

# SOI BULLETIN



Department of the Treasury  
Internal Revenue Service

Volume 7, Number 1

Summer 1987

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Department of the Treasury  
Internal Revenue Service

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The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, D:R:S, Internal Revenue Service, Washington, DC 20224.

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

Overall policy review of the SOI Bulletin was conducted by the Office of Tax Analysis, under the direction of Thomas Neubig. For this issue, those assisting in the review were Mordecai S. Feinberg, Marcia D. Field, Allen H. Lerman, and Susan Nelson. Robert A. Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Clementine D. Brittain who provided editorial assistance and did the copy preparation.

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# NEW STATISTICAL SERVICES

(Available from Statistics of Income Division)

As part of the Statistics of Income program a series of new services is now being offered (see below). Detailed information on these statistical services can be obtained by writing to Director, Statistics of Income Division (TR:S), Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC 20224. Purchase is by check made payable to the IRS Accounting Section.

## Studies of International Income and Taxes, Publication 1267 — Price \$45.00

Purchase price includes a 516-page document for 1979–83 that presents information from 13 Statistics of Income studies in the international area, including:

- Foreign activity of U.S. corporations
- Activity of foreign corporations in the U.S.
- Foreign interests in U.S. corporations
- Statistics related to individuals, trusts, and estates
- Data presented by—geographical area or industrial activity, as well as other classifiers

Purchasers of this service also will be provided with additional information for one year as it becomes available. The one year period for receiving additional information can be extended at a cost of \$35.00 per year. A long-term subscription (\$150) includes the compendium and additional information as it becomes available through August 1990. (The next compendium is scheduled for release in September 1990.)

## Individual Income Tax Returns, Publication 1304 — Price \$30.00

Purchase price includes a 135-page document for 1984 presenting Statistics of Income data and tables on:

- Sources of income
- Exemptions
- Itemized deductions
- Tax computations
- Data presented by—size of adjusted gross income, marital status

Purchasers of this service also will be provided with additional articles relating to 1984 data and preliminary 1985 data as they become available and will be notified of future statistical releases relating to individual income tax returns.

## Partnership Returns, Publication 369 — Price \$22.00

Purchase price includes a 314-page document for 1978–82 presenting previously unpublished Statistics of Income data for 1980, 1981 and 1982, as well as data previously issued in other publications. Features include:

- Number of partnerships
- Limited partnerships
- Receipts
- Cost of sales and operations
- Deductions
- Net income
- Capital gains
- Data presented by—industry  
size of total assets  
state  
number of partners

Purchasers of this service also will be provided with data for 1983 and 1984 as they become available and will also be notified of future statistical releases relating to partnership returns.

## Other Services — Price dependent on the request

- Unpublished tabulations from SOI program are available. Includes detailed tables underlying those published in SOI Bulletin.
- Special tabulations produced to user specifications.
- Public use tape files, including the Individual Tax Model (1978–1984), among others. (Earlier files are available from the Machine Readable Branch (NNSR) of the National Archives, Washington, DC 20408.)

# BUSINESS SOURCE BOOKS

(Available from Statistics of Income Division)

In addition to the Corporation Source Book, two others are now being offered by the Statistics of Income Division (see below). Information can be obtained by writing to Director, Statistics of Income Division (TR:S) at the address above. Purchase of Source Books should be made at time of request by check payable to the IRS Accounting Section.

## **Corporation Source Book, 1984, Publication 1053 — Price \$175.00**

This is a 480-page document that presents detailed income statement, balance sheet, tax and investment credit items by major and minor industries and size of total assets. This report is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150). A magnetic tape containing the tabular statistics for 1983 can be purchased for \$1,500.

## **Partnership Source Book, Publication 1289 — Price \$30.00**

This is a 291-page document showing key partnership data for 1957 through 1983, at the minor, major and division industry level. Includes a historical definition of terms section and a summary of legislative changes affecting partnerships during that period. Tables feature:

- Number of partnerships
- Number of partners
- Business receipts
- Depreciation
- Taxes paid deductions
- Interest paid
- Payroll
- Payments to partners
- Net income

Purchasers of this service also will be advised of the release of subsequent years' data. A magnetic tape containing the tabular statistics can be purchased for an additional \$200.

## **Sole Proprietorship Source Book, Publication 1323 — Price \$95.00**

This Source Book is a companion to that for partnerships, shown above. It is a 244-page document showing key proprietorship data for 1957 through 1984. Each page contains statistics for a particular industry. Included will be data on:

- Number of business
- Business receipts
- Interest paid
- Depreciation
- Taxes paid deductions
- Payroll
- Net income

As with Partnerships, a magnetic tape containing the tabular statistics can be purchased for \$245.

