744	90,096	94,480	4,384	11,700
General automotive repair shops	7,983	820,336	1,832	444,230	35,410	22,896	*130	30,052	11,584	2,607	89,182	104,525	15,343	40,004
Other automotive repair shops	2,783	307,211	*152	134,209	18,069	8,731	*662	10,935	4,272	952	32,957	37,131	4,174	23,352
Automotive services, except repair	4,846	434,202	*2,948	228,411	6,300	26,385	*1,310	10,400	21,625	506	-4,880	43,797	48,677	7,327
Miscellaneous repair services	10,306	809,444	*2,905	398,478	35,043	24,292	*286	23,644	10,087	1,039	119,175	139,346	20,171	54,249
Radio and TV repair shops	1,357	91,441	—	43,706	*9,176	2,717	—	4,310	1,879	*12	13,995	14,829	*834	12,497
Electrical repair shops, except radio and TV	1,571	201,441	*14	107,680	*7,759	4,535	*286	4,526	1,823	*610	23,870	30,272	*6,401	13,699
Reupholstery and furniture repair	1,948	85,948	*310	31,771	*4,412	1,631	—	4,241	615	*18	17,251	18,705	*1,455	1,883
Other miscellaneous repair shops	5,430	430,613	*2,581	215,320	13,697	15,409	—	10,567	5,769	399	64,059	75,540	11,481	26,170
Motion pictures	4,004	1,167,327	14,469	413,850	11,790	395,969	38,032	58,721	53,791	10,932	-130,713	164,451	295,163	21,737
Motion picture production, distribution, and services	3,254	852,027	*606	280,807	7,477	386,190	37,854	18,063	48,229	9,108	-167,536	125,628	293,164	18,400
Motion picture theaters	750	315,300	13,863	133,044	4,313	9,779	*178	40,658	5,562	*1,824	36,824	38,823	*1,999	3,337
Amusement and recreation services, except motion pictures	15,457	2,465,631	12,763	613,472	48,025	206,572	26,704	130,814	146,871	3,177	-89,352	263,287	352,640	48,484
Producers, orchestras, and entertainers	2,159	555,811	*750	182,093	15,484	5,290	*1,661	29,915	3,551	*279	49,156	76,605	27,449	*1,173
Billiard and pool establishments	*145	*3,102	—	*1,285	—	*141	—	*15	*165	—	*-8	*33	*41	*52
Bowling alleys	368	110,780	1,777	19,867	*3,945	8,737	*36	7,831	6,299	*48	3,531	5,969	2,438	1,643
Professional sports clubs and promoters	232	226,210	*137	40,461	*3,440	9,517	14,790	14,626	24,349	193	-61,876	18,180	80,056	*788
Racing, including track operation	4,998	170,740	*1,485	50,606	*1,628	35,478	—	9,203	5,544	*224	-40,933	24,293	65,225	*10,301
Other amusement and recreation services	7,555	1,398,988	8,614	319,160	23,528	147,409	10,216	69,224	106,963	2,432	-39,221	138,208	177,430	34,527
Medical and health services	23,241	9,581,687	24,017	530,235	304,124	175,325	4,238	470,312	147,238	20,242	3,037,490	3,159,782	122,292	9,813
Offices of physicians	10,272	5,578,657	5,645	62,480	205,184	48,608	306	276,583	22,098	3,955	2,364,859	2,372,292	7,433	776
Offices of dentists	3,609	764,547	*1,943	39,806	45,951	19,569	*783	41,458	12,077	*504	247,290	273,207	25,917	*330
Offices of osteopathic physicians	*99	*48,812	—	—	—	*165	—	*2,691	*22	—	*28,520	*28,520	—	—
Offices of chiropractors	*441	*43,808	*657	*1,716	—	*2,142	—	*5,947	*1,153	*730	*16,502	*16,502	—	—
Offices of optometrists	1,724	262,213	*285	76,361	13,150	4,788	*282	11,210	2,076	*453	89,934	91,961	*2,026	4,021
Registered and practical nurses	*7	—	—	—	—	—	—	—	*935	—	*-1,013	—	*1,013	—
Nursing and personal care facilities	1,366	1,360,121	7,780	216,770	12,855	48,946	1,880	67,260	71,929	7,592	31,323	60,782	29,459	*487
Hospitals	107	614,688	5,460	*36,176	*2,990	15,186	613	16,339	20,198	6,199	25,020	39,370	14,350	517
Medical laboratories	1,552	339,329	*3	32,161	*5,207	10,376	*84	16,217	5,629	*346	86,842	102,319	*15,478	*835
Dental laboratories	763	68,032	—	16,536	—	1,639	*4	2,699	*293	—	25,956	27,617	*1,661	*625
Other medical and health services	3,302	501,477	*2,245	48,228	18,786	23,906	*287	29,908	10,828	*464	122,257	147,212	24,955	2,222
Legal services	29,524	14,125,458	31,529	122,121	362,743	222,170	3,371	814,309	75,977	10,252	6,596,160	6,634,379	38,219	—
Educational services	3,448	148,569	*1,652	10,529	*10,496	5,529	*117	5,794	3,293	*36	34,127	38,986	4,859	*382
Engineering and architectural services	6,675	2,878,190	2,282	782,497	129,726	33,216	301	85,277	16,757	2,173	447,074	457,569	10,496	9,619
Accounting, auditing, and bookkeeping services	13,011	7,077,452	*6,046	*81,948	567,207	112,525	21,188	328,265	62,654	4,705	1,672,708	1,696,677	23,968	*2,382
Certified public accountants	8,228	6,583,430	3,238	76,137	495,151	99,507	18,101	303,220	55,409	4,669	1,572,190	1,592,573	20,383	*2,382
Other accounting, auditing, and bookkeeping services	4,783	494,022	*2,808	*5,811	72,057	13,018	*3,087	25,044	7,245	*36	100,519	104,104	3,585	—
Other services	42,057	4,025,504	17,687	1,951,067	96,322	168,382	4,705	95,800	180,915	3,110	264,814	629,243	364,429	244,283
Nature of business not allocable	***107**	—	—	—	—	—	—	—	—	—	***-1,000**	—	***1,000**	—

*This estimate should be used with caution because of the small number of sample returns on which it was based.
[1]Total receipts for industries in Finance, insurance, and real estate, and business receipts for all other industries. Total receipts is the sum of business receipts plus receipts from investments.
[2]Less than $500.
NOTE: Detail may not add to total because of rounding.

Table 2. — Sole Proprietorship Businesses: Business Receipts, Selected Deductions, and Net Income, by Industry.

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

Industry	Businesses with and without net income							Businesses with net income						
	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income (less deficit)	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All industries	**12,701,597**	**505,884,882**	**25,796,183**	**10,102,834**	**16,241,787**	**41,985,964**	**55,449,987**	**8,215,438**	**408,732,113**	**15,343,781**	**7,528,124**	**8,087,257**	**33,160,406**	**80,306,493**
All nonfarm industries	**9,730,019**	**411,205,713**	**13,952,703**	**7,672,459**	**7,190,257**	**37,483,041**	**54,947,219**	**6,767,006**	**347,821,195**	**9,184,339**	**6,006,302**	**4,219,486**	**30,757,452**	**68,010,051**
Agriculture, forestry, and fishing	**3,279,306**	**101,112,780**	**12,531,688**	**2,563,754**	**9,291,334**	**5,390,911**	**1,279,306**	**1,622,531**	**66,026,208**	**6,497,750**	**1,618,709**	**3,996,650**	**3,136,497**	**13,727,448**
Farms, total	2,971,578	94,679,168	11,843,481	2,430,375	9,051,530	4,502,923	502,768	1,448,432	60,910,919	6,159,442	1,521,821	3,867,771	2,402,955	12,296,442
Field crop	1,309,126	41,883,693	5,961,219	1,368,880	4,328,284	1,794,008	3,571,124	848,584	30,303,517	3,525,107	965,131	2,100,477	1,018,886	7,579,818
Vegetable and melon	61,785	2,679,434	220,448	74,976	126,986	293,850	100,517	24,509	1,901,741	131,538	47,357	51,738	181,365	311,268
Fruit and tree nut	89,184	2,435,023	273,990	103,434	212,726	507,908	- 78,360	33,366	1,487,562	106,682	50,159	68,497	249,470	428,252
Horticultural specialty	17,516	611,355	30,657	17,857	38,497	123,899	60,234	13,232	562,786	25,028	14,592	37,677	113,164	74,654
Beef cattle feedlots	10,257	1,602,234	54,814	6,453	134 042	58,425	- 91,303	2,183	488,321	9,218	1,297	19,771	8,799	29,189
Beef cattle, except feedlots	650,923	19,981,318	2,068,529	372,249	1,881,480	572,257	- 2,106,508	224,187	9,877,893	663,789	152,395	573,905	156,175	1,254,426
Hogs, sheep, and goats	253,718	6,567,835	764,912	104,789	602,912	144,450	- 523,863	85,469	4,058,581	342,540	63,251	239,688	56,071	569,947
Dairy farms	174,905	11,452,010	1,557,806	207,181	1,110,867	661,016	768,412	115,214	8,461,532	1,059,062	144,949	653,499	458,897	1,328,282
Poultry and eggs	43,028	1,659,879	206,253	25,363	134,458	142,601	- 36,560	16,359	1,040,176	87,698	15,797	46,919	97,522	122,841
General livestock, except animal specialty	85,579	3,978,456	249,522	39,983	253,895	54,022	- 359,073	16,174	1,617,910	74,717	14,561	43,342	15,048	165,692
Animal specialty	83,610	858,845	197,798	25,070	101,760	80,870	- 439,343	18,515	402,878	40,838	6,181	11,800	22,427	74,467
Farms not allocable	182,947	969,087	257,532	84,141	125,621	69,617	- 362,509	50,640	708,022	93,225	46,152	20,458	25,131	357,605
Farms, operators only, total	2,549,510	89,562,459	11,450,072	1,957,846	8,774,810	4,422,204	- 1,613,745	1,097,216	56,127,645	5,867,992	1,103,609	3,724,124	2,332,030	9,932,942
Field crop	954,930	37,679,151	5,678,493	976,358	4,102,730	1,753,438	1,690,567	542,426	26,301,856	3,297,318	611,335	1,970,988	982,340	5,533,902
Vegetable and melon	55,185	2,586,270	205,068	67,189	123,586	293,155	76,496	19,170	1,841,457	127,926	41,494	51,676	181,354	282,155
Fruit and tree nut	87,192	2,397,060	270,286	102,554	210,264	502,285	- 93,853	32,080	1,450,705	103,999	49,337	67,140	244,157	409,669
Horticultural specialty	**	**	**	**	**	**	**	13,136	498,573	21,938	14,225	37,677	86,640	63,529
Beef cattle feedlots	**	**	**	**	**	**	**	2,183	488,321	9,218	1,297	19,771	8,799	29,189
Beef cattle, except feedlots	650,974	19,864,100	2,052,384	365,769	1,876,745	570,062	- 2,145,905	218,847	9,783,321	657,797	146,959	572,832	154,201	1,205,269
Hogs, sheep, and goats	249,079	6,348,281	755,347	94,410	600,194	144,399	- 548,860	81,647	3,855,150	336,295	53,271	238,368	56,071	537,199
Dairy farms	174,165	11,445,442	1,555,904	206,710	1,110,213	660,768	767,839	114,476	8,455,157	1,057,214	144,480	652,880	458,683	1,327,561
Poultry and eggs	42,543	1,659,871	206,219	25,363	134,458	142,601	- 35,986	16,359	1,040,176	87,698	15,797	46,919	97,522	122,841
General livestock, except animal specialty	85,579	3,978,456	249,522	39,983	253,895	54,022	- 359,073	16,174	1,617,910	74,717	14,561	43,342	15,048	165,692
Animal specialty	81,749	854,698	195,964	24,576	101,760	79,528	- 437,020	16,877	401,390	40,838	6,181	11,800	22,427	72,980
Farms not allocable	140,440	599,792	198,538	31,004	88,446	66,149	- 485,904	23,841	393,628	53,035	4,673	10,731	24,790	182,955
Farms, landlords only, total	422,068	5,116,709	393,409	472,529	276,719	80,719	2,116,513	351,216	4,783,274	291,449	418,212	143,647	70,924	2,363,501
Field crop	354,196	4,204,542	282,726	392,522	225,555	40,570	1,880,557	306,158	4,001,661	227,789	353,796	129,489	36,546	2,045,916
Vegetable and melon	6,600	93,164	15,381	7,787	*3,401	*695	24,021	5,339	60,283	*3,612	5,863	*61	*11	29,113
Fruit and tree nut	1,992	37,963	3,705	881	2,461	*5,622	15,493	1,286	36,857	2,683	822	*1,357	*5,313	18,583
Horticultural specialty	**	**	**	**	**	**	**	*96	*64,212	*3,090	*367	—	*26,525	*11,125
Beef cattle feedlots	**	**	**	**	**	**	**	—	—	—	—	—	—	—
Beef cattle, except feedlots	8,949	117,217	16,144	6,481	4,735	2,195	39,397	5,340	94,573	5,992	5,436	1,074	1,973	49,157
Hogs, sheep, and goats	*4,639	*219,554	*9,566	*10,379	*2,718	*51	*24,997	*3,822	*203,431	*6,245	*9,980	*1,320	—	*32,748
Dairy farms	*740	*6,567	*1,902	*471	*654	*248	*573	*738	*6,376	*1,847	*468	*619	*214	*721
Poultry and eggs	*485	*9	*33	*	—	*	*- 574	—	—	—	—	—	—	—
General livestock, except animal specialty	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Animal specialty	*1,861	*4,148	*1,834	*494	—	*1,342	*- 2,324	*1,638	*1,487	—	—	—	—	*1,487
Farms not allocable	42,507	369,295	58,995	53,137	37,175	3,468	123,395	26,799	314,394	40,190	41,479	9,727	*342	174,650
Agricultural services	214,066	4,861,885	483,167	104,154	189,358	673,825	572,651	125,086	3,996,486	260,665	78,967	112,895	563,769	1,004,691
Veterinary services	11,770	945,591	49,606	21,999	29,729	151,522	297,518	9,121	898,907	37,764	21,620	23,155	147,820	308,983
Livestock breeding	11,123	87,359	14,736	603	3,450	2,287	- 39,049	1,028	60,810	*782	*184	*58	*757	16,890
Animal services, except livestock breeding and veterinary	55,207	605,742	82,210	10,123	20,091	66,607	- 86,913	19,370	419,269	14,684	6,509	9,550	52,252	103,745
Landscape and horticultural services	96,436	1,820,176	157,424	42,770	45,543	253,259	324,798	69,854	1,536,220	103,846	30,818	26,237	196,019	396,451
Other agricultural services	39,530	1,403,016	179,192	28,660	90,544	200,150	76,297	25,713	1,081,280	103,589	19,836	53,895	166,921	178,623
Forestry	15,396	287,571	22,091	10,451	7,633	91,626	13	5,221	226,708	9,131	7,401	2,299	78,501	50,378
Fishing, hunting, and trapping	78,266	1,284,156	182,949	18,773	42,813	122,536	203,874	43,792	892,095	68,512	10,519	13,685	91,272	375,936
Mining	**119,763**	**8,567,096**	**514,680**	**689,260**	**272,572**	**388,403**	**294,773**	**54,994**	**6,616,209**	**305,955**	**532,305**	**132,499**	**252,089**	**1,546,603**
Metal mining	7,708	71,731	10,287	2,745	5,935	7,325	- 117,616	837	56,596	3,368	1,893	2,013	*485	13,530
Coal mining	3,640	785,635	68,645	23,090	16,050	136,836	- 9,381	1,529	537,302	39,742	16,291	8,015	79,429	54,651
Oil and gas extraction	105,127	7,536,124	417,819	656,042	244,646	221,291	431,474	50,867	5,896,052	252,701	508,691	120,431	160,121	1,453,028
Nonmetallic minerals, except fuels	3,288	173,606	17,929	7,383	5,941	22,951	- 9,704	1,761	126,259	10,144	5,430	2,040	12,053	25,394

Footnotes at end of table.

Table 2. — Sole Proprietorship Businesses: Business Receipts, Selected Deductions, and Net Income, by Industry — Continued

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

Industry	Businesses with and without net income							Businesses with net income						
	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income (less deficit)	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Construction	**1,073,301**	**47,834,507**	**1,800,346**	**809,618**	**834,150**	**7,028,072**	**7,460,876**	**892,691**	**42,064,443**	**1,359,505**	**696,908**	**567,344**	**6,061,126**	**8,276,824**
General building contractors and operative builders	226,326	16,897,953	405,704	235,558	360,009	2,114,842	1,654,471	168,703	14,108,279	270,394	187,378	216,080	1,772,329	1,999,762
General building contractors	223,505	16,629,499	400,771	232,334	338,743	2,103,767	1,632,066	166,995	13,911,790	268,020	186,105	206,724	1,762,896	1,961,011
Operative builders	2,821	268,454	4,932	3,225	21,266	11,075	22,406	1,708	196,488	2,373	1,272	9,356	*9,433	38,752
Heavy construction contractors	29,177	2,181,648	226,422	46,548	77,885	321,237	223,457	22,128	1,879,266	184,555	39,259	59,999	269,879	282,856
Highway and street construction	8,718	1,126,437	116,999	26,051	36,014	194,541	83,935	7,464	980,742	103,234	23,338	31,984	173,102	101,358
Heavy construction, except highway	20,459	1,055,210	109,422	20,497	41,872	126,696	139,522	14,664	898,524	81,321	15,920	28,015	96,776	181,498
Special trade contractors	773,446	27,296,045	1,104,103	502,480	369,296	4,258,112	5,342,312	664,554	24,974,136	866,091	452,270	272,435	3,777,368	5,722,902
Plumbing, heating, and air conditioning	78,447	4,578,010	144,517	91,261	49,102	686,603	684,278	64,280	4,278,038	115,423	86,765	41,410	628,346	729,188
Painting, paper hanging, and decorating	125,632	3,091,539	90,266	71,840	28,504	616,244	731,805	113,846	2,838,918	75,197	65,004	23,179	533,643	761,612
Electrical work	54,581	2,605,145	78,969	57,446	25,629	409,837	380,153	43,631	2,310,836	61,801	49,710	20,179	342,739	424,649
Masonry, stonework, tile setting, and plastering	78,967	3,689,486	90,217	81,214	33,149	810,213	671,978	71,135	3,374,677	79,419	73,082	29,698	705,089	704,231
Carpentering and flooring	241,738	4,681,932	155,215	36,225	51,962	394,916	1,390,068	218,562	4,352,467	118,092	30,880	35,171	358,310	1,461,419
Roofing and sheet metal work	43,169	1,794,364	49,052	20,581	11,812	275,877	332,916	37,951	1,621,501	39,548	18,340	9,316	248,148	349,398
Concrete work	14,623	931,099	42,809	20,218	10,868	187,071	155,776	12,429	889,464	38,813	18,839	10,360	178,138	159,173
Water well drilling	8,509	571,622	46,188	8,996	9,952	49,801	81,860	7,149	532,345	38,417	8,301	8,707	46,245	95,806
Miscellaneous special trade contractors	127,780	5,352,848	406,871	114,699	148,320	827,549	913,477	95,571	4,775,891	299,383	101,348	94,416	736,711	1,037,426
Contractors not allocable	44,352	1,458,861	64,117	25,031	26,960	333,882	240,636	37,306	1,102,763	38,465	18,003	18,830	241,550	271,304
Manufacturing	**296,216**	**14,846,538**	**841,104**	**339,909**	**268,433**	**2,692,415**	**1,673,759**	**190,698**	**12,763,831**	**606,075**	**282,425**	**183,739**	**2,288,268**	**2,178,893**
Food and kindred products	4,769	872,650	18,105	9,410	6,933	77,280	46,509	3,510	701,814	13,724	7,281	4,032	62,082	55,576
Textile mill products	5,896	254,660	6,385	5,857	690	46,069	34,044	4,507	250,763	5,168	5,728	*618	44,962	39,884
Apparel and other textile products	11,776	672,088	17,526	34,177	3,250	306,849	62,389	7,665	539,266	9,955	29,414	1,877	246,997	80,011
Lumber and wood products, except furniture	73,976	4,243,968	355,957	92,359	117,505	666,177	392,040	53,882	3,559,475	276,180	77,132	83,524	561,090	506,280
Furniture and fixtures	6,033	363,146	9,173	4,222	3,534	62,750	26,469	4,259	323,988	7,613	4,030	3,146	55,971	35,329
Printing, publishing, and allied industries	53,985	2,610,123	125,260	59,653	30,940	442,545	402,769	33,865	2,422,380	93,648	56,317	22,943	419,523	476,123
Chemicals and allied products	2,268	119,857	9,236	1,454	2,233	*6,239	15,108	1,393	84,571	*4,275	*719	*639	*4,020	26,028
Leather and leather products	1,031	33,916	*914	*432	*759	*3,619	976	*91	*28,196	*194	*197	*370	*2,846	*2,480
Stone, clay, and glass products	22,240	629,563	36,691	22,044	14,082	105,282	668	7,725	398,963	18,325	14,317	5,421	66,357	49,757
Primary metal industries	1,384	181,956	5,559	2,016	2,562	26,033	18,854	451	156,050	4,075	1,764	1,937	19,541	23,468
Fabricated metal products	16,126	802,703	33,848	14,228	11,481	144,950	144,391	9,805	762,553	25,855	13,203	8,216	137,506	164,847
Machinery, except electrical	28,936	1,854,889	135,457	48,856	37,000	484,654	250,242	21,144	1,556,706	96,985	31,417	27,498	392,394	293,821
Electrical and electronic equipment	7,181	260,023	19,271	3,640	8,848	43,093	11,169	3,366	211,634	4,103	2,302	2,115	35,480	51,236
Transportation equipment	3,868	222,386	5,732	6,779	3,469	23,976	24,815	2,326	217,028	3,785	6,646	3,453	23,255	30,567
Other manufacturing industries	51,478	1,663,775	56,907	34,333	24,612	252,891	229,676	33,365	1,499,008	41,284	31,562	17,729	216,235	322,694
Manufacturing not allocable	5,269	60,834	5,086	*450	*535	*8	13,642	3,344	51,435	*905	*396	*222	*8	20,792
Transportation, communication, electric, gas, and sanitary services	**438,795**	**19,965,525**	**1,864,611**	**502,961**	**636,785**	**1,767,043**	**1,995,557**	**306,484**	**15,607,625**	**1,178,554**	**365,822**	**381,342**	**1,274,147**	**2,737,117**
Local and interurban passenger transit	43,315	1,045,595	78,834	25,844	21,248	158,953	159,259	34,422	825,747	50,636	20,787	15,913	105,435	196,224
Taxicabs	26,937	487,631	25,483	11,121	5,431	62,133	92,839	21,100	402,900	17,423	10,533	5,031	61,531	106,493
Other passenger transportation	16,378	557,964	53,351	14,723	15,817	96,819	66,420	13,322	422,846	33,213	10,254	10,882	43,903	89,730
Trucking and warehousing	322,302	16,233,355	1,574,832	428,555	529,724	1,319,881	1,672,266	232,416	12,647,555	1,030,012	306,495	330,042	925,970	2,194,926
Trucking, local and long distance	316,871	15,746,790	1,560,917	419,047	516,792	1,273,794	1,633,576	228,102	12,263,428	1,018,610	299,201	321,177	887,471	2,150,392
Public warehousing and trucking terminals	5,431	486,564	13,915	9,508	12,933	46,087	38,690	4,314	384,127	11,402	7,293	8,865	38,499	44,533
Water transportation	11,776	367,419	52,640	4,210	31,785	25,718	10,446	5,340	272,166	21,499	3,324	9,354	24,617	61,456
Air transportation	9,131	301,000	42,024	11,529	16,702	43,197	-24,411	4,789	178,833	10,562	5,859	3,961	29,818	24,245
Transportation services	19,098	1,252,141	27,754	13,811	17,626	102,479	104,510	12,916	1,007,253	14,178	11,891	10,117	84,425	133,369
Passenger transportation arrangement	11,356	790,524	5,273	6,995	6,648	65,684	43,473	7,070	614,430	3,035	5,783	4,586	55,709	57,162
Freight transportation arrangement	1,719	255,020	7,484	3,203	4,264	14,897	30,954	1,465	232,694	4,258	2,796	2,247	13,682	36,162
Other transportation services	6,023	206,597	14,996	3,613	6,714	21,899	30,084	4,381	160,129	6,885	3,312	3,284	*15,033	40,044
Communication	5,512	124,902	26,435	2,821	5,408	21,207	-3,131	2,785	99,638	7,309	2,070	768	17,334	23,753
Electric, gas, and water services	2,615	139,960	6,384	*2,165	*536	*5,135	14,638	1,570	136,795	5,317	*2,164	*499	*5,022	15,480
Sanitary services	25,046	501,154	55,708	14,027	13,757	90,473	61,980	12,246	439,638	39,041	13,232	10,687	81,527	87,665

Footnotes at end of table.

