

Corporation Income Tax Returns, Preliminary Data, 1984

By Ruth Anna Christian*

Preliminary corporate tax data for 1984 show a continuation of the economic recovery seen in 1983 [1]. Rapid economic expansion was a major factor leading to an 18.4-percent increase in before-tax net income (less deficit) [2]. However, the increase to \$223.0 billion still fell short of the record income amounts, \$285.3 billion and \$239.0 billion, reported for 1979 and 1980.

NUMBER OF RETURNS

All Corporations

The estimated number of active corporation returns for Income Year 1984 surpassed the three million mark with a total of 3,170,701. As Figure A demonstrates, the previous slowdown in the growth rate of returns filed appears to have ended. The number of returns filed, classified by industrial division, can be seen in Table 1.

Figure A - Growth Rate of Returns Filed, Income Years 1977-1984

Income Year	Number of active corporation returns	Percentage change from previous year
1977.....	2,241,887	7.7%
1978.....	2,376,779	6.0
1979.....	2,556,794	7.6
1980.....	2,710,538	6.0
1981.....	2,812,420	3.8
1982.....	2,925,933	4.0
1983.....	2,999,071	2.5
1984(preliminary).	3,170,701	5.7

Corporations Filing Form 1120-A

Beginning with 1984, certain taxpayers were permitted to file Form 1120-A, U.S. Short-Form Corporation Income Tax Return, which required less detail than the standard Form 1120. For Income Year 1984, an estimated 164,742 corporations filed the new short forms.

One qualification for filing a Form 1120-A was that the corporation have no more than \$250,000 of gross receipts, total income or total assets [3]. Further restrictions that applied to the filing of a Form 1120-A were as follows: the corporation could not file a consolidated return; it could not be undergoing dissolution or liquidation; its dividend income could be derived only from other domestic corporations; it could not be a member of a "controlled group" of corporations; and the only credit that it could claim was the general business credit.

Figure B provides limited data from Forms 1120-A for Income Year 1984.

Figure B - Selected Items from Form 1120-A, Income Year 1984
[Money amounts are in thousands of dollars]

Total number of returns.....	164,742
Total assets.....	\$6,116,438
Net depreciable assets.....	4,049,357
Business receipts.....	10,336,738
Depreciation deduction.....	455,163
Net income (less deficit).....	-109,078
Income subject to tax.....	394,752
Regular and alternative tax.....	56,178
General business credit.....	9,271

Note: Includes returns of corporations with accounting periods ended December 1984 through June 1985. Form 1120-A was not available to corporations with periods ended July through November 1984. See also note 1 at the end of this article.

INCOME STATEMENT

An 18.4-percent rise in net income (less deficit) before taxes reflected continuation of the economic expansion. Cash flow increased by 9.9 percent to \$406.4 billion, a rise of \$36.6 billion from 1983 [4]. Every industrial division shared in this increased cash flow, although to widely varying degrees (see Figure C). Construction firms led the way (22.8

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Figure C - Comparison of Net Income (Less Deficit) and Total Cash Flow, Income Years 1983 and 1984
[Money amounts are in millions of dollars]

Industrial division	1983	1984 (preliminary)	Percentage change
	(1)	(2)	(3)
All industries ^{1/}			
Net income (less deficit)	\$188,313.9	\$223,023.3	18.4%
Cash flow	369,876.5	406,438.2	9.9
Agriculture, forestry, and fishing			
Net income (less deficit)	-196.5	202.1	202.8
Cash flow	2,783.1	3,337.2	19.9
Mining			
Net income (less deficit)	-1,586.1	-414.4	73.9
Cash flow	6,441.5	7,011.5	8.8
Construction			
Net income (less deficit)	2,265.6	2,917.6	28.8
Cash flow	7,167.8	8,801.0	22.8
Manufacturing			
Net income (less deficit)	95,331.0	115,018.8	20.7
Cash flow	159,388.5	179,737.3	12.8
Transportation and public utilities			
Net income (less deficit)	19,492.3	25,949.6	33.1
Cash flow	71,160.0	74,106.5	4.1
Wholesale and retail trade			
Net income (less deficit)	35,292.8	39,956.9	13.2
Cash flow	52,770.0	58,202.3	10.3
Finance, insurance, and real estate			
Net income (less deficit)	31,714.8	34,042.5	7.3
Cash flow	45,008.8	48,280.7	7.3
Services			
Net income (less deficit)	6,002.9	5,420.0	-9.7
Cash flow	25,105.7	26,893.0	7.1

^{1/}Includes "nature of business not allocable", not shown separately.