# OTHER PUBLICATIONS

(Available from Superintendent of Documents GPO, Washington, D.C. 20402)

## **The Statistics of Income (SOI) Bulletin (Quarterly) — Publication No. 1136**

Subscription price \$16.00; Single copy price \$6.00

The SOI Bulletin provides the earliest published financial statistics from the various types of tax and information returns filed with the Internal Revenue Service. The Bulletin also includes information from periodic or special analytical studies of particular interest to tax administrators and economists.

## **Statistics of Income—1983, Corporation Income Tax Returns, Publication No. 16**

Price \$8.00

Presents information on—

- Receipts
- Deductions
- Net income
- Taxable income
- Income tax
- Tax credits
- Distributions to stockholders
- Assets
- Liabilities

Data classified by—

- industry
- accounting period
- size of total assets
- size of business receipts

## **Articles in Preparation for Upcoming Issues**

- Projections of Returns to be Filed, FY 1988–1995
- Foreign Recipients of U.S. Income, 1985
- Corporate Tax Adjustments, Preliminary Results, 1978–83
- Legally Blind Tax Filers, 1983
- Individual Income Tax Returns, Preliminary Data, 1986
- Corporation Income Tax Returns, Preliminary Data, 1985

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## Correction to Spring 1987 Issue

### HIGH INCOME RETURNS FOR 1984

The following is a substitute for two sections of the narrative published on pages 3-4 and on page 7 of the Spring issue of the *SOI Bulletin*. The partial paragraph that was inadvertently included at the end of the section, "Nontaxable, High-Income Returns," is now included in the section, "Foreign Income Tax Payments," as indicated by the lines in the margin below.

#### **NONTAXABLE, HIGH-INCOME RETURNS**

For 1984, there were 310,042 income tax returns with expanded income of \$200,000 or more. Of these, 325 or 0.105 percent, had no U.S. income tax liability, and only 271, or 0.087 percent, showed no worldwide income tax liability (Figure C). If U.S. tax liability on worldwide income is considered, these 1984 levels represent a 44 percent decline in the number and a 55 percent decline in the share of nontaxable, high expanded-income returns from 1983 (Figure D). The share of 1984 nontaxable returns is lower than any year except 1983. The pattern of change is similar if worldwide tax liability on worldwide income is used as the yardstick. The number of nontaxable returns declined by 37 percent between 1983 and 1984, and the share of nontaxable returns declined by 50 percent to a level only slightly higher than the years before 1983.

Of the 243,760 tax returns for 1984 with AGI of \$200,000 or more, 532 or 0.218 percent, reported no U.S. income tax, and 471, or 0.193 percent, had worldwide tax liability (Figure C). These numbers for nontaxable, high-AGI returns represent a significantly different pattern of change than that shown for nontaxable, high expanded-income returns. If only U.S. tax liability is considered, the number of nontaxable, high-AGI returns increased by 19 percent from their 1983 level to a new post-1976 high (Figure D). Their share of all returns declined by a modest 3 percent, remaining very close to their post-1976 peak. If worldwide tax liability is considered, both the number and percentage of nontaxable, high-AGI returns reached new highs. The number of returns increased by 47 percent to 471; the share of nontaxable returns reached 0.193 percent or almost one out of every 500 high-income returns. A high-AGI return was 6.4 times more likely to be nontaxable for 1984 than for 1979.

The patterns of year-to-year percentage change for the actual numbers of high-income returns for each income concept as measured by both U.S. and worldwide nontaxability are summarized in Figure D for each of the years

1978 through 1984. The 1984 data are unique in that the direction of change between AGI and expanded income is more markedly different than prior years.

Figures E through H illustrate how the numbers of nontaxable, high-income returns and their proportion of all high-income returns varied between 1977 and 1984. Figure E is for high-AGI returns with no U.S. tax. Figure F is for high expanded-income returns with no U.S. tax. Figure G is for high-AGI returns with no worldwide tax and Figure H is for high expanded-income returns with no worldwide tax.

#### **FOREIGN INCOME TAX PAYMENTS**

Data in Figure C can be used to calculate the numbers of nontaxable returns due primarily to foreign income tax payments, as evidenced by foreign tax credits shown on U.S. income tax returns. The results of these calculations which indicate the number of returns that would not have been nontaxable in the United States except for foreign tax payments are shown in Figure I. Between 1983 and 1984, the number of such returns actually declined by more than one-half, no matter which income concept is considered. This sharp decline followed a marked, but more modest, decline between 1982 and 1983.