Table 2. — Sole Proprietorship Businesses: Business Receipts, Selected Deductions, and Net Income, by Industry — Continued

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

Industry	Businesses with and without net income							Businesses with net income						
	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income (less deficit)	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Wholesale and retail trade	**2,527,084**	**202,283,802**	**2,969,860**	**3,148,363**	**1,950,693**	**12,552,143**	**9,375,330**	**1,447,271**	**167,544,586**	**2,034,297**	**2,416,332**	**1,224,047**	**9,749,581**	**13,427,535**
Wholesale trade	329,754	42,653,889	532,365	336,067	313,103	1,629,046	3,127,157	244,945	36,467,437	402,704	269,292	212,337	1,351,254	3,606,514
Motor vehicles and automotive equipment	14,709	2,284,954	18,516	12,968	14,619	133,878	135,214	10,429	1,859,308	13,008	10,935	8,947	122,701	152,357
Lumber and construction materials	10,179	1,044,933	23,012	10,706	12,897	58,859	81,196	8,120	871,640	17,053	8,364	8,542	44,966	89,358
Electrical goods	7,807	653,135	13,169	5,469	12,366	38,316	53,355	5,557	468,128	7,067	4,095	3,640	25,699	68,750
Hardware, plumbing, and heating equipment	7,294	859,674	13,461	15,751	12,474	78,151	77,832	5,060	632,651	6,855	9,815	5,871	52,682	87,192
Farm machinery and equipment	10,180	1,827,416	25,495	16,428	24,399	89,053	61,250	6,892	1,530,176	18,084	13,041	16,775	73,091	89,161
Other machinery, equipment, and supplies	24,951	2,712,292	56,128	33,937	33,158	157,862	339,315	20,464	2,489,937	45,480	28,885	25,644	143,294	370,919
Other durable goods	48,982	5,074,851	67,092	35,098	35,997	183,636	476,441	36,229	4,540,920	58,580	32,448	24,982	177,728	545,274
Drugs, chemicals, and allied products	13,761	844,327	8,948	5,180	2,171	69,813	127,707	8,904	791,629	7,036	4,749	1,614	68,826	138,237
Apparel, piece goods, and notions	13,427	733,923	8,897	4,420	4,599	30,350	139,342	10,511	652,843	5,636	2,170	3,794	7,733	148,896
Groceries and related products	35,235	7,482,198	85,643	44,568	31,983	341,102	388,068	29,382	6,914,838	76,151	40,269	26,926	317,000	412,649
Farm-product raw materials	11,932	5,998,199	40,886	10,967	35,144	49,060	36,714	5,957	4,362,813	24,826	7,895	20,750	34,572	103,823
Alcoholic beverages	2,114	499,186	5,218	5,863	2,522	29,166	35,479	1,843	460,742	4,742	4,792	1,816	27,425	36,167
Other nondurable goods	57,010	9,564,978	119,955	116,480	68,684	297,522	501,721	38,753	7,998,271	80,609	86,061	44,161	194,646	626,458
Wholesalers not allocable	72,173	3,073,823	45,945	18,232	22,088	72,277	673,523	56,844	2,893,540	37,576	15,772	18,878	60,892	737,272
Retail trade	2,066,267	153,814,591	2,322,072	2,744,076	1,574,571	10,537,410	5,687,993	1,121,838	126,048,217	1,555,767	2,094,526	973,098	8,077,016	9,076,116
Building materials, paint, hardware, garden supply, and mobile home dealers	63,032	6,246,826	119,614	118,570	119,167	538,232	354,745	39,843	5,089,890	81,998	85,972	63,046	435,448	523,809
Lumber and other building materials dealers	9,082	1,351,495	26,343	28,713	21,897	110,445	54,889	6,115	1,023,054	19,259	17,765	9,147	81,101	90,795
Paint, glass, and wallpaper stores	5,701	491,326	8,615	7,183	5,057	52,106	42,628	4,131	475,500	7,892	6,549	4,964	51,098	45,604
Hardware stores	20,001	2,239,281	32,894	39,198	45,492	189,817	129,743	13,167	1,798,757	21,813	30,902	25,009	152,606	198,076
Retail nurseries and garden supply stores	22,411	1,301,371	35,267	25,420	19,837	147,709	75,559	11,624	1,093,878	20,327	17,041	7,154	119,204	120,650
Mobile home dealers	5,837	863,354	16,495	18,055	26,885	38,155	51,926	4,806	698,701	12,707	13,716	16,773	31,440	68,684
General merchandise stores	35,355	4,736,526	55,931	70,249	32,729	205,714	96,469	21,516	3,685,918	36,189	46,077	23,918	129,101	193,184
Variety stores	8,691	522,889	9,870	9,724	2,831	32,004	- 4,825	4,202	372,943	3,354	4,691	1,374	18,897	26,459
Other general merchandise stores	26,664	4,213,637	46,061	60,525	29,899	173,710	101,294	17,314	3,312,975	32,835	41,386	22,544	110,204	166,725
Food stores	164,995	27,593,375	354,908	381,421	228,817	1,594,971	820,036	112,300	22,455,415	238,363	294,943	143,934	1,221,907	1,165,145
Grocery stores	102,990	21,949,693	238,300	301,214	172,165	1,104,025	580,791	70,995	18,066,951	169,399	241,236	112,374	890,318	816,930
Meat and fish markets, including freezer provisioners	16,880	2,312,686	31,092	20,810	17,990	150,745	113,750	12,639	2,136,244	26,708	19,004	14,754	140,897	128,623
Fruit stores and vegetable markets	7,006	661,932	7,489	5,421	3,977	25,895	5,528	4,064	436,763	5,243	3,617	1,183	20,444	21,589
Candy, nut, and confectionery stores	7,202	231,006	6,256	5,277	801	14,472	3,403	4,091	121,807	3,052	2,026	*122	*3,874	12,841
Dairy products stores	6,173	842,493	25,503	17,131	10,293	73,476	25,737	3,733	496,300	11,031	9,922	5,827	49,328	40,161
Retail bakeries	13,379	876,965	31,736	20,206	18,888	183,023	56,120	9,025	584,338	12,553	10,548	6,751	83,321	85,684
Miscellaneous food stores	11,365	718,601	14,533	11,362	4,704	43,336	34,708	7,753	613,013	10,378	8,589	2,923	33,725	59,316
Automotive dealers and service stations	205,138	53,298,532	402,329	683,327	322,094	2,315,461	1,433,286	142,331	45,589,343	307,451	591,246	201,184	1,999,151	1,824,940
Motor vehicle dealers - new car dealers (franchised)	6,831	2,582,906	13,729	23,998	52,120	96,931	2,532	3,981	1,617,782	7,928	12,969	21,579	48,689	41,250
Motor vehicle dealers - used cars only	42,297	5,145,579	45,534	44,991	59,772	165,967	119,713	22,259	3,868,676	30,216	33,155	33,977	121,152	224,208
Auto and home supply stores	27,229	3,502,376	54,867	60,229	47,723	299,759	198,077	17,236	3,050,982	41,344	50,775	33,585	264,474	252,356
Gasoline service stations	111,931	40,213,571	248,678	526,299	106,666	1,630,971	1,092,856	90,620	35,839,316	208,868	476,185	83,931	1,471,976	1,228,865
Boat dealers	7,009	586,813	18,391	7,835	21,051	41,810	- 18,220	2,313	275,887	3,254	4,382	5,612	25,853	18,115
Recreational vehicles	3,117	339,137	7,941	7,975	13,245	26,204	1,578	1,781	218,357	5,285	3,971	9,581	22,876	9,371
Motorcycle dealers	3,829	807,041	11,041	11,327	19,641	51,372	28,670	2,525	625,908	9,235	9,330	11,869	41,688	38,699
Miscellaneous aircraft and automotive dealers	2,895	121,108	2,147	673	1,876	*2,447	8,080	1,616	92,436	*1,320	478	*1,051	*2,443	12,077
Apparel and accessory stores	66,917	5,114,523	84,019	113,132	84,310	462,733	256,790	38,857	4,155,130	54,974	87,917	48,064	373,200	452,462
Men's and boys' clothing and furnishings stores	6,316	468,610	8,072	8,940	8,061	33,023	26,414	4,072	380,589	5,127	7,612	4,170	28,703	43,120
Women's ready-to-wear stores	18,016	1,396,959	29,355	33,177	24,176	136,479	29,149	9,349	1,090,326	16,228	25,639	10,505	105,380	104,539
Women's accessory and specialty stores	2,383	127,505	1,221	1,666	*219	12,941	6,816	1,154	95,960	*867	*1,283	*124	*10,126	10,470
Children's and infant wear stores	4,587	454,953	4,829	5,967	5,298	47,329	7,164	2,131	416,676	4,270	5,036	4,796	44,151	19,597
Family clothing stores	10,291	839,702	12,374	18,922	15,369	66,471	47,575	4,959	701,900	9,545	15,320	12,798	51,842	79,214
Shoe stores	8,262	1,094,935	12,272	24,842	17,693	105,786	82,575	5,789	853,678	7,551	18,293	9,060	84,036	108,269
Furriers and fur shops	*1,874	*141,396	*684	*2,762	*608	*16,383	*24,385	*1,864	*140,839	*683	*2,746	*606	*16,233	*24,465
Apparel and accessory stores, not elsewhere classified	15,188	590,463	15,212	16,856	12,886	44,321	32,712	9,539	475,161	10,703	11,989	6,005	32,728	62,789

Footnotes at end of table.

Table 2. — Sole Proprietorship Businesses: Business Receipts, Selected Deductions, and Net Income, by Industry — Continued

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

Industry	Businesses with and without net income							Businesses with net income						
	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income (less deficit)	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Wholesale and retail trade — Continued														
Retail trade — Continued														
Furniture and home furnishings stores	112,928	7,725,396	149,020	153,165	124,318	661,067	402,676	72,434	6,418,782	103,038	116,719	100,789	517,439	655,261
Furniture stores	30,307	2,436,831	47,699	42,905	37,307	135,197	147,853	21,101	2,082,646	38,793	34,770	31,162	102,224	215,891
Floor covering stores	10,095	1,104,147	21,081	20,360	14,431	122,663	69,742	7,658	953,993	15,733	16,117	12,484	113,809	94,351
Drapery, curtain and upholstery stores	10,341	439,952	5,672	8,082	1,952	58,095	55,707	6,947	389,027	4,055	6,624	1,458	49,079	63,911
Home furnishings and equipment stores, except appliances	21,151	835,956	17,475	19,969	22,826	95,318	17,309	12,387	649,874	14,133	14,710	19,687	74,602	78,234
Household appliance stores	15,213	1,398,288	11,669	25,822	25,140	94,430	75,641	11,249	1,165,704	9,309	20,886	20,862	88,771	91,778
Radio and television stores	16,610	1,026,406	18,416	21,076	11,029	105,353	41,777	9,103	857,559	13,165	16,772	8,586	72,647	74,586
Music stores	9,211	483,816	27,007	14,951	11,632	50,012	- 5,354	3,989	319,979	7,849	6,841	6,550	16,308	36,511
Eating and drinking places	228,350	17,852,266	545,555	697,901	320,503	3,017,629	798,884	143,346	13,109,518	345,434	472,605	184,241	1,990,663	1,355,337
Eating places	161,739	13,365,366	422,913	505,557	236,169	2,509,848	600,900	103,921	9,881,638	271,259	342,978	134,626	1,666,474	1,010,151
Drinking places	66,611	4,486,901	122,642	192,344	84,334	507,781	197,985	39,425	3,227,881	74,175	129,627	49,614	324,189	345,186
Miscellaneous retail stores	1,154,720	29,961,571	584,795	507,911	330,971	1,618,751	1,384,498	532,132	24,448,158	370,188	385,937	199,617	1,303,706	2,734,601
Drug stores and proprietory stores	14,460	2,825,457	29,254	44,469	21,312	289,827	282,121	12,800	2,716,942	27,910	42,380	20,274	278,199	298,434
Liquor stores	25,065	5,038,021	54,169	113,292	43,899	240,100	220,356	18,586	4,299,776	43,125	96,078	31,271	202,731	257,521
Used merchandise stores	82,122	2,095,060	51,766	31,891	37,467	69,913	75,393	39,593	1,592,384	32,064	23,418	21,671	61,747	199,528
Sporting goods and bicycle shops	42,543	2,161,482	40,083	39,095	30,030	158,960	163,950	22,556	1,792,721	25,078	28,539	22,472	138,619	212,338
Book stores	14,897	477,428	6,685	5,807	3,174	20,667	42,917	7,924	408,104	3,659	4,025	2,314	15,226	59,373
Stationery stores	5,791	435,519	8,717	12,706	4,351	52,159	14,756	2,933	410,828	8,207	12,242	*4,235	50,714	30,239
Jewelry stores	29,706	1,541,899	22,039	35,431	25,069	112,744	179,387	16,726	1,286,411	17,179	30,499	16,440	82,201	232,838
Hobby, toy, and game shops	16,289	338,375	8,319	5,104	6,424	9,192	- 5,679	7,029	233,247	3,866	1,484	4,737	5,867	21,698
Camera and photographic supply stores	1,258	92,624	3,038	2,659	1,:70	*4,944	11,671	748	83,444	2,714	2,308	*1,168	*3,914	14,734
Gift, novelty, and souvenir shops	32,456	994,998	26,869	20,236	16,217	103,153	26,570	17,175	756,600	10,367	16,474	7,609	80,939	100,406
Luggage and leather goods stores	2,985	50,742	*1,623	*1,067	*970	*268	8,462	2,589	45,590	*970	*952	*137	*76	11,524
Sewing, needlework, and piece goods stores	16,024	321,488	5,177	6,029	5,422	19,149	22,305	9,121	225,057	3,188	3,532	1,288	8,926	41,147
Mail order houses	20,585	385,069	6,235	6,155	6,490	31,461	50,447	8,191	319,917	4,916	4,321	3,115	21,298	76,859
Merchandising machine operators	15,182	753,444	55,394	17,598	11,114	37,839	50,939	7,526	666,811	42,695	16,461	8,355	34,295	68,954
Direct selling organizations	698,659	4,835,907	110,762	36,727	37,887	79,496	- 46,379	284,422	3,311,418	55,154	23,104	18,951	46,466	579,388
Fuel and ice dealers, except fuel oil dealers and bottled gas dealers	12,478	406,793	28,960	5,986	4,535	16,509	26,413	5,482	386,742	19,139	5,044	3,468	13,736	47,504
Fuel oil dealers	5,416	1,299,366	19,035	11,350	6,260	29,585	58,118	2,922	1,078,046	14,174	9,707	4,069	22,671	64,515
Liquified petroleum gas (bottled) dealers	1,089	136,725	1,304	2,367	1,345	3,411	4,841	1,043	124,435	1,138	2,007	1,085	3,411	8,890
Florists	33,024	1,169,607	33,022	33,346	16,128	133,663	32,283	18,193	875,296	17,243	21,284	7,299	91,712	99,257
Cigar stores and stands	4,359	268,515	2,555	7,259	*2,109	13,356	18,735	3,284	248,080	1,982	6,273	*1,344	*11,725	21,146
News dealers and newstands	7,936	627,083	12,180	9,484	3,629	53,644	40,462	5,653	522,390	6,312	4,422	*2,620	*26,022	47,459
Other miscellaneous retail stores	72,396	3,705,969	57,608	59,850	45,967	138,711	106,429	37,636	3,063,919	29,109	31,383	15,694	103,212	240,848
Retail trade not allocable	34,832	1,285,575	25,899	18,399	11,662	122,850	140,610	19,079	1,096,062	18,133	13,110	8,305	106,400	171,377
Wholesale and retail trade not allocable	131,063	5,815,323	115,423	68,220	63,019	385,687	560,180	80,488	5,028,932	75,826	52,514	38,612	321,311	744,905
Finance, insurance, and real estate	**1,048,966**	**21,530,768**	**879,805**	**339,500**	**1,152,039**	**1,051,395**	**6,614,631**	**732,154**	**17,399,879**	**520,942**	**205,325**	**434,848**	**749,943**	**7,983,869**
Finance	37,820	2,861,286	27,235	14,684	144,447	37,038	367,394	28,506	1,447,601	17,278	10,350	38,448	28,181	550,498
Banking and miscellaneous finance	1,060	94,350	768	651	38,168	2,804	15,429	560	63,909	568	579	10,776	*1,900	26,513
Credit agencies other than banks	3,647	103,671	3,531	1,059	15,884	9,984	22,194	2,153	84,407	2,796	554	8,255	9,342	37,514
Security and commodity brokers and services	33,113	2,663,265	22,936	12,973	90,395	24,250	329,771	25,793	1,299,285	13,914	9,216	19,417	16,939	486,471
Security brokers and dealers, except underwriting syndicates	19,264	1,592,359	10,390	8,439	49,872	6,624	184,288	15,281	650,852	6,346	6,546	11,875	5,457	274,965
Commodity contracts brokers, exchanges, and services	13,849	1,070,906	12,546	4,535	40,523	17,626	145,483	10,512	648,433	7,568	2,671	7,542	11,481	211,506
Insurance agents, brokers, and service	238,817	6,507,098	161,505	65,016	100,260	560,876	2,660,443	186,804	6,052,021	127,303	57,683	74,727	493,614	2,874,312
Real estate	772,329	12,162,384	691,064	259,800	907,331	453,481	3,586,795	516,844	9,900,258	376,362	137,292	321,674	228,148	4,559,059
Operators and lessors of buildings	27,734	1,074,088	178,020	77,407	276,431	72,824	- 4,281	10,969	613,674	70,222	35,587	78,651	41,585	172,607
Lessors, other than buildings	56,057	344,091	73,689	40,563	97,218	12,451	- 27,545	29,699	204,036	15,667	18,284	19,962	3,706	75,532
Real estate agents, brokers, and managers	662,499	9,813,793	413,741	122,041	437,978	238,836	3,440,985	457,866	8,351,714	276,381	70,621	189,894	161,603	4,039,492
Title abstract companies	3,499	60,445	1,108	628	*1,349	*3,025	37,256	3,499	60,445	1,108	628	*1,349	*3,025	37,256
Subdividers and developers, except cemeteries	8,199	530,435	15,818	12,473	78,013	107,958	4,963	4,347	348,738	6,175	6,197	20,539	2,920	89,278
Cemetery subdividers and developers	*1,616	*8,535	*558	*392	*2,388	*315	*- 288	*1,218	*3,008	*23	*22	*61	—	*1,043
Combined real estate; insurance, loans, law offices	12,725	330,998	8,131	6,298	13,954	18,073	135,705	9,246	318,644	6,786	5,954	11,219	15,309	143,851

Footnotes at end of table.