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

percent), with the boom in the housing market a contributing factor [5]. The smallest increase was experienced by the transportation and public utilities industrial division (4.1 percent).

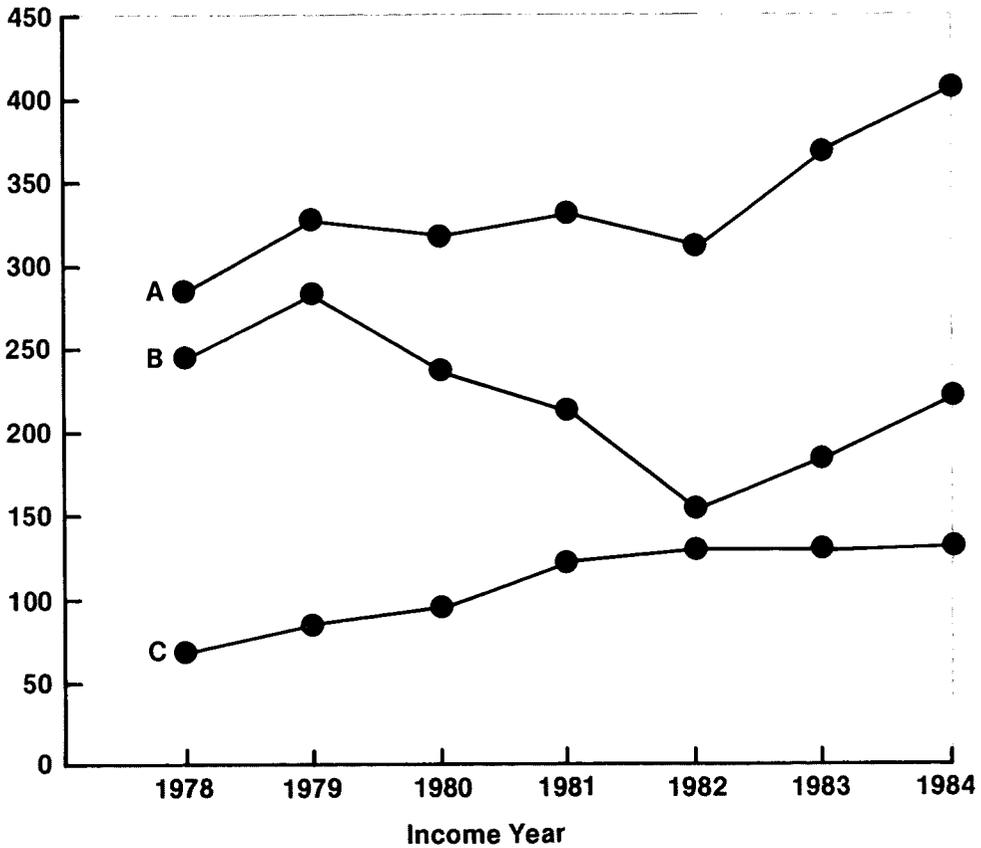
Figure D shows the movement in net income (less deficit) and also in cash flow from 1978 to 1984. The widened gap between net income (less deficit) and cash flow is primarily the result of increased depreciation deductions over the years shown. For 1978, depreciation totaled \$121.3 billion; by 1984, it had more than doubled to \$252.4 billion (see Table 2, Line 48). In part this reflected an increased volume of capital expenditures (depreciable assets less accumulated depreciation was

reported as \$1.0 trillion for 1978 versus \$1.7 trillion for 1984), and in part it reflected the introduction in 1981 of the Accelerated Cost Recovery System of depreciating assets for tax purposes. Also, because net income is a before-tax figure while cash flow is an after-tax figure, the amount of income tax is another factor in the widened gap. However, due to the decline of tax rates in 1979 and again in 1982 and 1983, taxes play a relatively minor role in explaining the difference between the 1978 gap and the 1984 gap.

Cash distributions to stockholders, also shown in Figure D, were paid out of current (and retained) after-tax earnings based on book income. Since this is a financial accounting

Figure D.
Returns of Active Corporations. Corporate Cash Flow, Net Income (Less Deficit) Before Tax and Cash Distributions, 1978-1984

Billions of Dollars



A: Corporate Cash Flow, (Corporate Profits after Tax before Foreign Tax Credit plus Depreciation, Depletion and Amortization)

B: Net Income (Less Deficit) Before Tax

C: Cash Distributions to Stockholders

concept, the steady growth in distributions can only be indirectly related to net income or cash flow, which were computed according to the tax code.