For returns which were nontaxable in the United States as the result of foreign tax payments, the declines as percentages of all high-income returns were even larger, both from 1982 to 1983 and from 1983 to 1984. Thus, the fact that a high-income return was nontaxable for 1984 is far less likely to be attributable to the existence of a foreign tax credit than at anytime since 1977. By 1984, fewer than one out of six nontaxable, high-income returns were nontaxable in the United States because the U.S. tax liability was wiped out by a foreign tax credit. This decline in the importance of the foreign tax credit in completely eliminating taxability does not seem to be the result of legislated change. At this point, the author cannot offer a reason for this apparently significant change.

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**Individual Income Tax Returns for 1986: Selected Characteristics from the Taxpayer Usage Study . . . . . 1**  
**By Michael E. Weber and David P. Paris**

Early statistics show that 19.3 million taxpayers reported a tax due at time of filing of \$43.4 billion for 1986, up sharply from the 18.2 million taxpayers who reported a balance due of \$31.0 billion for 1985. The most substantial increases occurred in the upper income groups. These increases may have been caused in part by the anticipated elimination of the 60-percent exclusion of long-term capital gains for Tax Year 1987. The elimination of the exclusion by the Tax Reform Act passed in 1986 made it more advantageous for many taxpayers to realize capital gains during 1986.

**Sole Proprietorship Returns, 1985 . . . . . 17**  
**By Raymond M. Wolfe**

For 1985, the number of individual income tax returns reporting nonfarm sole proprietorship activity increased by 5.9 percent, from 11.3 million for 1984 to 12.0 million for 1985. The greatest increases in number of returns filed were in the construction and services industries, continuing an upward trend in the number of proprietorships engaged in these activities. At the same time, profits rose from nearly \$71 billion to almost \$79 billion.

**Partnership Returns, 1985 . . . . . 33**  
**By Alan Zempel**

Overall, partnerships reported a net loss of \$8.9 billion for 1985, the largest loss ever reported in this SOI series and almost \$5.4 billion more than the loss posted for 1984. Real estate partnerships reported a net loss of \$30.0 billion.

**Foreign Investment and Activity in the United States Through Corporations, 1983**  
**By James R. Hobbs**

For 1983, the 33,600 domestic corporations "controlled" by a foreign person generated \$390 billion of worldwide receipts. In contrast, the receipts of 8,000 corporations organized abroad from activities effectively connected with a U.S. trade or business grew to \$21 billion.

**Foreign Income and Taxes Reported on U.S. Individual Tax Returns, 1983: An Overview . . . . . 53**  
**By David P. Paris**

For Tax Year 1983, more than 159,000 taxpayers reported approximately \$7.2 billion of foreign earned income on their U.S. individual income tax returns. More than \$5.7 billion of this income was excluded from domestic taxation under the foreign earned income exclusion provisions of the tax law.

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# Individual Income Tax Returns for 1986: Selected Characteristics from the Taxpayer Usage Study

By Michael E. Weber and David P. Paris\*

Estimates from the 1986 Taxpayer Usage Study (TPUS), which tabulated returns filed through April 1987, show that the balance of tax due at time of filing on 1986 individual income tax returns increased by 40 percent over the comparable amount reported for Tax Year 1985. For Tax Year 1986, 19.3 million taxpayers reported a balance due totaling \$43.4 billion, up from the 18.2 million taxpayers who reported a balance due of \$31.0 billion for 1985 (see Figure A).

for Tax Year 1987. The elimination of this exclusion, by the Tax Reform Act passed in 1986, made it beneficial for many taxpayers to realize capital gains for Tax Year 1986 that they might otherwise have postponed to later years. In support of this reasoning, early Tax Year 1986 data from the Internal Revenue Service's Master File of all individual returns indicate a substantial increase in net capital gains, particularly at the upper income levels.

This article presents an analysis of individual income tax returns received by the Internal Revenue Service (IRS) from January through April 1987 based on the IRS Taxpayer Usage Study. TPUS is a special annual statistical study based on a sample of individual income tax returns as they are received during the normal filing season [2].