Table 2. — Sole Proprietorship Businesses: Business Receipts, Selected Deductions, and Net Income, by Industry — Continued

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

Industry	Businesses with and without net income							Businesses with net income						
	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income (less deficit)	Number of businesses	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Services	**3,842,790**	**87,964,739**	**4,311,519**	**1,680,322**	**1,804,265**	**11,044,936**	**26,433,341**	**2,910,151**	**79,181,840**	**2,789,318**	**1,391,640**	**1,152,927**	**9,592,646**	**29,973,211**
Hotels and other lodging places	58,819	2,774,216	333,399	154,256	282,676	340,645	131,433	31,216	2,047,881	179,896	103,583	144,344	255,159	311,438
Hotels	3,942	399,968	27,704	16,420	19,446	78,626	15,107	3,281	309,236	17,219	12,145	9,847	52,693	36,195
Motels, motor hotels, and tourist courts	31,777	1,907,682	239,522	112,913	219,651	235,498	126,202	16,169	1,413,610	136,139	80,654	114,447	185,617	223,386
Rooming and boarding houses	7,678	126,647	10,666	7,950	11,325	8,984	17,404	5,856	108,923	8,500	5,933	9,513	*7,602	22,318
Sporting and recreational camps	1,749	156,233	11,573	2,375	8,595	10,754	4,841	1,331	138,536	8,251	*1,690	*6,751	*5,917	11,744
Trailering parks and camp sites	13,644	183,356	43,916	14,590	23,654	6,755	- 32,119	4,553	77,360	9,787	3,162	3,785	3,330	17,760
Organizational hotels and lodging houses, on a membership basis	*29	*329	**8	*9	*5	*29	*- 2	*26	*217	—	—	—	—	*35
Personal services	736,700	10,000,298	498,059	241,112	177,286	1,664,759	2,565,814	599,599	8,906,230	337,073	202,617	118,832	1,439,843	2,897,851
Coin-operated laundries and dry cleaning	20,183	576,648	76,465	11,686	26,718	49,199	35,712	10,733	428,975	40,270	7,356	12,239	36,447	74,869
Other laundry, cleaning, and garment services	47,858	1,792,584	113,303	53,854	38,559	363,450	296,554	36,584	1,587,324	82,312	44,959	24,756	310,909	346,097
Photographic studios, portrait	61,759	754,327	55,274	15,086	13,925	62,130	98,219	30,010	638,545	32,521	13,372	10,712	57,740	178,530
Beauty shops	252,688	3,590,985	114,715	96,368	38,497	868,154	975,969	212,363	3,234,289	83,803	81,472	24,381	754,273	1,046,246
Barber shops	78,793	946,613	20,697	17,301	7,465	101,623	493,662	74,457	925,258	19,877	16,036	7,360	94,704	498,192
Shoe repair and hat cleaning shops	11,423	317,805	8,970	5,811	3,915	30,153	84,318	9,337	279,914	6,107	4,742	2,550	24 996	88,424
Funeral service and crematories	9,897	841,428	43,514	22,365	21,609	88,193	177,929	7,392	782,642	39,384	20,461	19,735	82,174	192,475
Miscellaneous personal services	254,099	1,179,908	65,122	18,641	26,599	101,858	403,451	216,723	1,029,283	32,799	14,219	17,099	78,699	473,019
Business services	865,817	14,520,287	879,318	197,423	321,711	1,290,870	4,281,942	658,008	12,702,941	461,864	147,250	150,980	1,044,787	5,111,976
Advertising	29,977	1,284,214	32,973	8,721	12,229	86,555	169,520	20,866	1,065,611	18,177	5,377	8,410	61,185	207,748
Services to buildings	142,752	1,560,106	67,328	32,095	16,016	307,782	478,470	122,864	1,460,953	50,932	28,021	12,106	279,738	525,182
Computer and data processing services	30,927	522,011	39,204	5,403	10,573	36,763	190,885	24,059	494,126	19,788	3,917	5,069	36,083	217,701
Management and public relations	280,940	4,543,875	155,599	34,553	71,798	162,238	2,041,179	214,315	4,224,454	101,286	26,262	46,538	121,991	2,322,343
Equipment rental and leasing	35,356	1,109,371	372,065	28,762	140,219	77,233	- 43,606	14,308	770,540	139,834	20,718	44,277	59,231	160,453
Other business services	345,865	5,500,709	212,148	87,889	70,875	620,298	1,445,495	261,596	4,687,257	131,848	62,954	33,580	486,559	1,678,548
Automobile repair and services	224,712	9,425,292	424,428	228,322	183,372	1,418,195	1,018,493	162,441	8,180,176	296,301	190,923	130,588	1,152,254	1,261,633
Automotive rentals, without drivers	11,759	404,989	118,434	8,329	34,889	9,828	12,019	4,619	287,027	67,898	4,785	20,639	5,629	46,169
Automobile parking	2,962	102,927	846	3,488	1,162	22,429	18,502	2,277	95,205	546	3,048	*762	18,079	21,963
Automotive top and body repair shops	49,712	2,363,949	75,822	53,696	39,179	390,052	308,310	39,205	2,161,348	57,880	49,598	30,170	356,216	349,348
General automotive repair shops	113,348	4,432,647	143,206	104,868	67,807	663,337	436,799	82,129	3,712,671	102,345	80,220	48,237	472,406	558,806
Other automotive repair shops	21,163	1,279,546	37,085	36,511	13,771	237,977	146,324	16,952	1,184,471	32,876	34,193	11,629	221,888	157,761
Automotive services, except repair	25,768	841,234	49,034	21,429	26,563	94,573	96,540	17,259	739,453	34,757	19,079	19,150	78,036	127,586
Miscellaneous repair services	266,929	6,124,526	237,569	112,923	91,511	643,330	1,256,404	196,995	5,526,257	180,964	93,642	76,578	563,958	1,395,784
Radio and TV repair shops	27,111	632,468	23,754	13,544	7,865	47,880	113,804	21,599	585,971	20,892	12,300	7,586	40,114	125,834
Electrical repair shops, except radio and TV	39,413	1,265,360	32,395	26,294	17,471	137,132	254,056	32,684	1,133,667	27,424	20,992	15,932	113,312	269,149
Reupholstery and furniture repair	38,715	917,941	31,283	20,943	14,771	155,302	180,258	32,389	874,975	25,655	19,880	13,549	150,061	192,069
Other miscellaneous repair shops	161,690	3,308,757	150,137	52,142	51,404	303,015	708,286	110,323	2,931,644	106,993	40,469	39,511	260,471	808,732
Motion pictures	15,478	315,839	33,547	7,565	9,047	29,209	36,611	9,566	273 971	13,350	5,428	5,192	27,243	83,610
Motion picture production, distribution, and services	13,546	242,905	29,793	3,954	4,033	20,574	30,221	8,424	214,510	10,376	2,529	1,160	19,558	74,431
Motion picture theaters	1,932	72,934	3,754	3,611	5,014	8,635	6,391	*1,142	*59,462	*2,974	*2,898	*4,033	*7,686	*9,179
Amusement and recreation services, except motion pictures	313,006	4,034,985	447,168	76,030	110,378	348,486	- 18,181	156,882	2,897,303	151,483	47,148	36,628	220,975	879,038
Producers, orchestras, and entertainers	149,964	1,492,465	107,881	9,527	17,547	90,769	327,117	95,470	1,215,930	50,256	7,122	12,022	72,626	495,033
Billiard and pool establishments	2,886	69,331	3,127	1,683	*312	*1,671	22,958	2,120	67,887	2,938	*1,654	*312	*1,640	25,199
Bowling alleys	1,536	110,326	7,349	4,287	5,702	12,591	10,138	1,301	90,675	4,324	2,665	*3,167	*7,767	16,158
Professional sports clubs and promoters	1,437	102,125	5,468	3,938	*3,314	18,202	- 2,869	713	84,803	2,716	*3,093	*1,732	*10,333	19,483
Racing, including track operation	63,502	727,085	162,945	11,674	25,401	48,396	- 433,875	10,214	289,781	22,908	3,770	2,198	10,464	62,597
Other amusement and recreation services	93,681	1,533,653	160,397	44,921	58,101	176,857	58,350	47,064	1,148,226	68,341	28,843	17,197	118,145	260,568
Medical and health services	416,177	23,240,527	758,750	403,939	365,059	3,313,997	10,360,312	370,237	22,428,427	697,460	377,542	317,345	3,114,255	10,551,446
Offices of physicians	150,877	9,949,187	285,100	144,414	96,521	1,144,718	5,337,208	135,234	9,717,453	264,810	139,087	83,864	1,112,756	5,418,593
Offices of dentists	82,265	7,055,754	250,772	135,436	139,105	1,144,601	2,947,322	75,962	6,995,636	237,071	133,991	130,683	1,133,688	2,975,104
Offices of osteopathic physicians	2,421	283,772	7,611	5,155	*810	115,734	86,694	2,311	283,536	7,611	5,121	*810	115,734	86,695
Offices of chiropractors	19,210	977,123	50,058	16,234	31,835	91,446	398,671	17,450	942,846	48,491	15,506	31,534	87,138	405,644
Offices of optometrists	18,863	1,653,857	49,600	30,475	28,024	200,829	475,663	16,629	1,448,293	44,152	24,021	26,875	136,978	485,676
Registered and practical nurses	45,024	310,841	4,319	1,362	927	*2,041	236,840	43,107	305,079	3,939	1,168	*362	*6	239,448
Nursing and personal care facilities	12,915	882,331	39,613	40,363	43,995	305,932	64,932	9,879	691,080	29,056	30,111	27,231	234,831	87,837
Hospitals	*29	*46,916	*887	*1,923	*729	*19,741	*1,087	*28	*29,566	*309	*1,153	*268	*12,243	*1,358
Medical laboratories	1,691	60,762	3,921	1,350	*548	14,803	12,818	814	54,029	1,502	*1,339	*175	*14,742	15,934
Dental laboratories	11,169	545,186	16,655	10,889	4,824	96,800	157,887	10,157	533,322	16,468	10,679	4,824	94,649	160,007
Other medical and health services	71,713	1,474,798	50,215	16,338	17,740	177,352	641,190	58,666	1,427,587	44,052	15,367	10,717	171,489	675,150
Legal services	175,718	6,605,098	190,743	96,005	62,266	736,833	3,183,895	147,081	6,373,420	160,114	88,816	50,946	691,626	3,282,156
Educational services	176,148	1,260,138	72,999	28,800	29,012	143,497	317,585	136,605	1,078,631	48,545	22,004	21,180	102,101	383,331
Engineering and architectural services	93,339	2,849,987	139,026	44,969	30,350	430,677	977,324	76,072	2,737,952	71,340	42,027	24,588	399,462	1,089,663
Accounting, auditing, and bookkeeping services	180,404	2,596,726	97,495	40,413	48,194	391,933	1,209,733	156,635	2,488,377	77,366	37,773	33,288	368,159	1,264,798
Certified public accountants	33,639	1,129,560	36,855	20,071	24,779	207,964	513,819	29,276	1,097,624	34,270	19,364	17,568	196,996	530,241
Other accounting, auditing, and bookkeeping services	146,765	1,467,166	60,640	20,342	23,415	183,969	695,914	127,359	1,390,753	43,096	18,409	15,720	171,162	734,557
Other services	319,543	4,216,820	199,018	48,565	93,404	292,506	1,111,976	208,814	3,540,274	113,563	32,888	42,438	212,825	1,460,486
Nature of business not allocable	**75,376**	**1,779,126**	**82,571**	**29,147**	**31,515**	**70,647**	**322,414**	**58,464**	**1,527,492**	**51,385**	**18,658**	**13,861**	**56,109**	**454,994**

*This estimate should be used with caution because of the small number of sample returns on which it was based.
**The estimate for this cell is not shown to avoid disclosure of information for specific taxpayers. However, the data are included in the appropriate totals.
NOTE: Detail may not add to total because of rounding.

DATA SOURCES AND LIMITATIONS

The partnership statistics are based on a sample of partnership returns, Forms 1065, processed by the Internal Revenue Service during 1981. The sample was stratified based on industry, gross receipts, net income or deficit, and total assets, and selected at rates that ranged from 0.18 percent to 100 percent. There were 45,770 returns in the sample drawn from a population of 1,467,132.

The sole proprietorship statistics are based on a sample of individual income tax returns, Forms 1040, processed during 1981. The sample was stratified based on the presence or absence of Schedule C, Profit (or Loss) from Business or Profession; State in which filed; adjusted gross income or deficit or largest selected source of income or loss; and size of business plus farm receipts. The returns were selected at rates that ranged from 0.05 percent to 100 percent. There were 82,021 returns (accounting for 95,809 businesses) in the sample, estimating a total population of 11,406,161 returns (and 12,701,597 businesses).

Because the statistics are estimates based on samples, they are subject to sampling error. The upper limits for the coefficient of variation shown below (for frequency estimates only) are intended as a general indication of the reliability of the data.

Figure E. -- Coefficient of Variation of Estimated Number of Businesses

Coefficient of Variation	Number of Partnerships	Number of Sole Proprietorships	
		Farming	All other industries
2.0%	1,370,000	6,179,300	1,611,300
5.0	220,000	988,700	257,800
10.0	55,000	247,200	64,500
20.0	14,000	61,800	16,100
30.0	6,100	27,500	7,200
50.0	2,200	9,900	2,600

Additional information about the Statistics of Income samples and on sampling as well as on nonsampling error may be found at the end of this report.

NOTES AND REFERENCES

[1] Statistics of Income--1979-1980, Sole Proprietorship Returns. For more detailed statistics on partnerships for 1979, see Statistics of Income --1979, Partnership Returns.

[2] See Wilson, Robert A., "Unincorporated Business Activity for 1979," SOI Bulletin, Vol. 1, No. 3, page 41.

[3] Partnerships that were in business at any time during the year were required to file a return of income. Thus, the number of returns for 1980 include final returns of businesses that had liquidated during the year. Therefore, the increase in the total number of partnership returns for recession year 1980 may have included a disproportionate increase in the number indicating that the business had been liquidated by the close of its accounting period. The number of "final returns" for 1980 have not been tabulated.

[4] A limited partnership is one formed by two or more persons having as members one or more general partners and one or more limited partners. A limited partner, by agreement, is not responsible for partnership indebtedness except to the extent of the partner's own investment contribution to the business.

[5] For additional information about partnerships as tax shelters, see, for example, Tannenhauser, Robert and Carol, Tax Shelters - A Complete Guide, Crown Publishers, Inc., 1978; and Biel, Dennis H., and Stevenson, W.C., "Tax Shelters: A Primer for CPAs," Journal of Accountancy, June 1982.

Nonresident Alien Income and Tax Withheld, 1980

By Chris R. Carson*

Income paid to foreign individuals and organizations exceeded $6.5 billion during 1980. This was a 31 percent increase from 1979 for this U.S. source income. The major reason for this increase was that interest payments rose a dramatic 64 percent, to over $2.6 billion. The U.S. tax withheld on all income exceeded $685 million.

A U.S. individual or organization that pays income to nonresident aliens [1] reports this income and the tax withheld on the Form 1042S. While the basic tax rate is 30 percent, certain types of income are taxed at different rates. Income paid to countries that have entered into tax treaties with the United States is usually taxed at lower rates. Income that is connected with the recipient's trade or business is exempt from withholding.

Dividends and interest are the most common kinds of income paid, making up 88 percent of the total for 1980. Most income, about 79 percent, was paid to corporations and individuals. Eight countries--Switzerland, the United Kingdom, Canada, the Netherlands, the Netherlands Antilles, West Germany, Japan, and France--received about 84 percent of all income, with the first four receiving over half.

DATA ANALYSIS AND TRENDS

Income paid rose considerably faster (31 percent) than tax withheld (11 percent) from 1979 to 1980. This was mainly due to the large increase in income that was exempt from tax withholding (58 percent more than in 1979). Most of this increase is probably due to the rise in interest payments to tax treaty countries. Interest income is exempt from withholding under treaties negotiated with several major income-receiving countries. Tax treaty countries received 39 percent more income in 1980 than in 1979. Income subject to withholding increased by a modest 21 percent.

The average income paid reported on Forms 1042S increased from $8,561 to $10,803 from 1979 to 1980. The average Form 1042S income for individuals was about $1,600, while Forms 1042S reporting payments to corporations averaged over $50,000 of income. This figure for corporations is 52 percent more than the corresponding amount for 1979 ($33,000).

Income Type

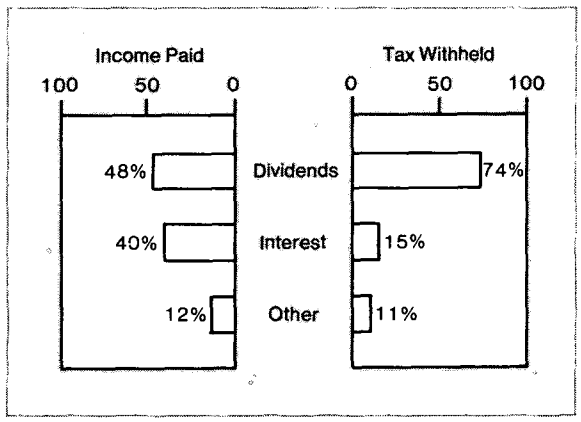
As noted earlier, interest income rose 64 percent to over $2.6 billion. Rising interest rates in the United States during recent years were responsible for most, if not all, of this increase. Dividends rose to over $3.1 billion in 1980 after falling slightly in 1979. In 1979, dividends represented 54 percent of all income compared to 32 percent for interest. This 22 percent disparity fell to 8 percent in 1980 as shown in Figure A. Other common types of income were rents, royalties, capital gains, and pensions.

Income Type	Gross Income Paid (thousands) 1978	1979	1980
Dividends	$2,867,596	$2,707,108	$3,147,752
Interest	990,949	1,591,309	2,604,307
Other	592,262	717,728	824,316
Total	4,450,807	5,016,145	6,576,375

About 74 percent of the total tax was withheld from dividends, as they are taxed at a higher rate than most other income types in several major treaty countries. Although interest made up 40 percent of all income, tax withheld on interest payments represented only 15 percent of all tax.

Figure A.

Percent of Total Income Paid and Percent of Total Tax Withheld, by Income Type, 1980



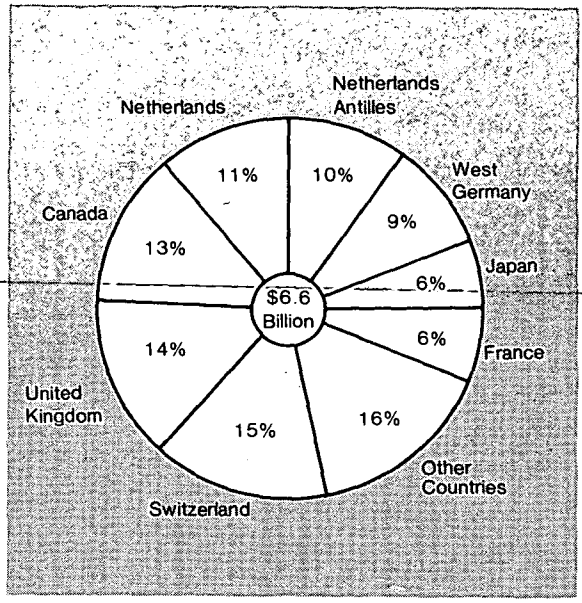
Country of Recipient

The eight countries shown in Figure B received 84 percent of all income paid. These countries were responsible for virtually all of the income increase in 1980. Income paid to the Netherlands Antilles increased by 84 percent while West Germany received 63 percent more income than in 1979. Increases of over 40 percent were recorded by the Netherlands, Switzerland, and the United Kingdom. Increases to Canada, France, and Japan were more modest. Other countries averaged only a 4 percent increase.

*Foreign Returns Analysis Section. Prepared under the direction of Jeffrey A. Hartzok, Acting Chief.

Figure B

Percent of Total Income Paid, by Country of Recipient, 1980



Tax Treaty Countries

From 1979 to 1980 there was a definite shift of Form 1042S income to tax treaty countries. Income paid to treaty countries rose 39 percent from 1979 to 1980. During the same period income paid to nontreaty countries actually decreased by 11 percent. Total treaty country income ($5.9 billion) represented 90 percent of all income ($6.6 billion) in 1980. The corresponding figure for 1979 was 85 percent. This does not appear to be a trend, however, as treaty country income represented 90 percent of all income in 1977 and 89 percent in 1978.

Gross Income Paid
(thousands)

Country Status	1979	1980	Change
Treaty	$4,266,829	$5,909,728	39%
Nontreaty	749,316	666,647	-11
Total	5,016,145	6,576,375	31

"Tax Haven" Countries

Income paid to certain countries that are sometimes described as tax havens is relatively substantial. In 1980, Switzerland and the Netherlands Antilles received over $998 million and $632 million, respectively. Form 1042S income seems more substantial when compared to the Gross National Product (GNP) of certain tax haven countries. U.S. source income was greater than 57 percent of the GNP figure for the Netherlands Antilles (see Table 2). The ratio for the British Virgin Islands was over 32 percent in 1978, the latest year for which GNP data are available for that country. U.S. source income represents a substantially larger share of GNP for tax haven countries than for other foreign countries, as shown in Table 2. This income-to-GNP ratio is far greater for the Netherlands Antilles (760 times) and the British Virgin Islands (427 times) than the average ratio for all countries. Although Switzerland received more income than any other country ($998 million), this income was less than one percent of its Gross National Product. GNP information was not available for several other tax haven countries.

The United States recently decided to terminate its tax treaty with the British Virgin Islands, at least partially because of its tax haven status. The termination is effective Jan. 1, 1983. In 1980, the British Virgin Islands received Form 1042S income of about $56 million. More than $2 million of tax was withheld from this income.

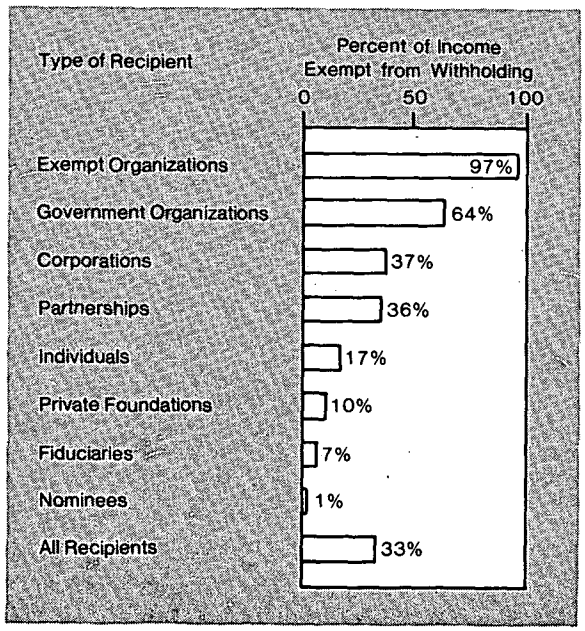
Type of Recipient

The vast majority (70 percent) of Forms 1042S filed reported payments to individuals. However, individuals received only about 10 percent of the total income paid. By contrast, 69 percent of all income reported on Forms 1042S was paid to foreign corporations. Foreign partnerships, fiduciaries, nominees, government organizations, exempt organizations, and private foundations also commonly receive income reported on Forms 1042S. Private foundations differ from exempt organizations as the rules dealing with expenditures and money transactions are more strict for private foundations. A nominee differs from a fiduciary in that a nominee has little or no freedom to exercise judgment or control over income received.

Income that is connected with the recipient's U.S. trade or business is exempt from withholding and is taxed as though it were received by a U.S. individual or organization. Certain kinds of income (some dividends, certain interest, etc.) are also exempt from withholding under tax treaties negotiated by the United States. Income paid to foreign exempt organizations is generally not taxed, as these organizations are treated as though they were U.S. exempt organizations. Figure C shows the percent of income exempt from withholding for each type of recipient. The percentage is greater for corporations (37 percent) than for individuals (17 percent), which helps explain why corporations received 69 percent of the total income, but had only 62 percent of the total tax withheld from their income. By contrast individuals received about 10 percent of all income, but were responsible for 16 percent of the total tax withheld.

Figure C

Percent of Income Exempt from Withholding, by Recipient Type, 1980



OTHER INFORMATION

Payors of income to nonresident aliens must withhold tax in accordance with Chapter 3 of the Internal Revenue Code. The Form 1042S is filed to report this income and the U.S. tax withheld. Often the payor has a financial institution act as withholding agent.

Recipients in tax treaty countries typically enjoy lower U.S. tax rates. However, if the income is paid to a foreign nominee or fiduciary, additional withholding is often required and is held by the government in the country of the nominee or fiduciary. The purpose of this additional withholding is to prevent citizens of nontreaty countries from taking advantage of the lower tax rates of treaty countries. The foreign government holds this additional tax until the ultimate recipient proves residency in that country. If residency is not proven within a period of time specified by the treaty, the tax is remitted to the United States (see Table 1, column 7). In the case of Canada, nominees and fiduciaries act as withholding agents and remit this additional tax directly to the Internal Revenue Service (IRS).