Excluding corporations classified as finance, insurance, and real estate firms, reported business receipts rose by over 5.5 percent to \$6.3 trillion from 1983 to 1984. Total receipts in the finance, insurance, and real estate division, which also includes interest income, rose to \$1.0 trillion, an increase of 12.0 percent (see Table 1).

The deduction for interest paid was taken primarily by companies in the finance, insurance, and real estate division, which accounted for two-thirds of the total deduction. Banking and savings institutions alone represented 55.2 percent of the total deduction taken by all corporations (\$286.3 billion), which was an increase of 8.9 percent.

Interest income, including both taxable and tax-exempt portions, increased by 10.5 percent for financial institutions as well as for corporations as a whole. Interest income increased by 15.6 percent for savings and loans associations, and by 13.7 percent for mutual savings banks. The largest share of interest income, that received by bank holding companies (which include most large commercial banks), rose by 3.9 percent to \$196.4 billion.

Figure E shows the changes of interest income and interest paid from 1978 to 1984.

BALANCE SHEET

Corporate assets reported rose to a new high of \$10.6 trillion in 1984, an increase of 4.2 percent (see Table 2). All asset accounts (except cash) showed an increase. The largest asset item, mortgage and real estate loans, rose by 12.2 percent to \$1.1 trillion, up considerably from the 4.2-percent increase seen in

1983. Mortgages, notes, and bonds payable in less than one year showed the largest percentage increase of liabilities, 8.6 percent. Both of these increases were comparable to those seen in 1983. Net worth, representing the stockholders' equity in the corporation, increased by 4.0 percent to \$2.8 trillion [6].

INCOME TAX AND TAX CREDITS

The 18.9-percent increase in total income tax after credits for 1984 reflects the rise in net income. This \$10.9 billion increase was substantially larger than the \$7.1 billion increase from 1982 to 1983. Figure F shows the effect of tax credits on the income tax for 1983 and 1984.

The \$101.3 billion of regular and alternative tax was reducible by credits totaling \$41.5 billion, composed of the foreign tax credit, U.S. possessions tax credit, orphan drug credit, nonconventional fuel source credit, research credit, and general business credit. Credits were required to be taken in the above order, therefore, previously applied credits would affect the limitation of others.

Before credits, this tax increased by 11.9 percent; after credits, it rose by 19.3 percent. The difference between these two growth rates is accounted for by the smaller increases seen in 1984 of the foreign tax credit and the general business credit.

The general business credit which was introduced for 1984 represented a consolidated total of four previously separate credits for jobs, investment, alcohol fuel, and employee stock ownership plans. Prior to 1984, each of the components of the general business credit was subject to an individual limitation and applied in a different order. Whereas in 1983 the investment tax credit (ITC) was applied after the foreign tax credit; in 1984, the general business credit (the majority of which

Figure E: Interest Income and Interest Paid, Income Years 1979-84
[Money amounts are in thousands of dollars]

Income Year	Interest income ^{1/}		Interest paid	
	Amount	Percentage change	Amount	Percentage change
	(1)	(2)	(3)	(4)
1979	\$289,305,032	31.0%	\$261,277,331	35.8%
1980	366,864,550	26.8	344,612,542	31.9
1981	493,437,746	34.5	476,964,684	38.4
1982	529,753,751	7.4	515,032,667	8.0
1983	511,271,066	-3.5	475,060,444	-7.8
1984 (preliminary).....	564,844,277	10.5	518,784,076	9.2

^{1/}Does not include taxable interest and dividends income from the Form 1120S.

was ITC) was applied after all other credits. The new general business credit was subject to the following limitation: the credit could not exceed the sum of 100 percent of the first \$25,000 of tax plus 85 percent of the tax liability over \$25,000. When the credit exceeded this limitation for any year, the unused credit could be carried back 3 years and forward 15 years. The change in the four-credit total for 1983 to the combined total for 1984 amounted to an increase of only 2.5 percent.

The foreign tax credit, representing 48.2 percent of the total credits taken, showed little change from 1983 to 1984. Nearly half of the \$20 billion credit was taken by the

petroleum extracting and refining companies. Only a percentage of foreign taxes could be used for the credit. This percentage, based on the ratio of taxable income from foreign sources to worldwide taxable income, was intended to prevent taxpayers from using the credit to reduce their U.S. tax liability based on income from sources within the United States.