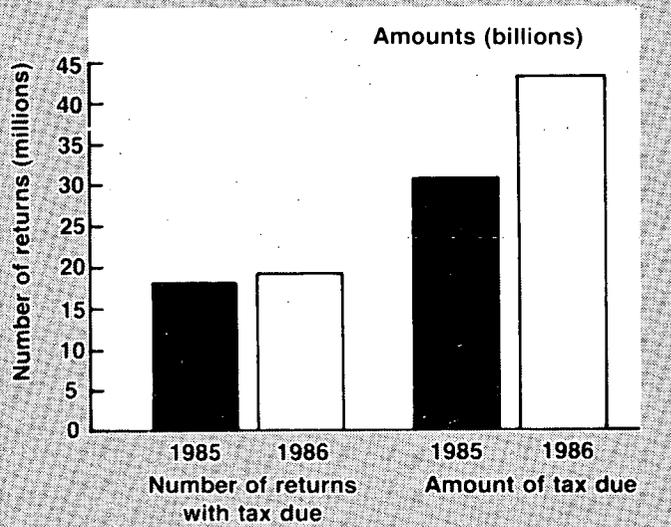
## FILING PATTERNS

For 1986, the trend in the patterns of the timing of the filing of individual tax returns evident in past years continued—taxpayers continued to file their returns later. Once again, tax returns arrived at the 10 IRS service centers at a slower pace than for the previous tax year. It was not until the week ending April 24, 1987, that the cumulative total of Tax Year 1986 returns received at the service centers equaled the previous year's volume, even though the projected number of 1986 returns indicates an increase of more than 3 million [3].

## CHARACTERISTICS OF RETURNS

As shown in Figure C, a growing percentage of taxpayers has used the long form, Form 1040. For Tax Year 1986, Forms 1040 accounted for 64.7 percent of all returns (compared to 63.7 percent the previous year). The percentage of taxpayers filing short forms (Form 1040A or Form 1040EZ) again decreased. Although joint returns are still the most common filing status, the percentage of joint returns again decreased for 1986, falling from 47.0 percent of returns filed for 1985 to 46.3 percent for 1986. At the same time, the percent of returns filed by single persons increased from 42.1 percent to 42.8 percent of all returns. The average number of exemptions claimed per return was 2.4 for 1986, compared to 2.2 for 1985.

**Figure A.**  
**Returns With Tax Due at Time of Filing, Tax Years 1985 and 1986**



The increase in balance due which occurred in spite of a \$19.1 billion increase in income tax withheld, was related to a \$195 billion increase in adjusted gross income (AGI) from 1985 to 1986. An analysis of tax due at time of filing, total tax, and AGI by AGI class clearly indicates that the most substantial increases occurred in the groups with AGI of at least \$50,000 (see Figure B) [1]. These increases in reported income may have been caused, in part, by the elimination of the 60 percent exclusion of long-term capital gains

\*Individual Statistics Branch. Prepared under the direction of Michael Coleman, Chief. Assisting in the review was Peter Sailer.

## 2 Individual Income Tax Returns, 1986 Taxpayer Usage Study

**Figure B.—Number of Returns With Tax Due, Total Tax and Adjusted Gross Income, by Size of Adjusted Gross Income, Tax Years 1985–1986.**

[Number of returns in thousands, amounts in millions of dollars]

	Returns with tax due					
	Tax Year 1985		Tax Year 1986		Percentage change	
	Number of returns	Tax due	Number of returns	Tax due	Number of returns	Tax due
All returns, total.....	18,211	30,996	19,364	43,381	6.3	40.0%
Under \$5,000 <sup>1</sup> .....	1,814	416	1,633	407	-10.0	-2.2
\$5,000 under \$10,000.....	2,495	859	2,460	776	-1.4	-9.7
\$10,000 under \$15,000.....	2,243	1,023	2,151	1,057	-4.1	3.3
\$15,000 under \$20,000.....	2,009	1,318	1,956	1,372	-2.6	4.1
\$20,000 under \$30,000.....	2,849	2,335	3,155	2,861	10.7	22.5
\$30,000 under \$50,000.....	3,946	5,211	4,300	6,360	9.0	22.0
\$50,000 under \$100,000.....	2,266	6,753	2,862	10,107	26.3	49.7
\$100,000 or more.....	589	13,081	850	20,441	44.3	56.3

	Returns with total tax					
	Tax Year 1985		Tax Year 1986		Percentage change	
	Number of returns	Tax due	Number of returns	Tax due	Number of returns	Tax due
All returns, total.....	77,654	282,235	79,154	325,415	1.9	15.3%
Under \$5,000 <sup>1</sup> .....	4,888	1,412	4,286	1,301	12.3	7.9
\$5,000 under \$10,000.....	12,396	5,552	12,062	5,253	2.7	-5.4
\$10,000 under \$15,000.....	12,315	11,952	12,030	11,471	2.3	-4.0
\$15,000 under \$20,000.....	10,336	17,234	9,898	16,336	4.2	-5.2
\$20,000 under \$30,000.....	14,923	41,465	15,317	42,197	2.6	1.8
\$30,000 under \$50,000.....	15,967	83,429	17,030	88,219	6.7	5.7
\$50,000 under \$100,000.....	5,841	67,351	7,250	82,166	24.1	22.0
\$100,000 or more.....	988	53,902	1,281	78,472	29.7	45.6