The present statistics are tabulated by calendar year, based on all Forms 1042S processed at the Philadelphia Service Center. The years indicated in the tables represent the year in which the income was paid and the U.S. tax withheld, except for the tax from foreign governments and withholding agents. These amounts are shown by the year the tax was remitted to the United States under treaty agreements. Tax withheld amounts and percentages shown in Figure A and Table 3 do not include tax withheld by foreign governments and withholding agents (except Canada). This additional withholding cannot be properly attributed to specific recipient and income types. Definitions and other information are available in the Spring 1982 SOI Bulletin and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

As all Forms 1042S are included in these statistics, they are not subject to sampling error. The data are subject to nonsampling errors such as computer data entry errors and taxpayer reporting errors. Forms 1042S with income greater than $500,000 were manually verified. A limited computerized correction program was used to test the data for basic numerical relationships.

REFERENCES

[1] For purposes of this article a nonresident alien is defined as an individual whose residence is not within the United States and who is not a U.S. citizen. Also, corporations and other organizations created or organized outside the United States are considered nonresident aliens.

[2] See also Carson, Chris, "Nonresident Alien Income and Tax Withheld, 1971-1979," SOI Bulletin, Vol. 1, No. 4, pp. 34-38.

[3] World Bank, 1981 World Bank Atlas, p. 12-22.

[4] Department of the Treasury, Internal Revenue Service, Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations (Revised November 1981).

Table 1.--Number of Forms 1042S Filed, Gross Income Paid, Tax Withheld, and Other Items, by Selected Treaty and Nontreaty Countries, 1980

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	Domestic withholding agents	Foreign Governments and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	608,781	6,576,375	2,173,816	4,402,559	686,208	615,021	71,187
Treaty country, total	498,670	5,909,728	1,976,996	3,932,732	589,422	518,235	71,187
Australia	7,719	17,467	2,673	14,794	2,996	2,996	-
Austria	3,871	10,500	2,957	7,543	1,230	1,230	-
Belgium	14,158	136,871	37,191	99,680	18,220	15,031	3,189
Canada	265,411	838,907	201,229	637,678	92,473	92,473	-
France	14,069	410,064	47,382	362,682	39,959	39,208	751
Germany, Federal Republic	46,878	619,222	457,939	161,283	22,754	22,754	-
Italy	7,070	48,480	10,912	37,568	7,938	7,938	-
Japan	5,280	413,344	115,030	298,314	39,763	39,763	-
Luxembourg	6,080	32,973	8,941	24,032	5,925	4,756	1,169
Netherlands	14,945	699,980	148,324	551,656	74,018	73,478	540
Netherlands Antilles	1,712	632,163	524,230	107,933	9,339	9,337	2
Sweden	4,599	31,798	7,100	24,698	3,058	3,058	-
Switzerland	22,209	998,478	113,816	884,662	179,034	115,034	64,000
United Kingdom	65,393	904,316	235,345	668,971	84,165	82,751	1,414
Other treaty countries	19,276	115,165	63,927	51,238	8,550	8,428	122
Nontreaty country, total	110,111	666,647	196,820	469,827	96,786	96,786	-
Bahamas	1,994	22,179	855	21,324	5,965	5,965	-
Bermuda	1,974	54,166	5,105	49,061	14,261	14,261	-
Cayman Islands	585	17,303	9,187	8,116	2,348	2,348	-
Hong Kong	9,948	31,935	1,262	30,673	9,016	9,016	-
Liechtenstein	802	19,404	714	18,690	3,432	3,432	-
Mexico	7,652	25,407	3,045	22,362	6,307	6,307	-
Panama	2,467	39,201	8,141	31,060	8,870	8,870	-
Portugal	873	10,980	196	10,784	636	636	-
Saudi Arabia	1,267	101,488	99,531	1,957	528	528	-
Spain	4,592	13,520	2,284	11,236	2,930	2,930	-
United Arab Emirates	390	25,472	23,572	1,900	562	562	-
Other nontreaty countries	77,567	305,592	42,928	262,664	41,931	41,931	-

Table 2.--Gross National Product (GNP), Gross Income, Interest and Dividends, and Gross Income and Interest and Dividends as a Percent of GNP, by Selected Country of Recipient, 1980

[Money amounts are in thousands of dollars]

Country or Geographic area	Gross National Product[1]	Gross income		Interest and dividends	
		Total	As a percent of GNP	Total	As a percent of GNP
	(1)	(2)	(3)	(4)	(5)
Netherlands Antilles	1,100,000	632,163	57.47	603,763	54.89
British Virgin Islands[2]	25,410	8,195	32.25	7,139	28.10
Bermuda	660,000	54,166	8.21	44,893	6.80
Antigua	100,000	3,548	3.55	3,466	3.47
Bahamas	800,000	22,179	2.77	21,350	2.67
Panama	3,170,000	39,201	1.24	34,585	1.09
Switzerland	106,300,000	998,478	0.94	922,776	0.87
Luxembourg	5,200,000	32,973	0.63	31,978	0.61
Netherlands	161,440,000	699,980	0.43	675,028	0.42
All countries	8,698,581,000	6,576,375	0.08	5,752,059	0.07

[1]World Bank, 1981 World Bank Atlas, pp. 12-22. Total GNP figure for "All countries" does not include United States GNP; it also does not include GNP of several smaller countries whose GNP data were not available. GNP figure for British Virgin Islands is for 1978.

[2]Data for British Virgin Islands are for 1978 as GNP figures for later years were not available.

Table 3.--Number of Forms 1042S Filed, Gross Income, and Tax Withheld by Income Type, by Recipient Type and Country of Recipient, 1980

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Gross income paid	Tax withheld			
			Total	Interest	Dividends	Other
	(1)	(2)	(3)	(4)	(5)	(6)
ALL RECIPIENTS						
Total	608,781	6,576,375	615,021	95,917	453,298	65,806
Australia	7,719	17,467	2,996	472	1,032	1,492
Bahamas	1,994	22,179	5,965	811	4,934	220
Belgium	14,158	136,871	15,031	5,140	8,087	1,804
Bermuda	1,974	54,166	14,261	6,331	5,636	2,294
British Virgin Islands	405	56,461	2,260	99	2,041	120
Canada	265,411	838,907	92,473	27,334	53,486	11,653
Cayman Islands	585	17,303	2,348	897	1,358	93
France	14,069	410,064	39,208	7,396	27,947	3,865
Germany, Federal Republic	46,878	619,222	22,754	408	18,133	4,213
Hong Kong	9,948	31,935	9,016	1,289	6,711	1,016
Italy	7,070	48,480	7,938	759	1,871	5,308
Japan	5,280	413,344	39,763	12,573	19,391	7,799
Liechtenstein	802	19,404	3,432	390	2,864	178
Luxembourg	6,080	32,973	4,756	244	4,275	237
Mexico	7,652	25,407	6,307	842	2,950	2,515
Netherlands	14,945	699,980	73,478	1,628	71,009	841
Netherlands Antilles	1,712	632,163	9,337	1,661	7,587	89
Panama	2,467	39,201	8,870	1,254	6,777	839
Saudi Arabia	1,267	101,488	528	43	371	114
Spain	4,592	13,520	2,930	792	1,551	587
Sweden	4,599	31,798	3,058	73	1,855	1,130
Switzerland	22,209	998,478	115,034	16,709	93,251	5,074
United Arab Emirates	390	25,472	562	27	532	3
United Kingdom	65,393	904,316	82,751	1,426	73,757	7,568
Other countries	101,182	385,776	49,965	7,319	35,892	6,754
INDIVIDUALS						
Total	427,419	684,549	98,938	10,895	60,992	27,051
Australia	6,601	6,499	1,030	183	351	496
Bahamas	949	2,474	630	81	469	80
Belgium	7,168	6,053	794	137	558	99
Bermuda	674	6,241	1,784	96	1,391	297
British Virgin Islands	192	965	152	15	136	1
Canada	198,881	129,048	14,442	2,376	8,335	3,731
Cayman Islands	101	385	100	6	93	1
France	10,336	47,522	5,145	509	3,113	1,523
Germany, Federal Republic	37,649	67,396	8,761	151	7,263	1,347
Hong Kong	7,339	13,795	3,890	226	3,529	135
Italy	5,612	29,849	6,498	497	710	5,291
Japan	3,731	25,694	2,477	569	1,282	626
Liechtenstein	303	5,128	1,290	41	1,152	97
Luxembourg	869	1,172	207	7	195	5
Mexico	6,562	14,508	3,528	527	2,117	884
Netherlands	3,991	13,550	1,747	15	1,291	441
Netherlands Antilles	455	35,062	1,469	11	1,443	15
Panama	1,308	6,946	1,847	52	1,696	99
Saudi Arabia	1,101	3,368	395	31	250	114
Spain	3,953	7,514	1,843	551	762	530
Sweden	4,010	7,502	1,341	20	221	1,100
Switzerland	9,573	50,878	7,236	552	5,673	1,011
United Arab Emirates	237	204	45	5	38	2
United Kingdom	37,054	69,998	8,585	312	4,326	3,947
Other countries	78,770	132,798	23,702	3,925	14,598	5,179
CORPORATIONS						
Total	89,953	4,523,657	379,485	69,752	275,165	34,568
Australia	415	8,479	1,629	272	397	960
Bahamas	732	13,303	3,691	531	3,025	135
Belgium	3,752	104,036	10,223	4,330	4,189	1,704
Bermuda	707	42,176	10,850	5,958	2,896	1,996
British Virgin Islands	154	51,019	1,456	54	1,289	113
Canada	34,579	553,423	57,561	22,234	28,544	6,783
Cayman Islands	407	15,522	1,861	825	945	91
France	1,249	276,591	22,913	3,515	17,475	1,923
Germany, Federal Republic	2,916	283,380	8,749	62	5,829	2,858
Hong Kong	614	11,363	3,209	997	1,357	855
Italy	266	15,786	963	206	756	1
Japan	1,200	377,899	36,374	11,795	17,501	7,078
Liechtenstein	270	11,523	1,352	212	1,083	57
Luxembourg	4,040	24,724	3,508	229	3,059	220
Mexico	415	7,712	2,068	190	491	1,387
Netherlands	8,588	564,724	58,265	1,494	56,426	345
Netherlands Antilles	1,024	575,158	6,328	1,611	4,668	49
Panama	805	24,613	5,227	1,070	3,421	736
Saudi Arabia	22	35,816	14	8	5	1
Spain	151	4,861	815	228	549	38
Sweden	142	18,566	1,151	52	1,080	19
Switzerland	5,153	700,533	75,958	11,111	61,126	3,721
United Arab Emirates	31	20,549	443	22	421	-
United Kingdom	14,593	649,101	48,390	632	45,149	2,609
Other countries	7,728	132,800	16,487	2,114	13,484	889

Individual Income Tax Returns: Selected Characteristics From the 1981 Taxpayer Usage Study

By Dorothea Riley*

The number of individual income tax returns filed through April of this year was 90.7 million, up 1.5 million from the comparable period last year. The overall increase in the total number of returns filed is due to many factors, including rising incomes and an increase in average employment of about 1 million in Tax Year 1981 [1]. More than half of the increase between 1980 and 1981 was accounted for by the increase in the number of Forms 1040A filed--from 36.3 million for a comparable period last year to 37.1 million this year. The increase is a reversal of the pattern observed between comparable periods for Tax Years 1979 and 1980 when the number of Forms 1040A filed decreased by 2.2 percent and Forms 1040 increased by 2.3 percent.

Number of Forms 1040 and 1040A Filed
(Thousands of returns)

Form Type	1979	1980	1981
1040	51,651	52,840	53,544
1040A	37,118	36,314	37,126
Total	88,769	89,154	90,670

Generally, the relative proportion of Form 1040A returns filed to Form 1040's declines, or at least remains stable, between tax years in which there are no new tax laws implemented or in which there is no broadening of eligibility for Form 1040A usage. The increase of over 800,000 Forms 1040A from 1980 to 1981 is a reflection in part of both of these factors. For 1981, the tax tables were revised so that the 1040A could be used by taxpayers with taxable incomes of up to $50,000 regardless of marital status, in contrast to an adjusted gross income limit of $20,000 or $40,000, depending on marital status, in recent prior years. The change to taxable income also removed any limitations (in using the tax tables) based on the number of exemptions. Also contributing to the increase was the addition of the space on the back of the Form 1040A to report more than $400 of interest income or more than $400 of dividend income. Thus, taxpayers who previously filed the 1040 only because interest or dividend income exceeded $400 could now use Form 1040A. Space was also provided on the 1040A to report All-Savers Certificate Interest.

NONTAXABLE RETURNS

Early estimates show that the number of individual income tax returns filed with no income tax reported decreased by 0.8 percentage points from the comparable period last year. Of the 90.7 million returns filed by April 29, only 19.7 percent of them reported no income tax, compared with 20.5 percent of the 89.2 million returns reporting no income tax for Tax Year 1980. The number with no tax and with adjusted gross income of $5,000 or more decreased from 5.0 million to 4.3 million, or by about 15 percent. This may reflect a decrease in the number of families with children or other dependents, earning between $5,000 and $6,500, or an increase in the number of older taxpayers. Table 1 shows the total number of returns filed, with and without an entry for income tax, for Tax Years 1979, 1980, and 1981, by adjusted gross income class.

EXCLUSION OF INTEREST AND DIVIDENDS

Many of the 42.2 million taxpayers claiming the new combined dividend/interest exclusion showed the maximum amount allowed for their filing status: $400 for taxpayers who are married and filing a joint return, $200 for all others. Only about 300,000 returns are estimated to have mistakenly shown a dividend/interest exclusion in excess of what their filing status entitled them to (these errors are corrected in regular "revenue processing"). This 42.2 million for Tax Year 1981 compares with the 10.0 million taxpayers reporting dividends (after exclusion) and 47.2 million taxpayers reporting interest income for Tax Year 1980. Additional data on this topic are presented in Table 2.

ALL-SAVERS CERTIFICATE INTEREST

Interest received on the All-Savers Certificate (ASC)--established by the Economic Recovery Tax Act of 1981--was reported on only 1.2 million of the 90.7 million returns filed. The maximum amount of the exclusion allowed--$2,000 for married persons filing a joint return and $1,000 for all other taxpayers--was claimed on only 0.1 percent of all the returns filed, but on 9.2 percent of all the returns filed with ASC exclusion. The low incidence of taxpayers reporting ASC interest is a result of the Tax Year 1981 data representing only the first three months of ASC activity (the certificates were not available until October 1, 1981) and the policy of many financial institutions to pay ASC interest only at certificate maturity [2]. Tax Year 1982 data should show the full extent of ASC usage and the degree to which ASC reporting compares with expected increased Individual Retirement Arrangement (IRA) reporting. (IRA's are expected to compete directly with ASC's as will the exclusion of reinvested dividends on utility stock.)

All-Savers Certificate (ASC) Exclusion

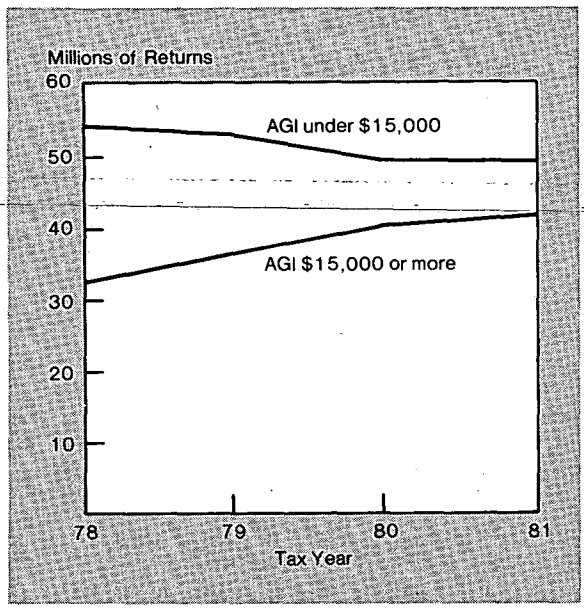
Size of ASC Exclusion	Returns (Thousands)	Percent of Total
Under $1,000	1,045	1.2
$1,000 or more	106	0.1

*Individual Statistics Branch, Special Projects Section, James Dumais, Acting Chief.

INCOME DISTRIBUTION

The proportion of higher income returns relative to the total has been steadily increasing. This increase is a result of several factors--among them, inflation, higher real income, and increases in the minimum income filing requirements. From Tax Year 1978 to Tax Year 1981, the number of returns with AGI's under $15,000 decreased by 5.0 million while the number with adjusted gross incomes of $15,000 or more increased by 9.2 million. The percent of returns filed with AGI's of $15,000 or more increased from about 37.5 percent for 1978 to about 45.9 percent for 1981. During the same period, returns with AGI's under $15,000 decreased from about 62.5 to about 54.1 percent. Thus, as indicated by the chart below, the relationship between the rate of increase in the number of returns in the $15,000 and over AGI class and the rate of decrease in the number of returns in the under $15,000 AGI class is becoming almost inverse. (See also Table 3.)

Number of Returns by Size of Adjusted Gross Income



ATTACHED FORMS AND SCHEDULES

The W-2 (Wage and Earning) Statements continue to be the single most prevalent attachment to the return and one of the most informative [3]. Most of the Forms 1040A had W-2 statements attached, regardless of the income class (see Table 4). By contrast, only 80.2 percent of the Forms 1040 had a W-2 statement, and as the income level rose, the incidence of the presence of a W-2 statement also rose. Review of a selection of returns showed that the Forms 1040 with AGI's under $15,000 without a W-2 statement frequently had a W-2P (Recipient of Pension and Annuity Income) Statement or a Schedule SE (Computation of Social Security Self-Employment Tax) attached. Of the 6.9 million Forms 1040 with Schedules SE attached, 3.1 million, or 45.3 percent of them were in the under $15,000 adjusted gross income class.

Table 5 shows, on a selected basis, which forms and schedules are attached to individual income tax returns by adjusted gross income class. The number of returns filed with an attached Schedule B (Interest and Dividend Income) increased by 2.8 million over a comparable period last year. While ASC interest reporting may have contributed to this increase, overall high interest rates and a constant reporting requirement of $400 or more were probably the main reasons. The number of Forms 1040 filed with a Schedule E (Supplemental Income Schedule), as expected, decreased by 2.2 million. This decrease reflected the fact that new lines were added to the Tax Year 1981 basic Form 1040 for taxpayers who had previously filed a Schedule E to report only pension and annuity income. In keeping with the concept of tax return simplification, these individuals are no longer required to file a Schedule E.

As shown in the table below, returns claiming itemized deductions on Schedule A have been a steadily rising proportion of all Form 1040 returns during the last four years. They now represent about 53 percent of the Forms 1040 filed by the end of April, as compared with about 49 percent for 1976. Inflation may have caused more taxpayers to be eligible to itemize deductions on Schedule A. When there are tax form or law changes designed to encourage wider use of the Form 1040A, many former 1040 filers who were not itemizing deductions may have switched to the simpler Form 1040A. This would obviously cause the ratio of the remaining 1040 filers with itemized deductions to total 1040 filers to rise. The decrease in 1040 returns filed with an attached Schedule A from Tax Year 1976 (49.0 percent) to Tax Year 1977 (45.6 percent) resulted from the substantial increase in the zero bracket amount (ZBA) for Tax Year 1977. The increase in the ZBA for 1979 was apparently not enough to offset rising expenses for itemizers.

Tax Year	Percent with Itemized Deductions: Form 1040	All Returns
1976	49.0	31.9
1977	45.6	27.3
1978	46.7	27.6
1979	49.6	28.9
1980	51.7	30.6
1981	52.7	31.1

Form 1040 returns filed with the Form 5695 (Residential Energy Credit) showed a marked decline from last year. Only 3.8 million Forms 1040 had an attached Form 5695 compared with 4.6 million for a comparable period last year. The decreasing number of Forms 1040 filed claiming the residential energy credit is due in part both to the length of time the credit has been allowed and the lifetime maximum credit per principal residence (which have therefore decreased the number of persons qualifying to claim it). The credit was based on the cost of items for home energy conservation and the costs for renewable energy property installed after April 19, 1977, and before January 1, 1986. For Tax Year 1978, the first year the credit was allowed, 5.6 million taxpayers claimed it, compared with the 4.6 million claiming it for Tax Year 1980 and the 3.8 million claiming it for Tax Year 1981.

Tax Year	Returns with Form 5695 (Thousands)
1978	5,568
1979	4,499
1980	4,646
1981	3,771

The types of attachments to the Forms 1040 tabulated for Table 5 were limited to those for which statistics were requested by Internal Revenue Service officials for tax administration purposes. Therefore, forms or schedules not shown were not requested even though some of them may have been filed in substantial numbers--such as the Form 4835 (Farm Rental Income And Expenses and Summary of Gross Income from Farming or Fishing).

PREPARER RETURNS

The proportion of preparer returns--returns with a paid preparer signature--decreased by 0.6 percent from the comparable period last year. In fact, preparer returns have been on the decline for the past five years [3]. Over half of the Form 1040 returns--but less than one sixth of the Form 1040A returns--had a preparer signature. The incidence of preparer signatures is directly related to income class, as can be seen in Table 6. As the level of income increases, so does the likelihood of a preparer signature. The trend for all returns with paid preparer signatures is notably different from those of the two components--Forms 1040 and Forms 1040A. This difference is mostly the result of the progressively larger proportions of middle income taxpayers now using the 1040A. Taxpayers using the Forms 1040 tend to be concentrated in the higher adjusted gross income classes, and because of the increased complexity of returns in the higher income classes, a higher incidence of paid preparer signatures is observed.

OFFICIAL LABEL AND ENVELOPE USAGE

Overall, use of the official IRS label increased by 0.7 percentage points despite the Service's decision not to ask the Postal Service to forward 1981 tax packages in those cases where the taxpayer had moved since the prior year's filing. The percentage of returns with the label affixed decreased by 0.8 percent for Form 1040 filers and increased by a significant 2.9 percent for Form 1040A filers--a shift from the previous year when an increase in label usage was found for Form 1040 filers and a decrease was found for Form 1040A filers. On the other hand, use of the official IRS envelope decreased by 4.6 percent for Form 1040 filers and by 3.5 percent for Form 1040A filers, but the envelope usage percentages remained significantly higher than those for official label usage.

Official Label Usage

	1979	1980	1981
1040	64.2%	64.9%	64.1%
1040A	53.2	51.2	54.1
Total ..	59.6	59.3	60.0

Official Envelope Usage

1040	75.0%	78.9%	74.3%
1040A	79.4	81.1	77.6
Total ..	76.8	79.8	75.7

For the first time, the Service used presorting for 86.4 million or about 97 percent of the total tax packages mailed to taxpayers for use in filing their Tax Year 1981 Forms 1040/1040A. According to the U.S. Postal Service, the carrier route presorting improved deliveries of the tax packages; that is, more taxpayers received their tax packages than in the past, resulting in fewer tax packages being destroyed by the Postal Service because they were undeliverable. This improvement in deliveries apparently caused the slight increase in label usage (see Table 7).