Although total credits increased by 2.8 percent, Figure F shows that some individual credits increased at much higher rates. The amount of U.S. possessions tax credit was primarily due to an increase by pharmaceutical companies with sizeable operations in Puerto Rico. Qualified domestic corporations were allowed this credit for that portion of their

Figure F - Income Subject to Tax and Income Tax, Income Years 1983 and 1984
[Money amounts are in millions of dollars]

Item	1983	1984 preliminary	Percentage change
	(1)	(2)	(3)
Income subject to tax, total ^{1/}	\$218,686.4	\$245,029.5	12.0%
Regular and alternative tax.....	90,461.9	101,255.5	11.9
Tax credits, total.....	40,356.3	41,465.1	2.8
Foreign tax credit.....	19,951.2	19,975.5	0.1
U.S. possessions tax credit ^{2/}	1,583.0	1,978.6	25.0
Orphan drug credit.....	0.2	0.1	-53.4
Nonconventional fuel source credit.....	33.0	69.7	111.2
Research credit.....	1,277.7	1,496.8	17.2
General business credit ^{3/}	17,511.5	17,944.3	2.5
Income tax after credits.....	50,105.5	59,790.4	19.3
Additional tax for tax preferences.....	561.5	512.4	-8.7
Tax from recomputing prior-year investment credit.....	1,175.1	1,325.6	12.8
Personal Holding Company tax.....	6.2	7.7	24.2
Excessive net passive income tax ^{4/}	1.9	7.3	284.2
Tax on certain foreign corporations ^{5/}	12.0	12.1	0.8
Total U.S. income tax after credits.....	51,862.2	61,655.5	18.9

^{1/}Income subject to tax was the base on which tax was computed after the subtraction of certain nonbusiness deductions from net income--e.g. for net operating losses and inter-corporate dividends received.

^{2/}The 1983 and preliminary 1984 amounts for this item are significantly understated because of returns that are to be added. More accurate data will be available in the Summer 1987 issue of the Statistics of Income Bulletin.

^{3/}The investment, jobs, alcohol fuel, and employee stock ownership plan credits were consolidated into the general business credit as a result of the Tax Reform Act of 1984. Data for the separate credits were combined for 1983 for purposes of comparison.

^{4/}This tax applied to a firm filing Form 1120S which had earnings and profits at the close of its tax year, had "passive" investment income in excess of 25 percent of gross receipts, and also had income at year-end. A tax of 46 percent was levied on an amount based on the lesser of a percentage of "net passive investment income" or taxable net income.

^{5/}This tax applied to a corporation incorporated abroad (filing a Form 1120F), which had income from U.S. sources that was not "effectively connected" with the conduct of a trade or business in the United States. This income was taxed at 30 percent unless limited by a tax treaty. However, the income subject to this tax is not included in these statistics.

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

U.S. income tax that was attributable to income from business conducted in a U.S. possession, including Puerto Rico.

The more-than-100-percent increase in the nonconventional fuel source credit was attributable to the size of the credit claimed by gas production and distribution companies (a subgroup within the transportation and public utilities industrial division), which amounted to \$16.4 million. This credit was allowed for the domestic production of oil, gas, and synthetic fuels derived from nonconventional sources such as shale, tar sands, and geopressured brine.

Electronic components and accessories firms, which included computer research firms, were the major source of the 17.2-percent increase in the research credit. This credit was based on qualified research expenditures over an average base period.

SUMMARY

The economic recovery of 1983 continued strongly into 1984, as seen in the 18.4-percent increase in corporations' net income (less deficit). As another indicator of the improving economic climate, corporate cash flow continued to grow, but at a disproportionate rate due mainly to increasing depreciation deductions.

DATA SOURCES AND LIMITATIONS

The preliminary data for Income Year 1984 cited in this article are based on a sample of corporation income tax returns in the Form 1120 series with accounting periods ended July 1984 through June 1985. The returns included domestic corporations filing Form 1120; foreign corporations with U.S. operations filing Form 1120F; life insurance companies filing Form 1120L; mutual insurance companies filing Form 1120M; small business corporations filing Form 1120S; and Domestic International Sales Corporations filing Form 1120-DISC. The statistics were estimated based on a stratified probability sample of approximately 88,800 active corporation income tax returns selected after revenue processing and before audit. The returns were stratified on the basis of net income or deficit, total assets, and business receipts at rates ranging from 0.4 to 100 percent. The latter was a prescribed rate; however, not all of the returns subject to the 100-percent rate were available in time to be included in the preliminary statistics.