	Returns with adjusted gross income					
	Tax Year 1985		Tax Year 1986		Percentage change	
	Number of returns	Tax due	Number of returns	Tax due	Number of returns	Tax due
All returns, total.....	95,307	2,105,392	96,737	2,300,896	1.5	9.3%
Under \$5,000 <sup>1</sup> .....	16,017	26,477	15,562	22,383	2.8	3.1
\$5,000 under \$10,000.....	15,346	115,054	15,007	111,567	-2.2	-3.0
\$10,000 under \$15,000.....	13,212	163,575	12,909	60,658	-2.3	-1.8
\$15,000 under \$20,000.....	10,890	189,929	10,384	181,148	-4.6	-4.6
\$20,000 under \$30,000.....	15,677	387,979	16,035	395,927	2.3	2.0
\$30,000 under \$50,000.....	16,892	647,010	17,917	691,056	6.1	6.8
\$50,000 under \$100,000.....	6,276	397,192	7,625	484,730	21.5	22.0
\$100,000 or more.....	997	178,176	1,299	253,426	30.3	42.2

<sup>1</sup> Includes returns with no adjusted gross income.  
NOTE: All data are based on returns filed through April.

**Figure C.—Number of Returns Filed, by Form Used, Tax Years 1982–1986**

[Number of returns in thousands]

Form Used	Tax Year				
	1982	1983	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)
All returns.....	89,964	90,407	92,611	95,307	96,737
Long form, 1040.....	54,687	55,853	57,862	60,677	62,619
Short forms, total.....	35,277	34,556	34,749	34,629	34,118
1040A.....	20,492	19,094	18,422	17,926	17,495
1040EZ.....	14,785	15,462	16,327	16,703	16,623
			Percentage of returns		
All returns.....	100.0%	100.0%	100.0%	100.0%	100.0%
Long form, 1040.....	60.8	61.8	62.5	63.7	64.7
Short forms, total.....	39.2	38.2	37.5	36.3	35.3
1040A.....	22.8	21.1	19.9	18.8	18.1
1040EZ.....	16.4	17.1	17.6	17.5	17.2

NOTE: All data are based on returns filed through April.

### TWO-EARNER COUPLES

Consistent with the long-term trend, the number of two-earner married couples increased for Tax Year 1986. This change was evidenced by an increase in the number of

returns with at least one Form W-2 (Wage and Tax Statement) attached for each taxpayer. As shown in Figure D, the number of returns claiming the two-earner marital deduction also increased, from 23.2 million for Tax Year 1985 to 24.2 million for Tax Year 1986.

**Figure D.—Form 1040 and Form 1040A Returns: Number With Selected Statutory Adjustments, Tax Years 1982–1986**

[Number of returns in thousands]

Selected statutory adjustments	Tax Year				
	1982	1983	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)
Form 1040 and Form 1040A returns, total	75,179	74,946	76,284	78,603	80,114
Form 1040	54,687	55,853	57,862	60,677	62,619
Form 1040A	20,492	19,094	18,422	17,926	17,495
Individual retirement arrangement (IRA) deduction, total	11,351	12,803	15,353	15,357	14,898
Form 1040	11,351	11,876	14,046	14,301	13,937
Form 1040A	N/A	927	1,309	1,055	961
Marital deduction, total	20,296	20,994	22,679	23,162	24,229
Form 1040	17,104	17,647	19,320	19,903	21,092
Form 1040A	3,193	3,347	3,359	3,259	3,137

N/A — Not applicable.  
NOTE: All data are based on returns filed through April.

**INDIVIDUAL RETIREMENT ARRANGEMENTS**

Of the 96.7 million returns filed through April 1987, 14.9 million showed a deduction for payments to an Individual Retirement Arrangement (IRA)—down from 15.4 million for the previous year. This was the first decline in the number of IRA deductions claimed since 1982 (see Figure D). This declining interest in IRA's may have been caused by provisions of the Tax Reform Act of 1986 that placed limitations on future IRA contributions.