DATA SOURCES AND LIMITATIONS

Data for the Taxpayer Usage Studies (TPUS) were derived from a continuous daily sampling of returns at the time of their receipt at the Internal Revenue Service Centers. Sampling was conducted at a designated 1:13,000 rate for Tax Years 1979 and 1980--and 1:15,000 for Tax Year 1981. Estimates from the annual Taxpayer Usage Studies apply exclusively to Form 1040 and Form 1040A returns filed on current year tax forms, and cover about 94 percent of the total individual returns expected to be filed for the year. The designed sampling rate was set at 1/15,000 in order to yield a sample of about 6,000 Forms 1040 and 1040A from the Tax Year 1981 filing population, projected to be about 96,200,000 individual income tax returns. However, in recent years, the average effective sampling rate has exceeded the designated rate; in addition, the effective rate for 1040A's has exceeded that for 1040's [4]. Because of the differences between designed and effective sampling rates, the estimation procedure is based on using the inverse of the effective sampling rates (for Forms 1040 and 1040A separately) as the weighting factors for the returns in this sample. For example, for Tax Year 1981, the official IRS Service Center count of Forms 1040 received by April 30, 1982, was 53,544,000, while the number of 1040's in the sample was 3,450. Thus the effective weight for Forms 1040 was 15,520 (53,544,000 divided by 3,450). For Forms 1040A the official IRS count received by April 30 was 37,126,000, while the number of sample 1040A's was 3,011. Thus, the weight assigned was 12,330. Because the TPUS samples are not stratified by income size and the sampling rates are low, only frequency estimates are available.

Coefficient of Variation

Because the statistics are estimates based on samples, they are subject to sampling error. The upper limits of the coefficient of variation shown below for Tax Year 1981 are intended as a general indication of the reliability of the data.

Coefficient of Variation	Estimated Number of Returns: Form 1040 1/	Form 1040A
2.0	38,797,500	30,822,800
3.0	17,243,300	13,699,000
4.0	9,699,400	7,705,700
5.0	6,207,600	4,931,600
10.0	1,551,900	1,232,900
20.0	388,000	308,200
30.0	172,400	137,000
40.0	97,000	77,100
50.0		62,100
49,300		

1/ Use this column when Forms 1040 and 1040A are combined.

NOTES AND REFERENCES

The statistics in this article are based in all cases and for all years on filings through the end of April. Data from the entire year's filings for 1981 will appear separately in the Winter 1982-83 issue of the Bulletin using the larger Statistics of Income sample now being processed.

[1] Table A1, Employment and Earnings, Bureau of Labor Statistics, U.S. Department of Labor, March, 1982.

[2] New York Times, February 3, 1982, p. D.13.

[3] Grayson, Paul, "Individual Income Tax Returns: Selected Characteristics from the 1980 Taxpayer Usage Study," SOI Bulletin, Vol. 1, No. 3, page 14.

[4] Grayson, Paul, op. cit., page 13.

[5] Grayson, Paul, op. cit., page 18.

Table 1.—All Returns: Entry for Tax (Line 35, Form 1040; Line 15a, Form 1040A) Classified by Size of Adjusted Gross Income, Tax Years 1979, 1980, and 1981

[All figures are estimates based on samples--numbers of returns are in thousands]

Type of entry for tax, type of return	Total	Size of adjusted gross income						
		Under $5,000	$5,000 under $10,000	$10,000 under $15,000	$15,000 under $20,000	$20,000 under $30,000	$30,000 under $50,000	$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All tax year 1981 returns filed	90,670	19,166	16,138	13,733	10,815	15,817	12,005	2,995
Entry	72,799	5,530	13,703	13,031	10,419	15,332	11,789	2,995
No entry (including 0, "none", "-", etc.)	17,870	13,636	2,435	702	395	485	217	-
Percent with no entry	19.7	71.1	15.1	5.1	3.7	3.1	1.8	-
All tax year 1980 returns filed	89,154	17,646	18,137	13,406	11,160	15,706	10,581	2,517
Entry	70,907	4,485	15,062	12,640	10,543	15,248	10,427	2,493
No entry (including 0, "none", "-", etc.)	18,247	13,161	3,075	766	617	458	154	*24
Percent with no entry	20.5	74.6	17.2	4.7	5.4	2.7	1.5	1.0
All tax year 1979 returns filed	88,768	18,814	19,473	14,461	11,603	14,526	8,132	1,758
Entry	69,650	4,592	16,308	13,551	11,197	14,261	8,008	1,732
No entry (including 0, "none", "-", etc.)	19,118	14,222	3,165	910	406	265	124	*26
Percent with no entry	21.5	75.6	16.2	6.3	2.8	1.8	1.5	1.5

*Estimate should be used with caution because of the small number of sample returns on which it is based.
NOTE: Detail may not add to total because of rounding.

Table 2.--All Returns: Percentage Distribution of Returns With Entry for Exclusions for Dividends/Interest, Classified by Marital Status, Tax Year 1981

[All figures are estimates based on samples--numbers of returns are in thousands]

Exclusions (Line 8d)	Total	Marital status				
		Single	Married filing joint return	Married filing separate return	Unmarried head of household	Qualifying Widow(er)
	(1)	(2)	(3)	(4)	(5)	(6)
All returns filed	90,670	39,206	42,330	1,094	7,884	155
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Returns without exclusions	53.5	63.4	39.6	79.9	75.9	30.0
Returns with exclusions, total	46.5	36.6	60.4	20.1	24.1	70.0
$1 under $200	9.2	7.9	11.0	1.4	6.9	10.0
$200	14.2	28.2	0.5	17.6	17.0	50.0
$201 under $400	1.9	0.1	4.1	-	-	-
$400	20.9	0.2	44.6	1.1	-	10.0
More than $400	0.2	0.2	0.3	-	0.2	-
All Form 1040 returns filed	53,544	15,039	34,019	466	3,864	155
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Returns without exclusions	32.9	32.1	30.0	63.3	58.2	30.0
Returns with exclusions, total	67.1	67.9	70.0	36.7	41.8	70.0
$1 under $200	11.6	10.5	12.3	3.3	10.8	10.0
$200	19.0	56.6	0.6	33.3	30.9	50.0
$201 under $400	3.0	0.1	4.6	-	-	-
$400	33.2	0.4	52.1	-	-	10.0
More than $400	0.3	0.3	0.3	-	-	-
All Form 1040A returns filed	37,126	24,167	8,310	629	4,020	n.a.
Percent	100.0	100.0	100.0	100.0	100.0	-
Returns without exclusions	83.3	83.0	78.8	92.2	92.9	-
Returns with exclusions, total	16.7	17.0	21.2	7.8	7.1	-
$1 under $200	5.6	6.2	5.5	-	3.1	-
$200	7.4	10.6	0.1	5.9	3.7	-
$201 under $400	0.4	0.1	1.8	-	-	-
$400	3.2	0.1	13.8	2.0	-	-
More than $400	0.1	0.1	-	-	0.3	-

n.a. - Not applicable.
NOTE: Detail may not add to total because of rounding.

Table 3.--All Returns: Entry for Filing Status, Classified by Adjusted Gross Income and by Type of Return, Tax Year 1981

[All figures are estimates based on samples--numbers of returns are in thousands]

Filing status	Total	Negative AGI	No entry on line for AGI[1]	Size of adjusted gross income				
				$1 under $1,000	$1,000 under $3,300	$3,300 under $4,300	$4,300 under $5,000	$5,000 under $5,400
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns filed	90,670	351	2,988	2,146	8,215	3,192	2,275	1,166
Single	39,206	124	2,021	1,695	6,468	2,524	1,616	800
Married filing joint return	42,330	214	674	210	972	409	353	211
Married filing separate return	1,094	-	*40	*90	188	*12	-	*12
Unmarried, head of household	7,884	*12	253	151	571	247	306	142
Qualifying widow(er) with dependent child	155	-	-	-	*16	-	-	-
All Form 1040 returns filed	53,544	326	559	481	2,173	1,133	931	512
Single	15,039	124	233	326	1,474	823	605	295
Married filing joint return	34,019	202	279	124	590	248	217	186
Married filing separate return	468	-	*16	*16	*16	-	-	-
Unmarried, head of household	3,864	-	*31	*16	*78	*62	109	*31
Qualifying widow(er) with dependent child	155	-	-	-	*16	-	-	-
All Form 1040A returns filed	37,126	*24	2,429	1,665	6,042	2,059	1,344	653
Single	24,167	-	1,788	1,369	4,994	1,702	1,011	506
Married filing joint return	8,310	*12	395	*86	382	160	136	*25
Married filing separate return	629	-	*25	*74	173	*12	-	*12
Unmarried, head of household	4,020	*12	222	136	493	185	197	111

Filing status	Size of adjusted gross income--Continued						
	$5,400 under $6,400	$6,400 under $7,400	$7,400 under $10,000	$10,000 under $20,000	$20,000 under $30,000	$30,000 under $50,000	$50,000 and over
	(9)	(10)	(11)	(12)	(13)	(14)	(15)
All returns filed	3,280	3,612	8,081	24,548	15,817	12,005	2,995
Single	2,070	2,246	4,711	10,357	3,170	1,185	217
Married filing joint return	703	749	2,131	10,946	11,518	10,494	2,747
Married filing separate return	*65	*99	124	279	155	*31	-
Unmarried, head of household	442	519	1,069	2,935	943	264	*31
Qualifying widow(er) with dependent child	-	-	*47	*31	*31	*31	-
All Form 1040 returns filed	1,319	1,195	3,383	14,030	13,068	11,438	2,995
Single	714	667	1,505	4,439	2,468	1,148	217
Married filing joint return	481	404	1,428	7,543	9,607	9,964	2,747
Married filing separate return	*16	-	*62	155	155	*31	-
Unmarried, head of household	109	124	341	1,862	807	264	*31
Qualifying widow(er) with dependent child	-	-	*47	*31	*31	*31	-
All Form 1040A returns filed	1,960	2,417	4,698	10,518	2,750	567	-
Single	1,356	1,578	3,206	5,918	703	*37	-
Married filing joint return	222	345	703	3,403	1,911	530	-
Married filing separate return	*49	*99	*62	123	-	-	-
Unmarried, head of household	333	395	727	1,073	136	-	-

*Estimate should be used with caution because of the small number of sample returns on which it is based.
[1]Line 10, Form 1040A; line 31, Form 1040.
NOTE: Detail may not add to total because of rounding.

Table 4.--All Returns: Presence of Form(s) W-2, Classified by Size of Adjusted Gross Income and by Type of Return, Tax Year 1981

[All figures are estimates based on samples--number of returns are in thousands]

Attachment of Form(s) W-2, type of return	Total	Size of adjusted gross income						
		Under $5,000	$5,000 under $10,000	$10,000 under $15,000	$15,000 under $20,000	$20,000 under $30,000	$30,000 under $50,000	$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns filed	90,670	19,165	16,138	13,733	10,815	15,817	12,005	2,995
Attached	79,366	16,028	13,541	11,526	9,626	14,653	11,323	2,669
Not attached	11,304	3,138	2,597	2,207	1,189	1,164	683	326
All Form 1040 returns filed	53,544	5,603	6,410	7,186	6,844	13,068	11,438	2,995
Attached	42,943	2,934	3,973	5,028	5,680	11,904	10,755	2,669
Not attached	10,600	2,669	2,437	2,157	1,164	1,164	683	326
All Form 1040A returns filed	37,126	13,563	9,728	6,547	3,970	2,750	567	-
Attached	36,423	13,094	9,568	6,498	3,946	2,750	567	-
Not attached	703	468	160	*49	*25	-	-	-
		(Percentage of returns)						
All returns filed	100.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Attached	87.5	83.6	83.9	83.9	89.0	92.6	94.3	89.1
Not attached	12.5	16.4	16.1	16.1	11.0	7.4	5.7	10.9
All Form 1040 returns filed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Attached	80.2	52.4	62.0	70.0	83.0	91.1	94.0	89.1
Not attached	19.8	47.6	38.0	30.0	17.0	8.9	6.0	10.9
All Form 1040A returns filed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Attached	98.1	96.5	98.4	99.2	99.4	100.0	100.0	-
Not attached	1.9	3.5	1.6	0.8	0.6	-	-	-

*Estimate should be used with caution because of the small number of sample returns on which it is based.
NOTE: Detail may not add to total because of rounding.

Table 5.--All Form 1040 Returns: Percentage Distribution of Schedules and Forms Attached With Entries Classified by Size of Adjusted Gross Income, Tax Year 1981

Schedule or Form	Type of attachment	Total	Size of adjusted gross income						
			Under $5,000	$5,000 under $10,000	$10,000 under $15,000	$15,000 under $20,000	$20,000 under $30,000	$30,000 under $50,000	$50,000 and over
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All Form 1040 returns filed	53,544	5,603	6,410	7,186	6,844	13,068	11,438	2,995
	Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A	Itemized Deductions	52.7	8.8	21.3	34.8	48.1	62.6	84.0	93.3
B	Interest and Dividend Income	47.0	45.4	47.7	45.4	41.9	41.4	51.2	73.1
C	Profit or (Loss) From Business or Profession	12.9	18.6	15.5	14.0	12.0	12.4	9.1	13.0
D	Capital Gains and Losses	12.5	11.4	6.5	12.7	7.5	9.5	17.1	33.7
E	Supplemental Income Schedule	15.0	13.8	12.4	14.2	12.5	13.2	15.6	35.2
F	Farm Income and Expenses	4.0	8.9	4.4	5.4	3.0	3.6	2.2	2.1
G	Income Averaging	10.1	0.6	0.7	3.0	7.9	7.6	20.2	42.0
R, RP	Credit for the Elderly	1.0	-	3.4	1.6	0.9	0.6	0.3	0.5
SE	Computation of Social Security Self-Employment Tax	12.9	20.0	16.5	13.4	13.6	11.0	8.6	14.5
1116	Computation of Foreign Tax Credit	0.5	0.3	-	0.4	0.7	0.4	0.8	1.0
2106	Employee Business Expenses	9.4	3.3	5.1	8.2	7.3	9.7	14.5	16.1
2119	Sale or Exchange of Principal Residence	1.4	1.1	1.2	1.1	0.5	1.3	2.3	3.1
2210/ 2210F	Underpayment of Estimated Income Tax	5.9	4.7	6.5	6.9	5.2	5.1	4.3	15.6
2440	Disability Income Exclusion	0.9	3.1	1.7	1.3	0.7	0.2	0.4	-
2441	Credit for Child and Dependent Care Expenses	7.3	0.6	3.4	9.7	8.6	8.7	9.6	5.2
3468	Computation of Investment Credit	5.7	7.5	3.6	5.2	6.1	4.9	4.5	14.5
3903	Moving Expense Adjustment	1.8	-	1.9	1.7	2.5	2.3	1.6	2.6
4255	Recapture of Investment Credit	0.8	1.9	1.0	0.4	0.5	0.1	0.5	3.1
4562	Depreciation	7.7	12.2	6.1	7.8	6.4	7.2	6.6	11.9
4625	Computation of Minimum Tax--Individuals	0.1	-	-	0.2	-	-	0.3	1.0
4684	Casualties and Thefts	1.0	0.3	0.7	0.4	0.7	1.2	1.6	2.1
4797	Supplemental Schedule of Gains and Losses	1.9	3.6	0.7	1.9	0.9	1.5	1.6	6.7
5329	Return for Individual Retirement Arrangement Taxes	0.1	0.3	-	0.2	0.2	-	0.1	-
5695	Residential Energy Credit	7.0	0.8	1.7	5.4	8.2	8.4	10.9	10.9
5884	Jobs Credit	0.1	0.8	-	-	0.2	-	-	-
6249/ 6249A	Computation of Overpaid Windfall Profit Tax	0.3	0.6	0.2	0.2	0.5	0.2	0.3	0.5
6251	Alternative Minimum Tax Computation	0.7	-	-	0.2	0.7	0.5	1.6	2.6
6252	Computation of Installment Sale Income	1.2	0.8	0.5	1.7	0.5	0.7	2.2	3.1

Table 6.--All Returns: Entry for Paid Preparer Signature Classified by Adjusted Gross Income and by Type of Return, Tax Year 1981

[All figures are estimates based on samples--numbers of returns are in thousands]

Paid preparer signature, type of return	Total	Negative or no entry for AGI	Size of adjusted gross income						
			$1 under $5,000	$5,000 under $10,000	$10,000 under $15,000	$15,000 under $20,000	$20,000 under $30,000	$30,000 under $50,000	$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns filed	90,670	3,338	15,827	16,138	13,733	10,815	15,817	12,005	2,995
Entry	33,848	651	4,092	5,161	4,782	4,475	7,117	5,739	1,831
No entry	56,822	2,688	11,735	10,978	8,951	6,340	8,700	6,267	1,164
All Form 1040 returns filed	53,544	885	4,718	6,410	7,186	6,844	13,068	11,438	2,995
Entry	28,324	466	2,452	3,632	3,771	3,896	6,612	5,665	1,831
No entry	25,220	419	2,266	2,778	3,414	2,949	6,456	5,773	1,164
All Form 1040A returns filed	37,126	2,454	11,109	9,728	6,547	3,970	2,750	567	-
Entry	5,524	185	1,640	1,529	1,011	580	506	*74	-
No entry	31,602	2,269	9,470	8,200	5,536	3,391	2,244	493	-

*Estimate should be used with caution because of the small number of sample returns on which it is based.
NOTE: Detail may not add to total because of rounding.

Table 7.--All Returns: Use of Official Preaddressed Label and Official Envelope Classified by Preparer Status and by Type of Return, Tax Year 1981

[All figures are estimates based on samples--numbers of returns are in thousands]

Characteristics of label and envelope	All returns			Form 1040			Form 1040A		
	Total	Paid preparer signature		Total	Paid preparer signature		Total	Paid preparer signature	
		Entry	No entry		Entry	No entry		Entry	No entry
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns filed	90,670	33,848	56,822	53,544	28,324	25,220	37,126	5,524	31,602
Official preaddressed label:									
Used, total	54,397	19,078	35,318	34,299	16,168	18,143	20,098	2,922	17,176
Label unchanged	51,351	17,864	33,488	32,561	15,225	17,336	18,791	2,639	16,152
Changes include city/state	461	170	290	202	*93	109	259	*62	197
Other changes	2,585	1,045	1,540	1,536	714	823	1,048	222	826
Not used	36,272	14,769	21,503	19,245	12,168	7,077	17,028	2,602	14,426
Official envelope:									
Used	68,620	21,345	47,275	39,793	17,646	22,147	28,828	3,699	25,129
Not used, total	22,049	12,503	9,546	13,751	10,678	3,073	8,298	1,825	6,473
Other envelope	17,528	9,930	7,598	10,414	8,241	2,173	7,114	1,689	5,425
No envelope (includes "flat" or "cloth mail")	4,520	2,572	1,948	3,337	2,437	900	1,184	136	1,048

*Estimate should be used with caution because of the small number of sample returns on which it is based.
NOTE: Detail may not add to total because of rounding.

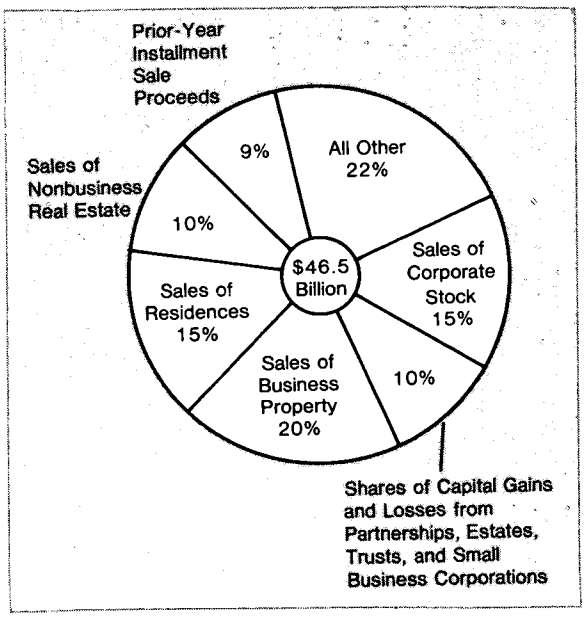
Sales of Capital Assets, 1973 — 1980

By Bertie Brame and Keith Gilmour*

Gains and losses from sales and exchanges of capital assets on individual income tax returns have been accorded some type of preferential tax treatment almost since the inception of the Federal income tax. Although some summary data are collected annually, detailed information on sales of capital assets is only collected periodically for use in tax policy analysis. The focus here is on the details of those capital asset transactions for two years, 1973 and 1977, with some summary information for 1973-80.

Over 10 percent of the 86.6 million individual income tax returns filed for 1977 had transactions considered to be sales of capital assets. These transactions, numbering 23.0 million, resulted in gross gains less losses of $46.5 billion, an $11.3 billion increase over 1973. The distribution of the number of transactions and amount of gain less loss by broad asset category remained about the same for 1977 as for 1973.

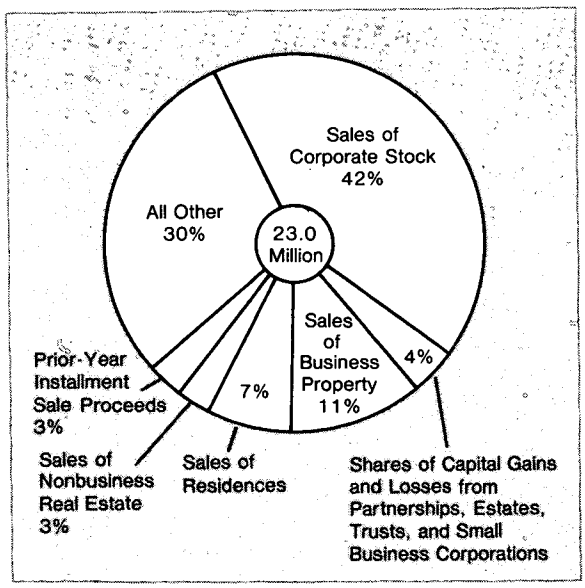
Percentage Distribution of Gains Less Losses from Sales of Capital Assets, by Type of Asset, 1977



Sales of business property, taken as a single asset type, accounted for the largest percentage of net gains. The total of $9.3 billion resulted from 2.6 million transactions.

As would be expected, corporate stock was the asset type most frequently reported, with 31 percent of the returns with sales of capital assets reporting sales of this asset. However, for 1977 (compared to 1973) there appeared to be a movement away from stock transactions. While returns with corporate stock transactions for 1977 increased about 8 percent over 1973, returns with sales of other securities (bonds, notes, etc.) increased 64 percent, and sales of commodities, including "futures" contracts, increased 39 percent. Asset types accounting for the largest proportion of gross gains less losses for 1977 were business property with $9.3 billion, personal residences with $6.9 billion, and corporate stock with $6.8 billion.

Percentage Distribution of Capital Asset Transactions, by Type of Asset, 1977



Gains and losses from sales or exchanges of capital assets held for a short period were taxed as ordinary income, while gains and losses from sales or exchanges held for a longer term were eligible for special tax treatment. If capital assets received "long-term" treatment, only one-half of the gain (in excess of short-term loss) was taxable. If the sale or exchange resulted in a loss, regardless of how long the property was held, the loss could be completely offset against capital gains and, to a limited extent, against ordinary income.