Because the preliminary data in this report are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficients of variation (CV's), should be known. The CV's

for frequency estimates given below are intended only as a general indication of the reliability of the data. For numbers of returns other than those shown below, the corresponding CV's can be estimated by interpolation.

Estimated number of returns	Approximate coefficient of variation
1,000,000	0.02
160,000	0.05
40,000	0.10
10,000	0.20
4,500	0.30
3,300	0.35
1,600	0.50

The preliminary estimates used in this article are also subject to nonsampling error. A thorough review of the data is still in process. Discrepancies uncovered will be resolved during this review and will be reflected in the revised estimates to be published in Statistics of Income--1984, Corporation Income Tax Returns. Although data for the corporations whose returns were received too late for inclusion in the statistics will tend to change aggregate amounts slightly, other changes made as a result of this continuing review will also affect the final data. Figure G illustrates the changes for 1983 between key preliminary data and the revised data presented in the Statistics of Income--1983, Corporation Income Tax Returns report. While these changes indicate the relative size of the revision, they should not be used as indicators of the 1984 revised estimates because of the variability of changes made year to year.

NOTES AND REFERENCES

- [1] The figures in this report are estimates based on preliminary data from corporation income tax returns with accounting periods ending from July 1984 through June 1985. This span, in effect, defines the income year such that non-calendar-year accounting periods are centered on the calendar year ended December.
- [2] The term, "net income (less deficit)", reflects the use of data extracted from returns both with and without net income. Expanded data will be available in Statistics of Income--1984, Corporation Source Book.
- [3] Total income is defined as taxable income from all sources less cost of sales and operations and net losses from sales of noncapital assets.

Figure G - Returns of Active Corporation: Comparison of Selected 1983 Preliminary and Revised Estimates
 [Money amounts are in millions of dollars]

Item	1983 (preliminary)	1983 (revised)	Percentage change
	(1)	(2)	(3)
Total assets.....	\$10,156,378	\$10,201,084	0.44%
Depreciable assets.....	2,719,893	2,730,372	0.39
Business receipts.....	6,303,043	6,334,603	0.50
Depreciation deduction.....	240,592	241,492	0.37
Net income (less deficit).....	186,641	188,314	0.90
Income subject to tax.....	217,006	218,686	0.77
Income tax before credits.....	89,802	90,462	0.73
Total tax credits.....	40,110	40,356	0.61

[4] Cash flow is defined, for purposes of this article, as net income (less deficit) minus total income tax after credits plus noncash expenses for depreciation, depletion, and amortization. However, the foreign tax credit was added back in as an estimate of the foreign taxes corporations paid on the net income from foreign sources included in cash flow. Total income tax after credits included Personal Holding Company tax, tax from recomputing prior-year investment credit, additional tax for tax preferences, excessive net passive income tax (Form 1120S, U.S. Income Tax Return for an S Corporation), and tax on certain foreign corporations. The income subject to the latter tax (Form 1120F, U.S. Income Tax

Return of a Foreign Corporation) is not included in the statistics.

[5] Executive Office of the President, Council of Economic Advisers, Economic Report of the President, February 1986, pp. 308-310.

[6] For these statistics, net worth comprises the sum of the following items: capital stock; paid-in or capital surplus; retained earnings, appropriated; retained earnings, unappropriated; less the cost of treasury stock; plus shareholders' undistributed taxable income; accumulated adjustment account and other adjustments account. The latter three are from the Form 1120S.

Corporation Returns, 1984

Table 1.--Returns of Active Corporations: Selected Items by Industrial Division, 1984 Preliminary Data Compared to 1983