**SOCIAL SECURITY BENEFITS**

The number of returns showing "taxable" social security benefits among the sources of income increased to 3.1 million for Tax Year 1986, up from 2.8 million for the previous year, while those reporting "gross" social security benefits remained at 8.1 million returns [4]. This growth in taxable benefits may be related to the fact that the base amounts of taxpayer AGI which trigger the taxation of social security benefits are not indexed to inflation as are the tax rate schedules. Thus, as income increases, more taxpayers are likely to have taxable social security benefits.

**INCOME TAX**

The indexing of tax rates to the U.S. Department of Labor's consumer price index (CPI), introduced by the Economic Recovery Tax Act of 1981, came into effect for Tax Year 1985. Historically, many taxpayers had been pushed into higher tax brackets by inflation, even though their real incomes did not increase.

As required, the 1986 tax rate schedules and the personal exemption amount were adjusted to keep pace with cost-of-living increases, thus avoiding "bracket creep." The change in the tax rates reflected a 3.6 percent rise in the CPI [5]. Thus, increases in the percentage of taxpayers with total tax and in the amount of total tax reflect real changes in income.

**ITEMIZED DEDUCTIONS AND CHARITABLE CONTRIBUTIONS**

Prior to Tax Year 1985, the percentage of returns showing itemized deductions had increased every year since 1979 (see Figure E). However, for 1985, the percentage of taxpayers claiming itemized deductions fell almost 3 percentage points.

**Figure E.—Percentage of Returns With Itemized Deductions, Tax Years 1979–1986**

Tax Year	All returns	Form 1040 returns
1979	28.9%	49.6%
1980	30.6	51.7
1981	31.1	52.7
1982	34.9	57.4
1983	36.0	58.3
1984	40.7	65.1
1985	37.8	59.4
1986	38.4	59.3

NOTE: All data are based on returns filed through April.

Data for Tax Year 1986, however, show a slight increase in the percentage of taxpayers claiming itemized deductions, from 37.8 percent of all returns for 1985 to 38.4 percent of all returns for 1986. The 1986 level was higher than all but the 1984 level. As is true of other changes noted in this article, the increase in the number of itemizers may relate to taxpayers' anticipation of the tax law changes for Tax Year 1987. For example, since sales taxes will not be an allowable deduction after 1986, taxpayers may have purchased items such as automobiles or other expensive items in Tax Year 1986 while the sales taxes were still deductible rather than in Tax Year 1987 when they might otherwise have made such a purchase. Additionally, the large increases in income related to increased sales of capital assets pushed many taxpayers into higher tax brackets, making it even more desirable for them to increase their deductible itemized expenses.

### OFFICIAL LABEL, PAID TAX-RETURN PREPARER, AND ENVELOPE USE

For Tax Year 1986, 54.4 percent of all taxpayers used the official IRS-provided name-and-address label, down from 55.1 percent for 1985 (see Figure F). (Of the 52.7 million labels used, 93 percent were unaltered by the taxpayer.) The percentage of taxpayers who used the official IRS-provided envelope, however, declined sharply from the 1985 level of nearly 62 percent to 56.4 percent for 1986. In the past 2 years, usage of the bar-coded envelope has declined 14.1 percentage points from the 1984 level of 70.5 percent.

**Figure F. All Returns: Number With Selected Characteristics, 1984-1986**

[Number of returns in thousands]

Item	Tax Year		
	1984 (1)	1985 (2)	1986 (3)
All returns, total	92,611	95,307	96,737
Form 1040	57,862	60,677	62,619
Form 1040A	18,422	17,926	17,495
Form 1040EZ	16,327	16,703	16,623
Returns with paid-preparer signature, total	41,460	43,030	44,082
Form 1040	36,585	37,878	39,687
Form 1040A	4,114	4,409	3,794
Form 1040EZ	760	744	601
Returns with official IRS label, total	55,280	52,494	52,651
Form 1040	35,444	34,652	35,140
Form 1040A	10,363	9,240	8,891
Form 1040EZ	9,473	8,602	8,619
Returns with bar-coded envelope, total	65,272	58,806	54,521
Form 1040	38,546	34,578	31,403
Form 1040A	14,619	12,559	11,844
Form 1040EZ	12,106	11,670	11,275

NOTE: All data are based on returns filed through April.

The use of paid tax-return preparers increased slightly to 45.6 percent of all returns from 45.1 percent for 1985. There may be some correlation between the use of paid preparers and the use of the official label. Only 47.7 percent of all returns prepared by a paid preparer had labels attached, while 60.1 percent of all taxpayer-prepared returns had a label attached. This may mean that taxpayers failed to pass their labels on to the preparers. On the other hand, it may be the result of preparers using their own computer-generated forms which print the taxpayer's name, address and other information required in the identification block directly on the tax return (thus making the use of the label redundant) [6].