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HOLDING PERIOD

The Tax Reform Act of 1976 changed a provision in the law that had been in effect for over thirty years. This provision dealt with the holding period of a capital asset. It changed the required holding period for long-term treatment from "more than six months" to "more than nine months." Therefore, for 1977, the gain or loss from the sale or exchange of property held for nine months or less was considered short-term and taxed as ordinary income. If a taxpayer held property more than nine months, the gain or loss from the sale of the property was eligible for long-term treatment. This increase in holding period did not apply to commodity transactions, including futures contracts, which continued to be regulated under the prior holding period rule of more than six months for application of long-term treatment.

The available statistics show that the lengthening of the required holding period apparently had a small overall effect on the distribution (short-term vs. long-term) of capital asset transactions for 1977 in comparison to 1973. In proportion to total transactions, short-term transactions increased from 20 percent for 1973 to 25 percent for 1977, with an absolute increase in short-term transactions of 47 percent between 1973 and 1977. In proportion to total transactions, long-term transactions decreased from 80 percent to 75 percent with an absolute decrease in long-term transactions of 2 percent between 1973 and 1977.

Though total long-term transactions decreased, some of the individual asset types had large increases. Those asset types with the largest increase in long-term transactions were securities other than corporate stock, commodity futures, and qualified gains on livestock (except poultry) used in trade or business. Securities other than corporate stock had a 58 percent increase over 1973; gain transactions increased over 100 percent, while loss transactions decreased 26 percent. There was an overall increase in commodity futures transactions of 32 percent and in qualified gains on livestock approximately 200 percent.

The extent to which individuals held certain types of assets in order to qualify for short-term or long-term treatment is shown for 1973 and 1977 in Figure A. Data are shown for three categories of asset types: corporate stock, securities other than corporate stock (which included U.S. Government obligations, State and local Government obligations, and other bonds, notes, and debentures), and all other types of assets for which the return form required a holding period.

LAW CHANGES

Major changes in the law affecting sales of capital assets were introduced by provisions of the Tax Reform Act of 1976. Some of the more significant provisions are explained below. This Act changed the required holding period for long-term capital gain or loss treatment from "more than six months" to "more than nine months" beginning with 1977, and to "more than twelve months" for taxable years beginning after 1977. The exception to this change was for commodities, including futures contracts. Gains and losses from such sales were still considered long-term if the contract was held for "more than six months." For 1977, the maximum amount of net capital loss that could be used to reduce ordinary income increased from $1,000 to $2,000. This was further increased to $3,000 in 1978. Other capital gain benefits were extended to taxpayers age 65 and older who sold their personal residences: the base amount of the gain from sales of residences that could be excluded from taxable income increased from $20,000 to $35,000, effective for 1977.

The Revenue Act of 1978 also introduced significant changes, especially in regard to the tax treatment of capital gain income. Prior to November 1978 (and going back to 1942), 50 percent of net long-term capital gains (in excess of any short-term capital losses) could be excluded from adjusted gross income. For transactions after October 1978, 60 percent of the "excess net long-term gains" could be excluded. The alternative tax computation for taxpayers with long-term capital gains and marginal tax rates above 50 percent was abolished, and the computation of the additional tax for tax preferences was divided into two parts: itemized deductions and capital gains tax preferences were subjected to a new graduated "alternative minimum tax" and all remaining tax preferences were subject to the regular 15 percent "minimum tax." In addition, a provision of the Act stated that the capital gains tax preference would no longer be used to offset personal service taxable income in computing

Figure A.--Percent Distribution of Capital Asset Transactions by Period Held, 1973 and 1977

Period held	Percent distribution					
	Corporate stock		Securities other than corporate stock		All other assets	
	1973	1977	1973	1977	1973	1977
	(1)	(2)	(3)	(4)	(5)	(6)
Under 4 months	17.6	17.0	22.6	9.5	5.0	9.8
4 through 6 months	8.2	7.9	4.7	4.2	1.8	3.2
7 through 9 months	7.6	4.9	3.2	3.6	1.9	3.1
10 through 12 months	5.7	7.2	3.5	4.4	2.3	3.3
13 through 15 months	4.2	4.2	3.8	3.4	1.5	1.5
16 months or more	47.0	51.9	51.2	68.6	45.4	42.9
Period held not determinable[1]	9.7	7.0	10.9	6.3	42.3	36.2

[1]Includes transactions for which a period held could not be calculated because of missing dates, or for which the calculated period held did not agree with the definition of "short-term" or "long-term" for the year noted.

the "maximum tax." Finally, the Act provided for a once-in-a lifetime exclusion to taxpayers who attained age 55 prior to the date of sale of their residence. The taxpayer could elect to exclude up to $100,000 of the gain realized on the sale.

HISTORICAL PERSPECTIVE

During the period 1973-1980, net gains from sales of capital assets shown on individual income tax returns increased by a substantial 80 percent, even though the number of individual returns reporting such gains was less than 10 percent higher for 1980 than for 1973. Over this same period 15 percent fewer taxpayers reported a net loss, but the amount of net loss more than doubled (basically due to changes in the law previously mentioned). As shown in Figure B, the total number of returns on which sales of capital assets were reported increased only slightly, from 8.7 million to 8.9 million over the eight-year period.

The data in Figure B were taken from the annual Statistics of Income reports relating to individual income tax returns [1]. However, the transaction data for 1973 and 1977, shown in the other tables in this article, were obtained from subsamples of the returns used to produce the estimates in the annual reports. The difference in sample sizes, by itself, accounts for some of the differences in estimates for a specific item generated from the two studies for the same year.

In addition, "total returns" in Figure B is an estimate of returns with a net capital gain or loss in adjusted gross income whether or not the individual had any current year transactions (e.g., only a loss carried over from a previous year). The scope of return coverage in the special transaction studies for 1973 and 1977 is elaborated upon below under "Data Sources and Limitations."

BACKGROUND AND DESCRIPTION OF ASSETS

The Revenue Act of 1921 defined capital assets as property held for profit or investment for more than two years (whether or not connected with trade or business) but excluded property held for personal use or consumption by the taxpayer and family, stock in trade, or property which could be included in inventory. This definition was refined, with the addition of exceptions, to its present description: any property held by the taxpayer (whether or not connected with a trade or business), except (1) stock in trade or other property includable in inventory; (2) personal property held primarily for sale to customers in the course of the taxpayer's trade or business; (3) notes or accounts receivable acquired in the ordinary course of trade or business for services rendered or from sale of stock in trade; (4) depreciable property used in the taxpayer's trade or business (even though the property may have been fully depreciated); (5) real property used in the taxpayer's trade or business; (6) a copyright, a literary, musical or artistic composition or similar property (but not a patent or invention) held by the taxpayer responsible for it; and (7) certain Government obligations issued at a discount on or after March 1, 1974, payable without interest, and maturing at a fixed date not exceeding one year from issue date.

The Internal Revenue Code also included a benefit provision which provided "preferential" treatment to other types of properties excluded from the definition of capital assets. Code section 1231 allowed for the grouping of gains and losses from certain business property and certain other property types (such as most breeding livestock, unharvested crops sold with the land, and certain mineral rights) held for more than six months (or nine months beginning in 1977). All gains were grouped together and all losses were similarly grouped. If the gains exceeded the losses, long-term capital gain or loss treatment was extended to each gain and loss. If the gains did not exceed the losses, ordinary income tax treatment was extended to all transactions.

Figure B.--Gains and Losses From Sales of Capital Assets

[Number of returns are in thousands and money amounts are in millions of dollars]

Income year	Total number of returns	Net gain less loss	Net gain		Net loss	
			Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
1973	8,742	16,671	6,438	18,201	2,304	1,529
1974	7,983	13,470	5,310	15,378	2,673	1,908
1975	7,575	14,072	5,061	15,799	2,513	1,727
1976	8,519	18,562	6,081	20,207	2,437	1,645
1977	8,736	20,777	6,346	23,363	2,390	2,587
1978	8,711	23,231	6,605	26,232	2,107	3,001
1979	8,642	28,448	6,616	31,331	2,026	2,883
1980	8,929	29,660	6,974	32,723	1,956	3,064

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

Description of Assets/Transactions

(Arranged in the Order of Table 2)

Type of Asset/Transaction	Brief Description	Internal Revenue Code Section
Corporate Stock	Stock in any corporation, and warrants. Excluded from this classification for the purpose of this article, but included in "Other Types of Assets," were stock options or privileges, calls, puts, spreads, straddles, stock retired on liquidation of a corporation.	1236
Securities Other Than Corporate Stock:		
U.S. Government Obligations	Bonds, notes, and other evidences of indebtedness issued by the U.S. Government or its possessions.	1232
State and Local Government Obligations	Investments in obligations of State or U.S. possession, including obligations of political subdivisions and the District of Columbia.	1232
Other Bonds, Notes, and Debentures	Securities issued by corporations, banks, insurance companies, as distinguished from U.S. Government, State, and local bonds.	1232(a)(2)
Commodities, Including Futures Contracts	Most sales or exchanges of crops or staples resulting from an obligation to buy or sell a fixed quantity of a commodity on a specific date at a fixed price. Except for a hedging transaction, a capital gain or loss resulted if the commodity future was a capital asset.	1233
Capital Gain Distributions	Long-term capital gains distributed or credited to stockholders in the form of cash or other property by regulated investment companies.	852(b)(3)(A),(D) 857(b)(3)(A), (B)
Share of Capital Gain or Loss From Partnerships and Fiduciaries	Capital gains and losses realized by partnerships and from fiduciaries and imputed to the partners and to beneficiaries, respectively, who, in turn, reported their distributive shares on their individual income tax returns.	702, 665(d)
Capital Gain Distributions From Small Business Corporations	Distributions from earnings and profits, reduced by the special tax imposed at the corporate level, taxed directly through each stockholder during any taxable year of an electing Small Business Corporation.	1375(a)
Liquidation Distributions	Cash or other property received by a stockholder when a corporation was liquidated.	301(c)(3)(A)
Lump-Sum and Other Retirement Plan Distributions	Lump-sum payments to employees from a qualified annuity plan or from an exempt trust which formed part of a pension, profit sharing or stock bonus plan due to various reasons for separation from service.	402(a)(2)
Sale or Involuntary Conversion of Certain Depreciable Property:		
Involuntary Casualty Conversions	Depreciable business or nonbusiness property that was compulsorily converted into money or dissimilar property that resulted in a gain or loss.	1231
Involuntary Theft Conversions	Depreciable business or nonbusiness property that was converted by theft, including larceny and embezzlement.	1231
Involuntary Conversions by Other Than Casualty or Theft	Trade or business property (other than that converted due to casualty or theft) held for less than nine months. This asset, which provided supplemental gain or loss from sales or exchanges, was included because it was an integral part of the gains and losses reported on the supplemental schedule of gains and losses.	1231

Description of Assets/Transactions--Continued

(Arranged in the Order of Table 2)

Type of Asset/Transaction	Brief Description	Internal Revenue Code Section
Sale or Involuntary Conversion of Certain Depreciable Property--Continued		
All Other Livestock, Except Poultry, Including Certain Livestock Used in Trade or Business	Cattle, hogs, horses, mules, donkeys, sheep, goats, fur-bearing animals (such as mink), and other mammals.	1231
Cut Timber	Timber that was cut or contracted to be cut for sale or for use in taxpayer's trade or business.	1231 (631)
Other Farm Land With Unharvested Crop	Farm land with unharvested crops that was sold (with no retention rights or options) or exchanged at the same time and to the same person. Crops included fruit and nut trees.	1231(b)(4)
Qualified *Trade or Business Assets and Transactions Not Elsewhere classified*	Business Assets (either real property or depreciable property) subject to capital gain or loss treatment that could not be classified as a specific section 1231 asset type.	1231
Qualified Gains on *Nonfarm Depreciable Business and Personal Property, Except Certain Buildings*	Depreciable personal property such as tangible machinery and equipment and intangible patents and copyrights.	1245
Qualified Gains on *Other Depreciable Real Property, Including Certain Buildings*	Depreciable real property (such as buildings and their structural components) and intangible real property (such as leases of land).	1250
Qualified Gains on *Farm Land With Unharvested Crop*	"Farm recapture" property, other than livestock. This property, which included business property and unharvested crops, necessitated the maintenance of an excess deductions account.	1251
Qualified Gains on *Livestock, Except Poultry Used in Trade or Business*	Depreciable livestock used in farming, including race horses. Any gain from the sale of such livestock was reported as ordinary income to the extent it was attributable to depreciation after 1969. Any excess over the depreciation amount was treated as capital gain.	1251
Standing Timber	Investment property held by the taxpayer that was sold and treated the same as the sale or exchange of any other capital asset.	-
All Other Farm Land	Farm land with expenditures for soil and water conservation (under section 175) and land clearing expenditures (under section 182).	1252
Oil and Gas Property	Operating mineral interests in oil and gas wells or geothermal deposits. Any excess gain over certain intangible drilling and development costs was treated as capital gain.	1254
Personal Residence	Principal residence or the home in which the taxpayer lived.	1034
Nonbusiness Real Estate	Unimproved real estate; rights-of-way on property; rental property, and all other real estate other than reported as: farm land with unharvested crop, other farm land, real estate subdivided, residences, and business assets.	1221(2)
Prior-Year Installment Sales Proceeds	The classification used to capture deferred payments received from sales or exchanges of capital assets.	-
Other Types of Assets or Transactions	Other assets (such as mortgages, nonbusiness bad debts, life interest in estates, termination payments to employees, patents, and foreign currency conversions). Also includes property which the taxpayer did not specifically identify.	-

SOURCE: Internal Revenue Code of 1954 - Supplemental Report, *Statistics of Income--1973*, Sales of Capital Assets Reported on Individual Income Tax Returns, Publication 458.

Table 1.--Number of Returns, Gross Gain and Gross Loss for Selected Asset Types, 1973 and 1977

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

Asset type	1973			1977		
	Number of returns	Gross gain	Gross loss	Number of returns	Gross gain	Gross loss
	(1)	(2)	(3)	(4)	(5)	(6)
All returns, total	7,373,211	50,552,376	15,405,350	8,845,115	60,021,334	13,534,115
Corporate stock	2,561,659	13,190,508	7,988,456	2,760,804	13,684,818	6,861,349
Securities other than corporate stock	[1]226,404	182,973	450,189	[1]371,140	560,076	356,168
Commodities, including futures contracts	73,052	1,261,514	1,261,559	101,414	1,688,881	1,665,428
Capital gain distributions	[2]1,307,105	[2]1,199,632	117,228	1,540,638	1,098,216	40,803
Share of capital gain or loss from partnerships and fiduciaries	735,105	3,875,272	1,101,621	717,185	4,844,618	562,317
Sale or involuntary conversion of certain depreciable property	[1]975,464	3,361,760	457,528	[1]858,114	3,008,545	444,134
Personal residence	795,237	5,454,478	-	1,460,678	6,955,407	24,731
Nonbusiness real estate	579,536	4,085,245	200,883	637,472	4,595,919	176,720
Prior-year installment sales proceeds	860,694	4,920,209	4,551	572,433	3,972,739	7,708

[1]Data are overstated to the extent a taxpayer reported more than one type of property included in this combined category.

[2]Returns having only capital gain distributions (reported on line 34, page 2, Form 1040) were excluded from this study of detailed transactions by asset type. These returns were estimated to number over 1.6 million with distributions grossing over $6.6 million.

Table 2.--Number of Returns, Transactions, Sales Price, and Gross Gain or Loss, By Asset Type, 1977

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

Asset type	Number of returns	Number of transactions[1]	Sales price	Gross gain	Gross loss
	(1)	(2)	(3)	(4)	(5)
All returns, total	8,845,115	22,989,445	235,337,415	60,021,334	13,534,115
Corporate stock	2,760,804	9,684,635	58,338,779	13,684,818	6,861,349
Securities other than corporate stock	[2]371,140	665,080	11,783,798	560,076	356,168
Commodities, including futures contracts	101,414	307,165	17,876,635	1,688,881	1,665,428
Capital gain distributions	1,540,638	1,540,756	-	1,098,216	40,803
Share of capital gain or loss from partnerships and fiduciaries	717,185	835,635	-	4,844,618	562,317
Capital gain distributions from Small Business Corporations	49,494	49,494	-	267,257	1,665
Liquidation distributions	41,067	57,068	-	931,551	14,015
Lump-sum and other retirement plan distributions	69,067	87,922	-	335,081	-
Sale or involuntary conversion of certain depreciable property	[2]858,114	1,388,725	6,288,879	3,008,545	444,134
Qualified gains on nonfarm depreciable business and personal property, except certain buildings	425,722	644,390	4,808,748	2,255,518	-
Qualified gains on other depreciable real property, including certain buildings	235,000	298,342	9,870,569	3,410,294	-
Qualified gains on farm land with unharvested crop and livestock, except poultry, used in trade or business	[2]139,412	197,998	606,221	392,384	-
Standing timber	92,600	100,951	695,399	602,549	335
All other farm land	1,350	1,362	43,718	29,673	-
Oil and gas property	1,395	1,837	88,195	74,537	-
Personal residence[3]	1,460,678	1,492,843	24,581,400	6,955,407	24,731
Nonbusiness real estate	637,472	738,616	15,462,834	4,595,919	176,720
Prior-year installment sales proceeds	572,433	769,722	54,019,024	3,972,739	7,708
Other types of assets[4]	2,075,276	4,126,904	30,873,217	11,313,268	3,378,741

[1]Connotes sales, exchanges, involuntary conversions, and distributions of gain or loss from partnerships, fiduciaries, Small Business Corporations, retirement plans, and enterprise liquidations.

[2]Data are overstated to the extent a taxpayer reported more than one type of property included in this combined category.

[3]The gain shown for sales of residences is the gross amount realized. Only a small part is taxable gain because of the deferral and exclusion provisions of the tax law relating to sales of residences.

[4]Other types of assets not elsewhere classified or transactions which were unidentified.

NOTE: Due to reporting of more than one asset type on most returns, the number of returns for "All returns, total" will be less than the sum of return totals for the specific asset type.

Table 3.--Short-Term and Long-Term Transactions for Selected Asset Types, 1977

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

Asset type	Number of returns	Number of transactions[1]	Gross gain	Gross loss
	Short-term transactions			
All returns, total	1,577,763	[2]5,644,770	4,617,046	5,226,641
Corporate stock	825,795	3,021,280	1,336,387	1,505,517
Securities other than corporate stock	[3]57,209	130,327	79,631	112,208
Commodities, including futures contracts	87,590	279,600	956,982	1,296,792
Capital gain distributions	-	-	-	-
Share of gain or loss from partnerships and fiduciaries	154,445	154,445	284,128	184,033
Sale or involuntary conversion of certain depreciable property	[3]43,936	[2]56,670	29,476	53,426
Personal residence[4]	25,231	25,391	420,233	4,024
Nonbusiness real estate	44,849	49,474	183,817	22,054
Prior-year installment sales proceeds	13,018	20,367	24,881	([5])
	Long-term transactions			
All returns, total	7,685,139	[2]16,426,254	55,404,287	8,307,474
Corporate stock	2,494,285	6,663,355	12,348,430	5,355,832
Securities other than corporate stock	[3]333,808	534,753	480,445	243,961
Commodities, including futures contracts	18,926	27,565	731,900	368,636
Capital gain distributions	1,540,638	1,540,756	1,098,216	40,803
Share of gain or loss from partnerships and fiduciaries	681,190	681,190	4,560,489	378,285
Sale or involuntary conversion of certain depreciable property	[3]834,092	1,332,055	2,979,068	390,707
Personal residence[4]	547,975	[2]549,031	6,535,174	20,708
Nonbusiness real estate	604,896	689,142	4,412,103	154,666
Prior-year installment sales proceeds	567,982	749,355	3,947,859	7,708

[1]Connotes sales, exchanges, involuntary conversions, and distributions of gain or loss from partnerships, fiduciaries, Small Business Corporations, retirement plans, and enterprise liquidations.

[2]Excludes residence transactions where all gross gain was deferred or excluded. Therefore, the sum of short-term and long-term transactions in this table is less than the total transactions shown in table 2.

[3]Data are overstated to the extent a taxpayer reported more than one type of property included in this combined category.

[4]The gain shown for sales of residences is the gross amount realized. Only a small part is taxable gain because of the deferral and exclusion provisions of the tax law relating to sales of residences. See also footnote 2.

[5]Less than $500.

Table 4.--Number of Returns, Adjusted Gross Income, Income Tax, Transactions, and Gross Gain Less Loss, by Size of Adjusted Gross Income for Returns With Selected Asset Types, 1977

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

Asset type and size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Total income tax	Number of transactions[1]	Gross gain less loss
	(1)	(2)	(3)	(4)	(5)
Total Assets					
All returns, total	8,845,115	226,937,185	46,484,762	22,989,445	46,487,219
No adjusted gross income	184,945	-4,371,304	47,705	563,440	1,566,337
Under $10,000	1,974,532	11,490,693	375,191	3,992,260	5,062,006
$10,000 under $20,000	2,390,176	35,745,856	3,460,932	4,681,856	6,167,548
$20,000 under $50,000	3,462,877	103,954,650	16,716,778	9,361,304	14,395,442
$50,000 under $100,000	630,684	42,283,845	11,045,894	2,962,088	7,113,060
$100,000 under $500,000	195,620	31,406,075	11,671,417	1,338,759	8,107,371
$500,000 or more	6,281	6,427,370	3,166,843	89,738	4,075,453
Corporate Stock					
All returns, total	2,760,804	94,455,666	22,408,815	9,684,635	6,823,469
No adjusted gross income	20,282	-1,216,572	23,343	95,826	-31,705
Under $10,000	458,890	2,647,958	92,124	1,456,131	944
$10,000 under $20,000	560,153	8,538,539	935,160	1,560,790	-111,006
$20,000 under $50,000	1,287,901	40,185,265	6,736,916	4,220,109	1,119,768
$50,000 under $100,000	318,438	21,634,665	5,684,688	1,580,682	1,175,559
$100,000 under $500,000	110,825	18,163,630	6,727,562	720,271	2,485,543
$500,000 or more	4,315	4,502,183	2,209,021	50,826	2,184,367
Securities Other Than Corporate Stock					
All returns, total	[2]371,140	[2]19,625,291	[2]5,874,082	665,080	203,908
No adjusted gross income	1,560	-325,278	8,192	5,902	-89
Under $10,000	47,590	279,016	10,116	52,563	1,034
$10,000 under $20,000	46,215	668,907	73,638	70,209	600
$20,000 under $50,000	169,828	5,247,103	939,696	296,392	71,501
$50,000 under $100,000	69,178	4,811,849	1,274,468	142,164	68,295
$100,000 under $500,000	34,346	6,001,038	2,192,509	86,717	44,934
$500,000 or more	2,423	2,942,657	1,375,465	11,133	17,636
Commodities, Including Futures Contracts					
All returns, total	101,414	4,184,702	1,119,023	307,165	23,453
No adjusted gross income	1,439	-214,809	3,427	6,244	49,399
Under $10,000	14,910	73,272	4,232	16,858	-81,596
$10,000 under $20,000	19,557	300,069	19,804	40,267	-49,551
$20,000 under $50,000	42,154	1,299,606	185,614	128,803	-50,958
$50,000 under $100,000	15,536	1,065,303	263,378	66,119	-10,965
$100,000 under $500,000	7,459	1,265,694	457,021	44,762	81,353
$500,000 or more	359	395,567	185,546	4,112	85,772
Capital Gain Distributions					
All returns, total	1,540,638	42,470,398	9,269,838	1,540,756	1,057,413
No adjusted gross income	11,747	-355,636	3,199	11,747	16,480
Under $10,000	325,036	1,911,105	67,521	325,036	146,466
$10,000 under $20,000	426,602	6,415,706	707,181	426,602	227,821
$20,000 under $50,000	609,006	18,600,623	3,258,232	609,006	323,934
$50,000 under $100,000	128,771	8,592,581	2,341,075	128,889	131,399
$100,000 under $500,000	38,339	6,143,394	2,322,523	38,339	109,167
$500,000 or more	1,137	1,162,625	570,108	1,137	102,145

Footnotes at end of table.