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

Industrial division	1983	1984 Preliminary	Percentage change
	(1)	(2)	(3)
All industries^{1/}:			
Number of returns.....	2,999,071	3,170,701	5.7
Total assets.....	10,201,084,144	10,631,338,253	4.2
Total receipts.....	7,135,494,059	7,604,247,513	6.6
Business receipts.....	6,334,602,711	6,721,701,299	6.1
Depreciation.....	241,491,819	252,445,952	4.5
Net income (less deficit).....	188,313,928	223,023,250	18.4
Income subject to tax.....	218,686,396	245,029,506	12.0
Total income tax before credits ^{2/}	92,218,567	103,120,594	11.8
Total income tax after credits ^{2/}	51,862,218	61,648,246	18.9
Distributions to stockholders except in own stock.....	128,298,545	138,454,393	7.9
Agriculture, forestry and fishing:			
Number of returns.....	92,125	98,326	6.6
Total assets.....	50,292,891	50,766,497	0.9
Total receipts.....	59,208,642	66,721,516	12.7
Business receipts.....	55,114,507	62,165,243	12.8
Depreciation.....	3,259,862	3,476,428	6.6
Net income (less deficit).....	-196,528	202,067	202.8
Income subject to tax.....	1,466,894	1,608,809	9.7
Total income tax before credits ^{2/}	430,119	509,821	18.5
Total income tax after credits ^{2/}	313,537	373,710	19.2
Distributions to stockholders except in own stock.....	172,301	414,559	140.6
Mining:			
Number of returns.....	37,066	40,651	9.7
Total assets.....	194,417,434	204,228,850	5.0
Total receipts.....	132,419,750	121,320,695	8.4
Business receipts.....	122,510,903	109,009,465	11.0
Depreciation.....	7,785,767	7,506,967	3.6
Net income (less deficit).....	-1,586,098	-414,405	73.9
Income subject to tax.....	4,623,476	5,041,273	9.0
Total income tax before credits ^{2/}	2,100,692	2,327,434	10.8
Total income tax after credits ^{2/}	722,353	979,993	35.7
Distributions to stockholders except in own stock.....	2,710,318	2,992,217	10.4
Construction:			
Number of returns.....	283,519	306,768	8.2
Total assets.....	161,365,795	194,258,536	20.4
Total receipts.....	290,798,843	338,539,527	16.4
Business receipts.....	280,896,210	326,776,705	16.3
Depreciation.....	6,281,119	7,129,546	13.5
Net income (less deficit).....	2,265,564	2,917,636	28.8
Income subject to tax.....	5,504,045	5,587,939	1.5
Total income tax before credits ^{2/}	1,859,927	1,768,374	-4.9
Total income tax after credits ^{2/}	1,393,041	1,296,101	-7.0
Distributions to stockholders except in own stock.....	846,579	732,152	13.5
Manufacturing:			
Number of returns.....	261,927	272,474	4.0
Total assets.....	2,232,987,922	2,291,816,071	2.6
Total receipts.....	2,552,830,718	2,654,538,526	4.0
Business receipts.....	2,418,344,305	2,502,863,506	3.5
Depreciation.....	99,416,356	104,299,390	4.9
Net income (less deficit).....	95,330,965	115,018,795	20.6
Income subject to tax.....	113,609,854	126,169,352	11.0
Total income tax before credits ^{2/}	50,950,876	56,042,311	10.0
Total income tax after credits ^{2/}	24,960,640	29,397,554	17.8
Distributions to stockholders except in own stock.....	43,295,901	43,063,163	-0.5

Table 1-- Returns of Active Corporations: Selected Items by Industrial Division, 1984 Preliminary Data Compared to 1983--Continued