The failure of many taxpayers to use their official labels increases processing costs for the IRS, and also increases the time required by the IRS to process a return which, in turn, slows down the tax refund due to many filers. When the official label is used, the transcription operator need not

enter the taxpayer's name or address, provided no changes were made to the label, since the information is already on file.

Use of the official envelope similarly speeds the sorting of returns en route to and after receipt by the IRS service centers. The bar codes on the envelopes, representing ZIP Codes and IRS information, allow the Postal Service and the IRS to machine-sort the envelopes (which is faster and less costly than manual mail-sorting procedures).

At the IRS service centers, the bar-coded envelopes are further sorted by a computerized mail-processing system that not only reads the bar codes on the envelopes, but detects coding on endorsed checks, among other features. This allows for quick identification and separation of remittance and refund returns which go through different processing procedures.

### CHANGES IN IRS PROCEDURES

For Tax Year 1986, the IRS expanded its pilot program in electronic filing of tax returns (beginning in Tax Year 1985). Refund returns from seven selected IRS districts prepared by participating commercial tax-return preparers were transmitted electronically via telephone lines for processing by the IRS. In total, 78,000 such returns were accepted by the IRS. Electronically-filed returns were limited to timely filed Forms 1040 with only certain schedules attached.

Another pilot program begun with Tax Year 1985 and continued for Tax Year 1986 involved reducing the number of tax packages mailed to taxpayers. Selected taxpayers who had used a paid preparer in the past were sent postcards asking whether they needed a tax return package to prepare their Tax Year 1986 returns. Each postcard had an official IRS label attached, which was to be affixed to the completed return. The data indicate that 3.5 million returns had this special postcard label attached. Of these returns, 3.4 million were prepared by a paid preparer.

### DATA SOURCES AND LIMITATIONS

Data for the Taxpayer Usage Study (TPUS) were derived from a continual daily random sampling of returns as they were received in the 10 IRS service center mailrooms from January 2 to May 1, 1987. Sampling was conducted for each service center at designated rates ranging from 1-in-3,900 to 1-in-5,400, which yielded a sample of 18,694 returns.

The theoretical sampling rates were not used in weighting the file. Rather, a separate weight was computed for each type of return for each service center by dividing the TPUS sample into each receipt count. The result was weights ranging from a low of 3,725.64 to a high of 7,520.46. In addition to the sample drawn from mailroom receipts, a separate sample was drawn for the electronically transmit-

ted returns. These returns were sampled at a rate of 1-in-400, which yielded a sample of 183 returns. The service center population and sample counts are presented by type of return form in Figure G.

Since the data presented in this article are estimates based on a sample, they are subject to sampling, as well as nonsampling, error. Nonsampling error may be higher for TPUS than for other data published in the SOI Bulletin since the sampled returns had not yet been subjected to any of the IRS processing steps which would have corrected many taxpayer errors.

Figure H provides a comparison of 1985 Taxpayer Usage Study data and 1985 Statistics of Income (SOI) data as a means of evaluating the representativeness of returns filed

through April as a percentage of returns filed through December. As with prior years, the TPUS data for 1986 are intended to provide early indications of trends in SOI data that become available later on in 1987.

To properly use the statistical data provided, the magnitude of the sampling error must be known. Coefficients of variation, computed from the sample, are used to measure the magnitude of the sampling error. Figure I presents approximate coefficients of variation for frequency estimates. The approximate coefficients of variation shown are intended only as a general indication of data reliability. For numbers of returns other than those shown, the corresponding coefficients of variation can be estimated by interpolation.

**Figure G.—Population and Sample Counts by Service Center and Form Type, Tax Year 1986**

[Population in thousands]

Service Center	Total		Form 1040		Form 1040A		Form 1040EZ	
	Population	Sample	Population	Sample	Population	Sample	Population	Sample
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United States, total	96,734	18,877	62,604	12,582	17,507	3,281	16,623	3,014
Andover	10,102	1,940	6,698	1,323	1,442	268	1,963	349
Atlanta	10,823	2,074	6,440	1,264	2,431	445	1,952	365
Austin	10,185	1,686	6,049	986	2,343	398	1,792	302
Brookhaven	7,866	1,769	5,302	1,192	1,499	332	1,065	245
Cincinnati*	10,143	1,839	6,681	1,189	1,641	320	1,821	330
Fresno	9,670	2,186	6,470	1,551	1,701	345	1,499	290
Kansas City	9,943	2,453	6,762	1,815	1,535	320	1,647	318
Memphis	9,819	1,426	5,876	886	2,139	300	1,805	240
Ogden	10,203	1,921	7,108	1,350	1,393	269	1,702	302
Philadelphia	7,900	1,400	5,140	843	1,383	284	1,377	273

\* Cincinnati return and sample figures include electronically filed returns.