Table 4.--Number of Returns, Adjusted Gross Income, Income Tax, Transactions, and Gross Gain Less Loss, by Size of Adjusted Gross Income for Returns With Selected Asset Types, 1977--Continued

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

Asset type and size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Total income tax	Number of transactions[1]	Gross gain less loss
	(1)	(2)	(3)	(4)	(5)
Share of Gain or Loss From Partnerships and Fiduciaries					
All returns, total	717,185	31,112,894	8,606,434	835,635	4,282,301
No adjusted gross income	11,909	-1,208,376	22,548	14,591	222,014
Under $10,000	82,198	505,471	26,552	94,971	176,212
$10,000 under $20,000	152,208	2,225,496	221,256	170,099	273,080
$20,000 under $50,000	293,587	9,527,856	1,615,425	341,681	1,201,823
$50,000 under $100,000	119,991	8,268,909	2,148,866	142,976	958,948
$100,000 under $500,000	54,866	9,268,624	3,390,284	68,032	1,075,674
$500,000 or more	2,426	2,524,915	1,181,503	3,285	374,549
Sale or Involuntary Conversion of Certain Depreciable Property					
All returns, total	[2]858,114	[2]14,874,849	[2]3,080,217	1,388,725	2,564,411
No adjusted gross income	104,219	-1,432,516	13,178	209,063	237,748
Under $10,000	259,815	1,443,677	29,730	408,254	387,475
$10,000 under $20,000	272,571	3,992,866	292,362	462,979	557,501
$20,000 under $50,000	170,820	5,113,951	753,500	235,107	702,110
$50,000 under $100,000	35,331	2,383,521	630,829	49,528	334,929
$100,000 under $500,000	14,595	2,497,102	943,051	22,405	296,691
$500,000 or more	763	876,246	417,565	1,388	47,951
Personal Residence[3]					
All returns, total	1,460,678	31,851,438	4,860,258	1,492,843	6,930,676
No adjusted gross income	9,938	-191,133	2,369	9,997	59,329
Under $10,000	334,168	1,949,595	54,240	340,037	1,520,042
$10,000 under $20,000	416,948	6,414,940	576,993	429,945	1,983,833
$20,000 under $50,000	634,527	18,209,019	2,618,280	646,789	2,626,319
$50,000 under $100,000	53,970	3,541,445	877,700	54,728	516,874
$100,000 under $500,000	10,902	1,704,925	619,473	11,116	212,083
$500,000 or more	225	222,647	111,202	231	12,194
Nonbusiness Real Estate					
All returns, total	637,472	15,941,404	3,278,896	738,616	4,419,199
No adjusted gross income	8,564	-386,026	7,121	11,286	92,861
Under $10,000	175,677	1,087,577	32,388	212,018	872,187
$10,000 under $20,000	164,447	2,518,203	240,321	172,079	620,292
$20,000 under $50,000	231,425	6,846,699	1,074,923	265,647	1,646,482
$50,000 under $100,000	42,084	2,812,956	715,936	55,655	650,154
$100,000 under $500,000	14,675	2,395,540	883,129	20,975	440,388
$500,000 or more	600	666,456	325,077	956	96,834
Prior-Year Installment Sales Proceeds					
All returns, total	572,433	16,131,058	3,755,251	769,722	3,965,031
No adjusted gross income	6,336	-274,704	5,570	8,834	79,498
Under $10,000	146,054	997,734	45,220	177,231	369,113
$10,000 under $20,000	148,974	2,242,930	239,967	179,683	615,296
$20,000 under $50,000	205,226	6,105,883	983,483	288,884	1,150,367
$50,000 under $100,000	46,330	3,116,990	862,756	80,115	673,124
$100,000 under $500,000	18,783	3,172,021	1,224,290	33,725	749,813
$500,000 or more	730	770,204	393,966	1,250	327,820

[1]Connotes sales, exchanges, involuntary conversions, and distributions of gain or loss from partnerships, fiduciaries, Small Business Corporations, retirement plans, and enterprise liquidations.

[2]Data are overstated to the extent a taxpayer reported more than one type of property included in this combined category.

[3]The gain shown for sales of residences is the gross amount realized. Only a small part is taxable gain because of the deferral and exclusion provisions of the tax law relating to sales of residences.

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

DATA SOURCES AND LIMITATIONS

Detailed data on capital asset transactions were obtained from subsamples of the basic Statistics of Income samples of individual income tax returns for 1973 and 1977 [3]. For 1973, approximately 112,000 returns were examined to select those which had one or more capital asset transactions reported on Schedule D, Capital Gains and Losses (Form 1040); Form 4797, Supplemental Schedule of Gains and Losses; or Form 2119, Sale or Exchange of Personal Residence [4]. For 1977, a total of 117,000 returns were examined to select those with capital asset transactions from the same tax forms. There was one significant difference in the return coverage for the two studies. For both years, if a taxpayer did not have any transactions other than capital gain distributions, that individual could report such gain on Form 1040 and did not need to file a separate Schedule D. Such returns were excluded from the study for 1973, but were included for 1977.

The estimates in this article are intended to represent individual income tax returns, Forms 1040, that had sales of capital assets whether in fact these transactions resulted in a net gain or loss in adjusted gross income. The detailed data on capital asset transactions were combined with other basic tax return information (such as adjusted gross income, taxable income, income tax before credits, total income tax, and net capital gain or loss) for use in the tabulations included in this article.

For both Tax Years 1973 and 1977, a capital loss carryover by itself was not considered transaction information; therefore, returns that only reported a loss from a previous year on the Schedule D were omitted from the study. A return was counted as having a transaction if there was at least one amount reported for any of the following: gross sales price, cost or expense of sale, or gain (loss). Basically, this was true whether or not all of these elements were required to be reported for a particular asset type. Certain asset types (capital gain and other distributions) generally had no gross sales price or cost reported. Certain types of transactions (deferred gain and breakeven) had details on gross sales price and cost, but no gain or loss. For other transactions, the taxpayer may have reported any combination of elements in constructing a transaction. However, since only one element needed to be present for determining that a return had a sale or exchange, the estimates are presumed to provide complete coverage of all types of transactions.

Because the estimates are based on samples, they are subject to sampling error. The return data were also subject to nonsampling error due to reporting idiosyncrasies as well as differences between form instructions and their interpretation by filers.

A general description of Statistics of Income sample procedures and limitations of the data are shown in Appendix II at the end of this Bulletin. Sampling variability relating to the sales of capital asset estimates for 1973 and 1977 are shown in the coefficient of variation table below.

Coefficient of Variation	Estimated Number of Returns	
	1973	1977
2.6%	9,144,000	8,523,700
2.9	7,350,000	6,851,400
3.0	6,868,200	6,402,200
4.0	3,863,300	3,601,300
5.0	2,472,500	2,304,800
10.0	618,100	576,200
20.0	154,500	144,100
30.0	68,700	64,000
40.0	38,600	36,000
50.0	24,700	23,000

REFERENCES

[1] Additional information on returns with sales of capital assets reported on Schedule D and the components of net capital gain or net capital loss included in adjusted gross income can be found in the annual publications of Statistics of Income--Individual Income Tax Returns.

[2] A synopsis of the law pertaining to sales of capital assets, 1913-1962, can be found in the Supplemental Report, Statistics of Income--1962, Sales of Capital Assets Reported on Individual Income Tax Returns. Major changes in the law between 1963-1973 are explained in the Supplemental Report, Statistics of Income--1973, Sales of Capital Assets Reported on Individual Income Tax Returns.

[3] Information on the full SOI samples from which the subsamples were drawn is published in Statistics of Income--Individual Income Tax Returns for Tax Years 1973 and 1977.

[4] For a complete description of the subsample, see Supplemental Report, Statistics of Income--1973, Sales of Capital Assets Reported on Individual Income Tax Returns.

Crude Oil Windfall Profit Tax, 1981

By Rashida Belal*

For the first time since the enactment of the windfall profit tax, quarterly liability per barrel has significantly decreased. The average windfall profit tax dropped from $9.94 per barrel in the second quarter of 1981 to $8.55 for the third quarter, a decrease of almost 14 percent.

This excise tax is generally levied on the "windfall profit" generated by the phased decontrol of oil prices. The windfall profit tax base is the removal price per barrel (generally the price the oil is sold for) less the adjusted base price (a set base price adjusted by a quarterly inflation factor) and the State severance tax adjustment.

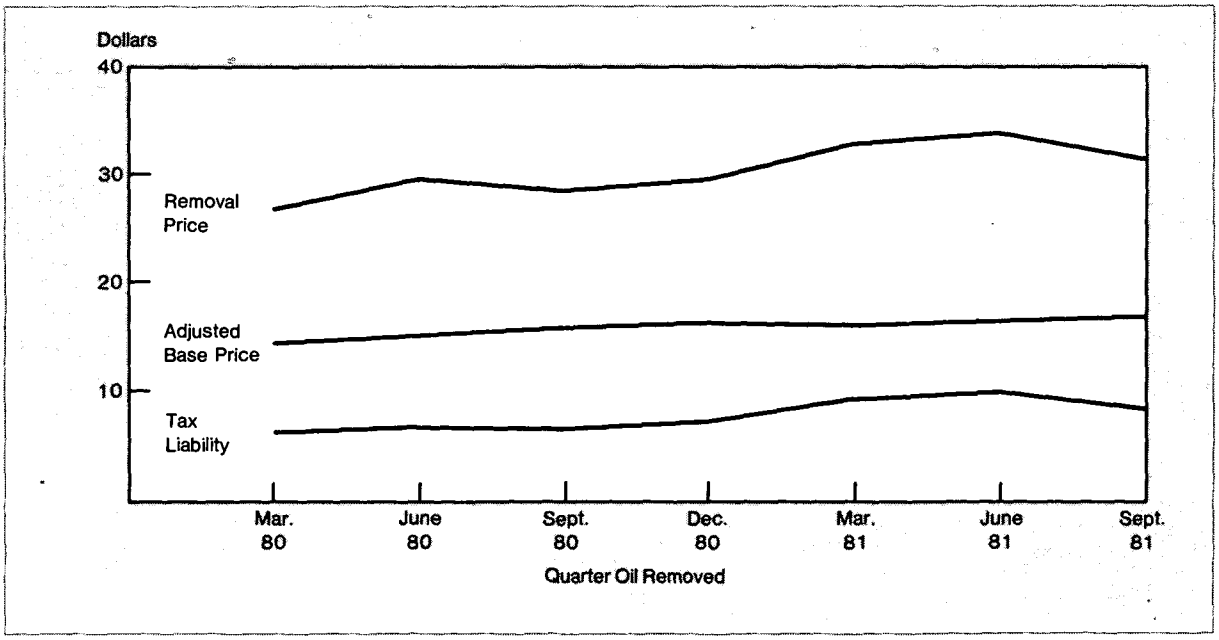
The windfall profit, and therefore the windfall profit tax liability, fluctuates largely with changes in oil prices. These fluctuations have been especially apparent since the full decontrol of oil in January 1981. For the second quarter of 1981, the removal price rose 11 percent over the last quarter of 1980, the adjusted base price remained about the same, and the tax rose 43 percent. In contrast, the removal price dropped by almost $2.00 per barrel from the second to the third quarter of 1981, a result of the excess supply of crude oil. Since the adjusted base price increased at the same time, the result was a significant decrease in the profit and tax.

The windfall profit tax liability is also affected by adjustments made by the withholding agent. These adjustments can result from under- or over-withholding or the net income limitation. Should any of these occur, the depositing or withholding agent is responsible for correcting the error, to the extent possible, by adjusting the amounts withheld in succeeding quarters. These adjustments may be positive or negative. For example, for the quarter ending in March 1981, total reported tax liability before adjustments was $7.0 billion. However, adjustments had a net positive effect and liability after adjustments rose to $7.2 billion. These positive adjustments were largely due to 1980 year-end account balancing by withholding agents. In June 1981, the tax liability before adjustment rose to $7.2 billion; however, after adjustments, it amounted to somewhat less, $7.1 billion. Below is a summary of windfall profit tax liability and adjustments by quarter since the inception of the tax.

Windfall Profit Tax After Adjustments
(Millions)

Quarter Ending	Tax Before Adjustments	Adjustments	Tax After Adjustments
Total	$31,511	$-1,152	$30,359
Mar. 1980	788	-	788
June 1980	2,842	-21	2,821
Sept. 1980	3,413	-88	3,325
Dec. 1980	3,918	-927	2,991
Mar. 1981	6,953	+242	7,195
June 1981	7,253	-107	7,146
Sept. 1981	6,344	-251	6,093

Components of Windfall Profit Tax Liability: Averages per Barrel by Quarter Oil Removed



*Prepared under the direction of Michael Coleman, Acting Chief, Special Projects Section, Foreign Statistics Branch

Table 1.--Windfall Profit Tax Liability by Oil Tier and Tax Rate for the Quarter Ending September 1981, Aggregate Components of Windfall Profit

[Money amounts are in thousands of dollars]

Oil tier and tax rate	Tax liability before adjustments, quarter ended September 30, 1981	Returns with components of windfall profit[1]					
		Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns, total.....	6,343,667	686,198	21,401,446	11,060,854	588,232	9,752,366	5,867,552
Returns with tax liability shown by oil tier and tax rate, total	5,901,700	686,198	21,401,446	11,060,854	588,232	9,752,366	5,867,552
Tier one, other than Sadlerochit oil:							
Taxed at 70 percent.....	3,969,307	325,002	10,737,351	4,812,695	272,236	5,652,420	3,956,694
Taxed at 50 percent.....	278,977	30,363	1,037,844	461,062	33,732	543,050	271,523
Tier one, Sadlerochit oil:							
Taxed at 70 percent.....	562,692	118,971	2,711,411	1,767,777	139,787	803,847	562,692
Taxed at 50 percent.....	163	57	1,237	852	57	328	163
Tier two oil:							
Taxed at 60 percent.....	505,170	57,069	1,899,923	1,021,876	42,520	835,527	501,315
Taxed at 30 percent.....	164,453	35,566	1,191,014	631,721	25,055	534,238	160,273
Tier three oil (taxed at 30 percent):							
Newly discovered oil.....	318,763	81,559	2,826,747	1,716,044	67,058	1,043,645	313,095
Incremental tertiary oil....	17,377	4,453	153,232	92,015	3,481	57,736	17,321
Heavy oil.....	84,790	33,155	842,684	556,808	4,301	281,575	84,472
Total returns with components not shown.....	441,967	-	-	-	-	-	-

[1]Represents 90 percent of all returns tabulated and 92 percent of the liability.
NOTE: Detail may not add to total because of rounding.

Table 2.--Windfall Profit Tax Liability by Oil Tier and Tax Rate for the Quarter Ending September 1981, Components of Windfall Profit, Average Dollars per Barrel

Oil tier and tax rate	Returns with components of windfall profit				
	Removal price	Adjusted base price	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)
All returns, total.....	31.19	16.12	0.86	14.21	8.55
Tier one, other than Sadlerochit oil:					
Taxed at 70 percent.....	33.03	14.80	0.84	17.39	12.17
Taxed at 50 percent.....	34.18	15.18	1.11	17.89	8.95
Tier one, Sadlerochit oil:					
Taxed at 70 percent.....	22.79	14.86	1.17	6.76	4.73
Taxed at 50 percent.....	21.49	14.80	0.99	5.70	2.85
Tier two oil:					
Taxed at 60 percent.....	33.29	17.90	0.75	14.64	8.78
Taxed at 30 percent.....	33.49	17.76	0.70	15.03	4.51
Tier three oil (taxed at 30 percent):					
Newly discovered oil.....	34.66	21.04	0.82	12.80	3.84
Incremental tertiary oil.....	34.40	20.66	0.78	12.96	3.89
Heavy oil.....	25.41	16.79	0.13	8.49	2.55

Table 3.--Exempt Oil Volume by Tier and Category, Quarter Ending September 1981
[Barrels]

	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total	19,520,560	14,478,350	3,178,642	1,496,388	176,923	190,256
Exempt governmental interest	17,292,863	13,325,208	2,495,898	1,192,847	125,381	153,528
Exempt charitable interest	934,035	468,513	264,782	142,259	51,152	7,328
Exempt Indian oil	1,143,300	591,933	407,138	137,519	137	6,571
Exempt Alaskan oil	342	-	-	342	-	-
Exempt front-end oil	150,019	92,655	10,822	23,420	253	22,829

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

DEFINITIONS

Brief definitions of the terms used in these tables are given below.

Adjusted Base Price.--For tier one and tier two oil it is the base price multiplied by the inflation adjustment, which is derived from the "implicit price deflator" published by the Department of Commerce. For tier three oil the implicit price deflator is increased by an additional 2 percent.

Adjustments to Liability.--Corrections applied to the current quarter's liability in order to correct over- and under-withholding in previous quarters.

Base Price.--For tier one oil, the upper tier ceiling price, as defined by Department of Energy price control regulations, which would have applied to the oil had it been produced and sold in May 1979, reduced by 21 cents. For tier two and three oil, the base prices were $15.20 and $16.55, respectively, adjusted for grade and quality.

Crude Oil.--The term applies only to natural crude petroleum and does not include synthetic petroleum, such as oil from shale or tar sands. It does, however, include natural gas liquids treated as crude oil under the June 1979 energy pricing regulations issued by the Department of Energy.

Exempt Alaskan Oil.--Oil from a reservoir other than the Sadlerochit reservoir that has been commercially exploited by any well north of the Arctic Circle; and oil produced north of the Alaska-Aleutian Range, and at least 75 miles from the nearest point of the Trans-Alaska Pipeline System.

Exempt Charitable Oil.--Oil produced from economic interests held by charitable medical facilities and educational institutions (as defined in Internal Revenue Code section 170), if such interest was held on January 21, 1980, and at all times thereafter; and oil produced from interests held by a church on January 21, 1980, if, prior to January 22, 1980, the net proceeds of such oil were dedicated to the support of a medical facility or educational institution.

Exempt Front-End Oil.--Certain oil that the Department of Energy deregulates to be used to finance a tertiary recovery project (see Tier Three Oil, Incremental Tertiary Oil). This category of oil is not in existence due to the deregulation of all domestic oil after January 28, 1981.

Exempt Governmental Oil.--Oil produced from an economic interest held by a State or political subdivision (including agencies and instrumentalities), the net income from which is used for public purposes.

Exempt Indian Oil.--Oil produced from mineral interests held by or on behalf of Indian tribes or individuals on January 21, 1980, which is one of the following: (a) production received by Indian tribes and individuals from Tribal Trust Lands (the title to such land is held by the United States in trust for the tribes), (b) production from land or mineral interests held by an Indian tribe eligible for services provided to Indians by the Secretary of the Interior, or (c) oil proceeds which are paid into the U.S. Treasury to the credit of tribal or native trust funds pursuant to law. This exemption also applies to production of any Alaskan Native Corporation prior to 1991.

Net Income Limitation.--The windfall profit on a barrel of oil may not exceed 90 percent of the net income attributable to the barrel.

Removal Price.--Generally, the price for which a barrel of oil is sold. In some instances, a constructive sale price is used.

Sadlerochit Oil.--Crude oil production from the Sadlerochit reservoir in the Prudhoe Bay oil field in Alaska.

State Severance Tax Adjustment.--A State severance tax is a tax imposed by a State with respect to the extraction of oil. The windfall profit is reduced by the amount by which the severance tax exceeds that which would have been imposed had the oil been valued at its adjusted base price.

Stripper Oil.--In general, oil from a property from which the average daily production per well has been 10 barrels or less for any consecutive 12-month period after 1972.

Tier One Oil.--All domestically-produced crude oil other than any oil classified in tiers two or three, or explicitly exempted from the tax by the Act. This includes the bulk of domestic oil from reservoirs proven to be productive before 1979.

Tier Two Oil.--Any oil which is from a stripper well property within the meaning of the June 1979 Department of Energy pricing regulations and oil from a U.S. economic interest in a National Petroleum Reserve except that oil classified as tier one and tier three oil.

Tier Three Oil, Heavy Oil.--All crude oil which is (1) produced from property which had a weighted average gravity of 16.0 degrees or less on the American Petroleum Institute (API) scale, corrected to 60 degrees Fahrenheit, for the last month of production prior to July 1979 or (2) oil from a property with a weighted average gravity of 16.0 degrees API or less, corrected to 60 degrees Fahrenheit, for the taxable period.

Tier Three Oil, Incremental Tertiary Oil.--Production in excess of a base level on a property on which a qualified tertiary recovery project (one which utilizes one of several specific chemical, fluid or gaseous recovery methods to extract oil not recoverable using standard techniques) has been undertaken. The non-incremental oil (i.e., the amount of production up to the base level) remains in the otherwise applicable tier.

Tier Three Oil, Newly Discovered Oil.--Crude oil that is sold after May 31, 1979, and that is produced from (1) an outer continental shelf area for which the lease was entered into on or after January 1, 1979, and from which there was no production in Calendar Year 1978 or (2) an on shore property after Calendar Year 1978.

Windfall Profit.--The excess of the removal price of the barrel of oil over the sum of the adjusted base price and the severance tax adjustment.

REFERENCES

[1] See also Belal, Carol and Clark, Phil, "Windfall Profit Tax Liability for 1980," SOI Bulletin, Volume 1, No. 2, pages 50-54.