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

Industrial division	1983	1984 Preliminary	Percentage change
	(1)	(2)	(3)
Transportation and public utilities:			
Number of returns.....	122,567	127,945	4.4
Total assets.....	998,870,785	998,319,315	-1.1
Total receipts.....	657,421,487	671,042,823	2.1
Business receipts.....	627,836,585	640,068,256	2.0
Depreciation.....	56,161,802	54,885,505	-2.3
Net income (less deficit).....	19,492,314	25,949,637	33.1
Income subject to tax.....	25,612,414	31,305,660	22.2
Total income tax before credits ^{2/}	11,621,625	14,115,321	21.5
Total income tax after credits ^{2/}	5,429,973	7,725,622	42.3
Distributions to stockholders except in own stock.....	24,540,824	25,437,522	3.6
Wholesale and retail trade:			
Number of returns.....	851,785	896,543	5.2
Total assets.....	804,242,963	818,129,354	1.7
Total receipts.....	2,119,444,862	2,243,448,396	5.8
Business receipts.....	2,071,264,407	2,192,047,169	5.8
Depreciation.....	27,667,908	29,682,266	7.3
Net income (less deficit).....	35,292,870	39,956,928	13.2
Income subject to tax.....	33,503,250	37,254,654	11.2
Total income tax before credits ^{2/}	12,910,870	14,499,484	12.3
Total income tax after credits ^{2/}	10,653,391	12,069,810	13.3
Distributions to stockholders except in own stock.....	12,722,120	11,756,719	-7.6
Finance, insurance, and real estate:			
Number of returns.....	479,656	497,175	3.6
Total assets.....	5,487,225,439	5,773,415,922	5.2
Total receipts.....	902,822,472	1,010,918,928	12.0
Business receipts.....	362,627,365	423,716,258	16.8
Depreciation.....	19,653,889	21,315,154	8.4
Net income (less deficit).....	31,714,771	34,042,483	7.3
Income subject to tax.....	22,469,640	24,664,589	9.8
Total income tax before credits ^{2/}	8,540,701	9,385,142	9.9
Total income tax after credits ^{2/}	5,696,723	6,636,584	16.5
Distributions to stockholders except in own stock.....	41,592,101	50,920,195	22.4
Services:			
Number of returns.....	848,394	899,394	6.0
Total assets.....	269,797,251	306,858,497	13.7
Total receipts.....	416,462,427	490,277,957	17.7
Business receipts.....	392,064,594	458,087,058	16.8
Depreciation.....	21,194,161	23,993,026	13.2
Net income (less deficit).....	6,002,928	5,420,038	-9.7
Income subject to tax.....	11,810,154	13,288,750	12.5
Total income tax before credits ^{2/}	3,779,735	4,440,187	17.5
Total income tax after credits ^{2/}	2,673,706	3,154,617	18.0
Distributions to stockholders except in own stock.....	2,407,362	3,114,709	29.4

^{1/}Includes "nature of business not allocable," which is not shown separately.

^{2/}Total income tax, before or after credits, includes Personal Holding Company tax, tax from recomputing prior-year investment credit, additional tax for tax preferences, excessive net passive income tax (S Corporations) and tax on foreign corporations whose only income was not "effectively connected" with a U.S. business operation.

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

Corporation Returns, 1984

Table 2.--Returns of Active Corporations: Selected Balance Sheet, Income Statement, Tax, and Credit Items, 1984 Preliminary Data Compared to 1983

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

Item	1983	1984 Preliminary	Percentage change
	(1)	(2)	(3)
1 Number of returns	2,999,071	3,170,701	5.7
2 Total assets	10,201,084,144	10,631,338,253	4.2
3 Cash	590,386,817	575,978,620	2.4
4 Notes and accounts receivable	2,677,367,962	2,757,246,614	3.0
5 Less: Allowance for bad debts	51,162,613	53,008,585	3.6
6 Inventories	599,445,162	639,743,635	6.7
7 Investments in Government obligations, total ^{1/}	685,146,228	703,180,016	2.6
8 Loans to stockholders	47,836,294	55,352,006	15.7
9 Mortgage and real estate loans	982,415,018	1,102,370,798	12.2
10 Depreciable assets	2,730,371,698	2,751,557,391	0.8
11 Less: Accumulated depreciation	1,024,756,282	1,062,211,641	3.7
12 Depletable assets	107,958,232	112,739,531	4.4
13 Less: Accumulated depletion	32,682,172	35,836,671	9.7
14 Land	119,350,378	125,042,424	4.8
15 Intangible assets (amortizable)	87,852,590	111,144,218	26.5
16 Less: Accumulated amortization	25,062,592	34,560,961	37.9
17 Total liabilities and net worth	10,201,084,144	10,631,338,253	4.2
18 Accounts payable	671,495,438	711,150,725	5.9
19 Mortgages, notes, and bonds payable in less than one year	759,536,076	824,899,817	8.6
20 Loans from stockholders	131,025,956	141,429,501	7.9
21 Mortgages, notes, and bonds payable in one year or more	1,323,209,421	1,424,177,454	7.6
22 Capital stock	787,278,549	817,503,548	3.8
23 Paid-in or capital surplus	873,620,667	1,011,714,305	15.8
24 Retained earnings, appropriated	52,538,370	51,680,765	-1.6
25 Retained earnings, unappropriated	1,221,793,087	1,254,870,705	2.7
26 Less: Cost of treasury stock	289,799,122	328,196,045	13.2
27 Total receipts	7,135,494,059	7,604,247,513	10.8
28 Business receipts	6,334,602,711	6,721,701,299	6.1
29 Interest on Government obligations: State and local	16,667,263	16,596,857	-0.4
30 Other interest ^{2/}	496,648,009	550,995,281	10.9
31 Rents	69,580,411	73,224,183	5.2
32 Royalties	13,876,095	13,893,700	0.1
33 Net short-term capital gain reduced by net long-term capital loss	5,048,854	3,223,273	-36.2
34 Net long-term capital gain reduced by net short-term capital loss	33,924,549	36,420,160	7.4
35 Net gain, noncapital assets	26,134,711	25,692,046	-1.7
36 Dividends received from domestic corporations	19,696,776	19,629,458	-0.3
37 Dividends received from foreign corporations	13,892,070	14,613,845	5.2
38 Total deductions	6,945,457,358	7,380,963,347	6.3
39 Cost of sales and operations	4,308,238,989	4,544,779,530	5.5