[2] Joint Committee on Taxation (Staff), General Explanation of the Crude Oil Windfall Profit Tax Act of 1980, U.S. Government Printing Office, 1981

Appendices

APPENDIX I - Selected Statistical Series

Table

1 - Individual income tax returns: Selected income and tax items for selected years, 1970-1980, 44

2 - Sole Proprietorship Returns: Selected income and deduction items for selected years, 1970-1980, 45

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4 - Corporation Income Tax Returns: Selected balance sheet, income statement, and tax items for selected years, 1970-1979, 46

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Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Selected Years, 1970-1980

[Money amounts are in thousands of dollars]

Item	1970	1975	1977	1978	1979	1980 (Preliminary)
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
All returns	74,279,831	82,229,332	86,634,640	89,771,551	92,694,302	93,616,278
Joint returns	42,376,365	44,140,085	44,004,343	44,483,348	44,855,141	45,124,637
Sources of income:						
Salaries and wages:						
Number of returns	66,965,659	73,520,046	77,345,927	80,278,349	83,200,646	83,653,341
Amount	531,883,892	795,399,462	969,403,997	1,090,291,855	1,229,251,389	1,345,004,185
Interest received:						
Number of returns	32,630,355	40,378,240	44,005,988	46,107,411	47,885,069	48,938,320
Amount	22,021,267	43,433,554	54,603,049	61,222,522	73,875,462	100,902,810
Taxable pensions and annuities:						
Number of returns	3,249,558	5,088,937	6,222,199	6,373,564	6,866,851	7,382,764
Amount	7,878,808	20,886,871	29,211,627	32,743,819	37,346,510	43,309,841
Dividends (after exclusion):						
Number of returns	7,729,939	8,853,491	9,202,378	9,425,819	9,881,105	10,647,455
Amount	15,806,924	21,892,126	27,020,483	30,206,475	33,482,508	37,971,572
Net capital gain less loss:						
Number of returns	7,962,663	7,574,823	8,736,065	8,711,086	8,641,573	8,793,853
Amount	9,006,683	14,071,893	20,776,604	23,231,376	28,448,300	26,978,431
Business net income less loss:						
Number of returns	6,159,985	7,242,542	7,774,555	8,194,375	8,562,834	8,794,706
Amount	30,554,201	39,421,478	49,451,961	53,546,508	56,564,467	54,023,665
Total adjustments:						
Number of returns	6,370,552	9,024,255	9,742,368	10,576,655	11,543,369	13,080,234
Amount	7,665,251	15,101,999	19,329,363	22,364,088	24,778,484	28,025,600
Individual Retirement Arrangement:						
Number of returns	N/A	1,211,794	2,002,833	1,925,853	2,451,955	2,556,522
Amount	N/A	1,436,443	2,457,708	2,497,307	3,198,788	3,411,184
Self-Employed Retirement (Keogh):						
Number of returns	591,655	595,892	576,982	548,925	590,189	561,280
Amount	847,692	1,603,788	1,834,734	1,804,243	2,029,300	1,964,847
Adjusted gross income	631,692,540	947,784,873	1,158,492,225	1,302,447,386	1,465,394,530	1,606,265,685
Exemptions:						
Total number	204,126,402	212,202,596	215,176,997	219,867,696	224,691,732	227,090,827
Number, age 65 or over	8,904,331	9,937,208	10,480,724	10,996,804	11,322,713	11,835,374
Total amount	127,531,204	159,140,845	161,382,748	164,900,772	223,891,529	226,777,532
Total deductions:						
Number of returns	73,862,448	81,585,541	81,856,462	85,473,429	87,202,857	88,259,551
Amount	120,549,755	233,181,778	276,170,902	304,282,120	332,957,555	360,638,144
Total itemized deductions:						
Number of returns	35,430,047	26,074,061	22,896,507	25,756,298	26,483,877	28,791,240
Amount	88,178,487	122,260,601	138,519,421	164,432,406	184,168,669	214,784,413
Medical and dental expense	10,585,749	11,422,312	11,006,536	12,203,983	12,915,626	14,832,253
Taxes paid	32,014,673	44,141,289	51,974,887	59,506,835	60,674,905	68,820,527
Interest paid	23,929,477	38,885,282	47,825,469	60,681,144	74,427,045	89,407,610
Contributions	12,892,732	15,393,331	17,266,462	19,691,249	22,210,838	25,399,664
Taxable income:						
Number of returns	59,593,598	65,852,602	81,674,633	85,280,660	86,932,978	87,891,993
Amount	401,154,285	595,492,866	938,968,454	1,062,190,322	1,157,247,646	1,273,558,005
Income tax before credits:						
Number of returns	59,596,755	65,854,734	68,694,798	73,087,283	74,243,824	75,961,955
Amount	82,138,617	132,452,044	172,111,669	203,803,653	220,099,516	254,211,495
Total tax credits:[1]						
Amount	369,610	8,069,846	13,637,761	17,085,591	6,780,186	6,745,155
Credit for the elderly	167,656	128,968	167,591	145,255	131,734	135,364
Residential energy credit	N/A	N/A	N/A	576,545	473,603	556,798
Earned income credit	N/A	252,141	145,581	152,934	495,500	450,829
Income tax after credits	83,787,323	124,382,197	158,473,908	186,718,062	213,319,330	247,466,339
Additional tax for tax preferences	121,988	144,100	1,322,915	1,514,475	1,175,188	934,263
Total income tax:						
Number of returns	59,317,371	61,490,737	64,381,138	68,688,305	71,694,983	73,739,632
Amount	83,909,311	124,526,297	159,796,823	188,232,537	214,494,519	248,400,602

N/A - Not applicable.

[1]For tax years 1975, 1977, and 1978, includes the personal exemption credit.

NOTE: Tax law changes have affected the comparability of the data. See the specific *Statistics of Income* reports for a description of those law changes.

SOURCE: *Statistics of Income, Individual Income Tax Returns*, appropriate years.

Table 2.--Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Years, 1970-1980

Item	1970	1975	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of businesses	9,399,653	10,881,969	11,345,616	12,017,953	12,329,982	12,701,597
Number with net income	6,675,680	7,385,833	7,748,976	8,254,536	8,330,818	8,215,438
Inventory, end of year	12,153,615	17,164,511	19,148,274	21,822,890	24,074,447	24,052,000
Business receipts	237,726,748	339,221,398	393,871,922	443,354,851	487,807,384	505,884,882
Total deductions	204,512,011	294,610,138	342,482,951	384,327,565	427,048,596	450,434,899
Cost of sales and operations	133,526,775	185,745,453	211,918,200	218,590,325	229,441,138	237,154,342
Payroll	25,324,395	33,064,066	36,395,668	40,576,849	42,366,149	41,985,964
Taxes paid	5,229,009	7,435,330	8,582,206	9,362,245	9,903,005	10,102,834
Interest paid	3,818,791	7,255,904	9,042,180	10,869,976	13,629,184	16,241,787
Depreciation	10,049,833	15,815,144	18,299,280	21,206,674	24,170,602	25,796,183
Pension and profit sharing plans	75,386	131,267	141,566	129,775	140,976	146,181
Net income less deficit	33,214,737	44,611,260	51,388,971	59,027,286	60,758,789	55,449,987
Net income	39,335,180	57,272,242	66,571,503	75,329,052	80,277,325	80,306,493
Deficit	6,120,443	12,660,982	15,182,532	16,301,766	19,518,536	24,856,506

NOTE: Tax law changes have affected the comparability of the data. See the specific *Statistics of Income* reports for a description of those law changes.

SOURCE: *Statistics of Income, Sole Proprietorship Returns*, appropriate years.

Table 3.--Partnership Returns: Selected Income Statement and Balance Sheet Items for Selected Years, 1970-1980

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

Item	1970	1975	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of partnerships	936,133	1,073,094	1,153,398	1,234,157	1,299,593	1,379,653
Number with net income	639,795	661,134	710,256	761,753	765,575	774,173
Number of partners	3,697,818	4,950,634	6,079,860	6,121,455	6,954,767	8,788,519
Total assets	116,752,751	235,468,301	296,098,262	353,699,180	447,130,068	597,503,923
Inventory, end of year	n.a.	11,985,431	n.a.	17,202,990	n.a.	33,218,272
Total receipts	93,348,080	148,417,529	180,848,961	219,192,109	258,197,936	291,998,115
Business receipts	90,208,834	142,505,781	171,424,236	207,731,266	242,653,710	271,108,832
Interest received	942,304	2,477,173	3,102,538	4,346,928	7,246,203	10,869,323
Net gain, noncapital assets	121,505	359,566	611,861	957,426	980,769	1,101,630
Total deductions	83,557,684	140,679,959	167,584,793	204,745,300	242,992,028	283,749,460
Cost of sales and operations	46,040,874	64,672,843	75,853,364	87,217,203	102,096,671	113,885,668
Payroll	12,276,160	17,074,875	19,964,455	22,252,594	26,092,084	29,332,417
Taxes paid	3,159,258	5,770,918	6,914,357	7,364,870	8,328,583	9,553,145
Interest paid	4,470,206	12,097,100	13,455,385	16,022,804	21,275,551	28,362,385
Depreciation	4,578,820	10,108,834	12,334,740	14,519,760	17,662,667	21,576,189
Pension and profit-sharing plans	84,956	190,127	251,395	260,432	311,926	384,955
Net income less deficit	9,790,396	7,737,570	13,264,168	14,446,809	15,205,908	8,248,655
Net income	14,419,124	22,431,931	28,929,500	33,689,343	40,000,896	45,061,756
Deficit	4,628,728	14,694,361	15,665,332	19,242,534	24,794,987	36,813,100

n.a. - Not available.

NOTE: Tax law changes have affected the comparability of the data. See the specific *Statistics of Income* reports for a description of those law changes.

SOURCE: *Statistics of Income, Partnership Returns*, for appropriate years.

Table 4.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970-1979

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

Item	1970	1975	1976	1977	1978	1979
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
Total	1,665,477	2,023,647	2,082,200	2,241,887	2,376,779	2,556,794
Number with net income	1,008,337	1,226,208	1,273,535	1,424,528	1,523,648	1,586,485
Small Business Corporation returns	257,475	358,413	391,685	428,204	478,679	514,907
Domestic International Sales Corporation returns	n.a.	6,431	6,911	6,665	7,208	8,066
Total assets	2,634,706,564	4,286,556,273	4,720,938,670	5,326,389,281	6,014,452,008	6,835,056,963
Inventories	190,401,642	317,718,545	350,644,363	396,032,639	442,652,820	503,033,064
Investments in Government obligations	196,625,390	316,131,699	357,135,346	380,540,830	403,628,383	420,965,658
Net capital assets, except land	552,838,384	825,107,002	899,491,662	1,001,921,728	1,115,564,447	1,262,831,629
Total liabilities	1,882,295,401	3,189,491,468	3,513,621,209	3,975,418,416	4,519,695,153	5,119,271,892
Short-term debt	170,884,261	272,123,551	279,666,019	319,805,729	380,851,818	452,181,682
Long-term debt	362,700,303	586,703,526	638,277,006	694,119,251	780,536,053	884,636,968
Net worth	752,411,163	1,097,064,806	1,207,317,461	1,350,970,865	1,494,756,856	1,715,785,070
Total receipts	1,750,776,503	3,198,627,860	3,635,471,982	4,128,304,478	4,714,602,615	5,598,689,129
Business receipts	1,620,886,576	2,961,729,640	3,370,399,288	3,813,925,121	4,353,704,519	5,136,075,461
Interest on Government obligations	9,687,116	17,264,405	20,498,676	22,177,902	25,381,712	30,380,747
Other interest	61,883,309	126,034,505	135,511,998	154,491,738	195,479,301	258,924,285
Rents and royalties	16,524,889	26,932,271	30,518,787	38,773,512	38,164,761	40,302,778
Net long-term capital gain reduced by net short-term capital loss	5,481,580	8,364,523	9,675,290	11,916,138	14,679,876	19,958,447
Net gain, noncapital assets	5,315,562	7,757,287	8,891,674	11,169,250	12,137,078	15,378,796
Dividends received from domestic corporations	5,238,421	8,818,282	11,968,994	13,932,345	13,321,287	16,824,708
Dividends received from foreign corporations	3,466,515	5,467,726	7,491,448	8,275,849	9,277,932	12,713,087
Total deductions	1,682,778,847	3,052,674,597	3,448,882,876	3,908,781,721	4,467,196,877	5,598,689,129
Cost of sales and operations	1,146,263,273	2,129,928,467	2,416,628,161	2,725,009,554	3,113,421,507	3,709,672,825
Taxes paid	49,523,243	81,530,302	92,983,860	104,282,166	116,155,070	127,751,719
Interest paid	62,055,010	129,307,921	135,056,207	152,865,323	192,403,316	261,277,331
Contributions or gifts	797,029	1,202,130	1,487,408	1,789,747	2,084,022	2,288,334
Depreciation	52,941,266	86,295,664	93,761,989	106,972,692	121,299,900	138,061,915
Pension, profit-sharing, stock bonus, and annuity plans	12,225,912	26,526,129	31,354,998	36,463,699	41,825,415	46,506,098
Net income less deficit	65,901,614	142,636,826	185,419,106	219,243,043	246,867,473	284,615,731
Net income	83,710,924	169,483,336	210,406,400	245,274,490	274,519,721	321,649,761
Deficit	17,809,310	26,846,510	24,987,294	26,031,447	27,652,248	37,034,030
Income subject to tax	72,374,437	146,589,287	183,471,529	212,501,782	239,631,773	279,376,063
Income tax before credits[1]	32,910,634	65,769,822	82,793,852	95,627,563	106,976,893	118,860,300
Tax credits, total	5,414,940	26,452,791	33,445,419	39,605,284	43,501,607	54,159,276
Foreign tax credit	4,548,986	19,987,724	23,578,926	26,006,028	26,357,629	36,827,331
Investment credit	865,954	6,459,746	9,152,712	11,038,404	12,897,172	14,634,672
Income tax after credits	27,495,694	39,317,031	49,348,433	56,022,279	63,475,286	64,701,024
Additional tax for tax preferences	265,249	156,740	192,933	263,316	340,519	432,649
Total income tax	27,838,775	39,691,517	49,846,396	56,735,169	64,386,838	65,887,759
Distributions to stockholders except in own stock	32,012,677	45,224,392	54,644,375	61,536,761	70,294,349	86,613,794

n.a. - Not applicable

[1]Consists of normal tax, surtax, and alternative tax.

NOTE: Tax law changes have affected the comparability of the data. See the respective *Statistics of Income* reports for a description of those law changes.

SOURCE: *Statistics of Income, Corporation Income Tax Returns*, appropriate years.

Table 5.--Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1979-82

[Money amounts are in millions of dollars]

Quarter and fiscal year	Total	Source of revenue				
		Individual income taxes[1]	Corporation income taxes[1]	Excise taxes[2]	Employment taxes[3]	Estate and gift taxes
1979	(1)	(2)	(3)	(4)	(5)	(6)
Total	460,412	251,546	71,448	19,050	112,850	5,519
October 1978 to December 1978	91,796	49,563	14,745	4,983	21,154	1,351
January 1979 to March 1979	108,284	60,070	14,124	4,468	28,237	1,385
April 1979 to June 1979	149,817	82,684	28,304	4,731	32,775	1,323
July 1979 to September 1979	110,515	59,228	14,275	4,868	30,684	1,460
1980						
Total	519,375	287,548	72,380	24,619	128,330	6,498
October 1979 to December 1979	105,947	58,899	14,894	4,902	25,755	1,497
January 1980 to March 1980	122,422	68,723	15,074	4,250	32,850	1,524
April 1980 to June 1980	166,827	91,480	28,360	7,335	38,036	1,617
July 1980 to September 1980	124,179	68,447	14,051	8,132	31,689	1,861
1981						
Total	606,799	332,850	73,733	40,420	152,886	6,910
October 1980 to December 1980	118,804	67,081	14,527	7,305	28,193	1,698
January 1981 to March 1981	143,899	77,467	14,844	10,082	39,878	1,628
April 1981 to June 1981	196,970	108,600	29,204	11,963	45,510	1,692
July 1981 to September 1981	147,126	79,702	15,158	11,069	39,304	1,893
1982						
Total (Year-to-date)	488,204	271,307	53,735	28,393	128,569	6,200
October 1981 to December 1981	137,570	71,526	15,898	10,577	37,654	1,915
January 1982 to March 1982	154,128	85,930	14,722	9,426	41,751	2,299
April 1982 to June 1982	196,506	113,852	23,115	8,389	49,165	1,986

[1]Consists of amounts paid by individuals or corporations as estimated tax payments or amounts withheld by employers prior to return filing, payments made with the return, and any subsequent payments.

[2]Consists of taxes imposed on selected products, services, and activities, such as those on alcohol and tobacco products and the windfall profit tax on domestically produced crude oil.

[3]Composed largely of payroll taxes levied on salaries and wages, such as social security, railroad retirement, and unemployment taxes.

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

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch.

APPENDIX II

GENERAL DESCRIPTION OF STATISTICS OF INCOME SAMPLE PROCEDURES AND DATA LIMITATIONS

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI publications (see References). More technical information is available, upon request, from the Statistics of Income Division.

SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of audit. The samples are based on such criteria as: principal business activity; presence or absence of a schedule; State from which filed; size of adjusted gross income (or deficit) or largest of specific income (or loss) items; total assets or size of business and farm receipts.

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of one percent to one hundred percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints on the allowable total cost or total sample size for the program.

For most SOI studies, returns are computer designated based on the Taxpayer Identification Number (TIN) which is either the Social Security Number (SSN) or Employer Identification Number (EIN). In some cases, the ending digits of each TIN are compared to a set of numbers randomly selected for each sample class. If the TIN ending digits are in the set, then the return is designated for the sample. Otherwise, it is not designated.

Alternatively, a fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for the return's sample stratum, then it is designated. Otherwise, it is not.

Under either method of selection, the TIN's designated from one year's study are for the most part selected for the next study, so that a large proportion of the new sample are repeaters. This longitudinal character of the sample design improves the estimates of change from one study to the next.

METHOD OF ESTIMATION

In general, weighting factors are obtained by dividing the computer count of returns filed for a sample stratum by the actual number of returns secured for the sample. These weighting factors are then used to inflate the sample results to total population levels. During sampling, lists of the returns designated are checked against the returns secured for the sample to insure that the sample designated is the same as the sample selected. Special searches are made for returns not initially secured so that any bias from nonresponse is minimal.

For the individual income tax returns sample, weighting factors are computed for each sample class within each Internal Revenue district, even though the district is not used to designate the sample. This is an example of post-stratified estimation and is used to improve the estimates for the States. Usage of post-stratified estimation is being studied for other SOI studies.

SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples would usually vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The standard error when added to and subtracted from the estimate provides the upper and lower precision limits within which approximately two-thirds of the estimates derived from similarly selected samples would be expected to fall. Ninety-five percent of the estimates would fall in an interval twice as large, the so-called ninety-five percent confidence interval.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented and expressed as a percentage. This ratio is called the coefficient of variation. The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling errors, there are other sources of errors which may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, early cut-off of sampling, etc. More extensive information on nonsampling errors is presented in SOI reports, when appropriate.

In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Missing entries are imputed during statistical processing by utilizing other information on the return and accompanying schedules. Data may be disaggregated and recombined during editing to achieve consistent statistical definitions. In the future, SOI studies will make use of earlier returns of the same taxpayer to check current data, for instance the industry code. Also, research on better methods of imputing missing data is being conducted.

Quality of the basic data abstracted at the processing centers is controlled by a continuous sampling verification system. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically processed returns as a further check. Prior to tabulation, numerous computer tests are applied to each return record to check for inconsistencies.

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

TABULAR CONVENTIONS

Estimates of frequencies and money amounts that are considered unreliable, due to the small sample size on which they are based, are noted by an asterisk (*) to the left of the data item(s) in the tabulations. The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100 percent rate.

Whenever a weighted frequency in a data cell is less than 3, the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses. These combinations and deletions are indicated by a double asterisk (**).

REFERENCES

[1] Statistics of Income--1979, Individual Income Tax Returns (see especially pages 163 to 166)

[2] Statistics of Income--1978-79, Corporation Income Tax Returns (see especially pages 11 to 19)

[3] Statistics of Income--1979, Partnership Returns (see especially pages 5 to 7)

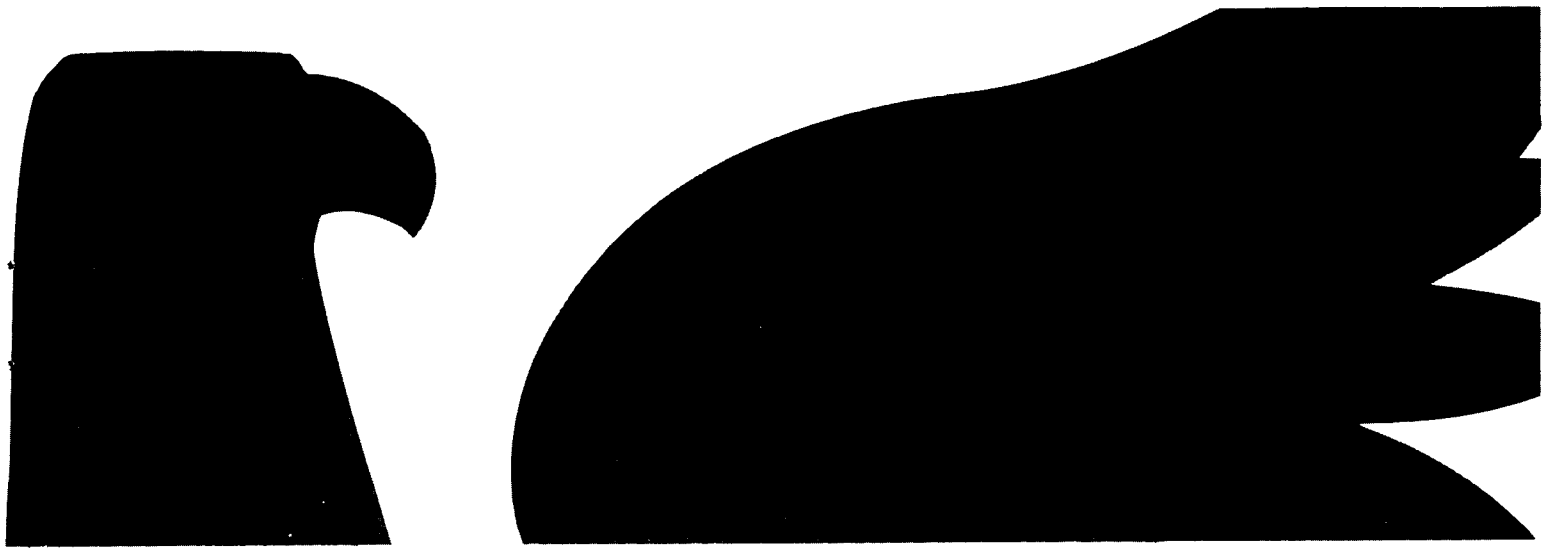
[4] Statistics of Income--1979-80, Sole Proprietorship Returns (see especially pages 5 to 8)

[5] Statistics of Income--1976-1979, International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (in preparation)

[6] Statistics of Income--1973, Sales of Capital Assets Reported on Individual Income Tax Returns (see especially pages 17 to 20)

[7] Statistics of Income--1976, Estate Tax Returns (see especially pages 11 to 12)

[8] Statistics of Income--1974-1978, Private Foundations (see especially pages 9 to 16)



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