Table 2.--Returns of Active Corporations: Selected Balance Sheet, Income Statement, Tax, and Credit Items, 1984 Preliminary Data Compared to 1983--Continued

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

Item	1983	1984 Preliminary	Percentage change
	(1)	(2)	(3)
Total receipts (continued)			
40 Compensation of officers	141,193,212	156,165,285	10.6
41 Repairs	74,652,495	71,176,927	-4.6
42 Bad debts	30,543,184	32,517,794	6.5
43 Rent paid on business property	104,717,965	115,257,025	10.1
44 Taxes paid	173,420,116	185,349,397	6.9
45 Interest paid	475,060,444	518,784,076	9.2
46 Contributions or gifts	3,626,605	3,825,734	5.5
47 Amortization	4,309,952	5,034,145	16.8
48 Depreciation	241,491,819	252,445,952	4.5
49 Depletion	7,574,216	7,558,572	-0.2
50 Advertising	72,393,870	77,149,232	6.6
51 Pension, profit-sharing, stock bonus, and annuity plans	54,355,062	50,028,696	-8.0
52 Employee benefit programs	59,115,141	61,224,834	3.6
53 Net loss, noncapital assets	7,615,697	9,038,100	18.7
54 Total receipts less total deductions	190,036,702	223,284,166	17.5
55 Constructive taxable income from related foreign corporations	14,944,490	16,335,942	9.3
56 Net income (less deficit), total	188,313,928	223,023,250	18.4
57 Net income	296,932,146	337,059,108	13.0
58 Deficit	108,618,218	114,035,858	3.2
59 Statutory special deductions, total	27,493,662	34,835,594	26.7
60 Net operating loss deduction	18,442,032	25,631,762	39.0
61 Dividends-received deduction	9,009,565	9,126,943	1.3
62 Public utility dividends-paid deduction.....	42,065	76,889	82.8
63 Income subject to tax, total	218,686,396	245,029,506	12.0
64 Net long-term capital gain taxed at alternative rates	14,580,684	18,264,569	25.3
65 Income tax before credits ^{3/}	90,461,858	101,255,485	11.8
66 Tax credits, total ^{4/}	40,356,349	41,465,067	2.8
67 Foreign tax credit	19,951,165	19,975,487	0.1
68 U.S. possessions tax credit	1,583,007	1,978,628	25.0
69 General business credit ^{5/}	NA	17,944,295	2.5
70 Research credit.....	1,277,474	1,496,810	17.2
71 Income tax after credits ^{3/}	50,105,509	59,790,418	19.3
72 Tax from recomputing prior-year investment credit	1,175,071	1,325,578	12.8
73 Additional tax for tax preferences	561,505	512,386	-8.8
74 Personal holding company tax	6,196	7,723	24.6
75 Total income tax after credits ^{6/}	51,862,218	61,655,527	18.9
Distributions to stockholders:			
76 Cash and property except in own stock	128,298,545	138,454,393	3.2
77 Corporation's own stock	4,810,283	5,742,389	19.4

1/Includes all investments in United States, State and local Government obligations.

2/Includes nonqualifying interest and dividends from the Form 1120S.

3/Consists of regular and alternative tax.

4/Includes \$236,000 and \$110,000 of orphan drug credit, and \$33,012,000 and \$69,737,000 of nonconventional fuel source credit for 1983 and 1984, respectively.

5/Shown separately for 1983 with investment credit of \$16,145,173,000; jobs credit of \$449,224,000; alcohol fuel credit of \$7,178,000; and employee stock ownership credit of \$909,880,000.

6/Includes \$1,921,000 and \$7,336,000 of excessive net passive income tax (Form 1120S), and \$12,016,000 and \$12,086,000 of tax on certain foreign corporations (Form 1120F) for 1983 and 1984 respectively.

NOTE: Detail may not add to total because of the absence of selected items or because of rounding.