**Figure H.—Comparison of Taxpayer Usage Study (TPUS) Data and Statistics of Income (SOI) Data, Tax Year 1985**

[Number of returns in thousands; amounts in millions of dollars]

Items	1985 TPUS	1985 SOI	Difference	Percentage difference
	(1)	(2)	(3)	(4)
All returns	95,307	101,660	6,353	6.3%
Adjusted gross income	2,105,392	2,305,952	200,560	8.7
Marital deduction:				
Number of returns	23,162	24,835	1,673	6.7
Amount	22,506	24,615	2,109	8.6
Excess itemized deductions:				
Number of returns	36,038	39,271	3,233	8.2
Amount	227,311	278,803	51,492	18.5
Total tax:				
Number of returns	77,654	86,478	8,824	10.2
Amount	282,235	339,354	57,119	16.8

NOTE: All data are based on returns filed through April.

**Figure I.—Approximate Coefficients of Variation, Tax Year 1986**

Estimated number of returns	Form 1040	Form 1040A	Form 1040EZ
	(1)	(2)	(3)
50,000,000 .....	.015%	(*)	(*)
20,000,000 .....	.018	(*)	(*)
15,000,000 .....	.021	.020%	.020%
10,000,000 .....	.026	.024	.025
5,000,000 .....	.036	.034	.035
1,000,000 .....	.081	.075	.078
500,000 .....	.115	.107	.116
100,000 .....	.257	.239	.246
75,000 .....	.297	.276	.284

(\*) Not applicable because the estimated number of returns was greater than the population estimate.

**NOTES AND REFERENCES**

[1] "Total tax" represents income tax after credits added to other taxes such as self-employment tax, alternative minimum tax, and advance earned income credit payments which are only important in the bottom income classes.

[2] The 1986 statistics are based in all cases on filings through the end of April 1987. Data for earlier years used throughout this article for comparison purposes are also based on returns filed through April of the year following the tax year unless otherwise noted.

[3] U.S. Department of the Treasury, Internal Revenue Service, *Projections: Number of Returns to Be Filed*, November 1986, p. 1.

[4] Social security benefits were taxable when modified adjusted gross income exceeded \$25,000 for single taxpayers and \$32,000 for married taxpayers.

[5] U.S. Department of Labor, Bureau of Labor Statistics, *CPI Detailed Report*, December 1986.

[6] For Tax Year 1986, 8.1 percent of all returns filed were generated by computer (a 1.7 percentage point increase from 1985).

**Table 1.—All Returns: Number by Marital Status, by Type of Return and Size of Adjusted Gross Income**

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

Type of return, marital status	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 <sup>1</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns, total	96,737	15,562	15,007	12,909	10,384	16,035	17,917	7,625	1,299
Returns of single persons	41,421	11,959	9,283	6,801	4,642	5,215	2,729	673	119
Joint returns of husbands and wives	44,742	1,945	3,270	4,080	4,129	9,138	14,231	6,804	1,145
Separate returns of husbands and wives	828	178	171	132	112	97	107	*25	*4
Returns of heads of households	9,608	1,473	2,253	1,870	1,478	1,560	826	124	25
Returns of surviving spouses	138	*7	*30	*26	*22	*26	*23	—	*5
Form 1040 returns, total	62,619	5,336	6,739	6,154	6,286	12,445	16,766	7,594	1,299
Returns of single persons	19,106	3,553	3,624	2,649	2,389	3,610	2,489	673	119
Joint returns of husbands and wives	38,219	1,352	2,332	2,695	3,011	7,534	13,376	6,773	1,145
Separate returns of husbands and wives	562	113	95	*61	*75	86	103	*25	*4
Returns of heads of households	4,594	311	659	723	788	1,190	775	124	*25
Returns of surviving spouses	138	*7	*30	*26	*22	*26	*23	—	*5
Form 1040A returns, total	17,495	3,511	3,976	3,696	2,554	2,681	1,046	*31	N/A
Returns of single persons	5,692	1,691	1,368	1,093	710	695	135	—	N/A
Joint returns of husbands and wives	6,523	593	938	1,385	1,118	1,604	855	*31	N/A
Separate returns of husbands and wives	266	*64	76	*71	*37	*12	*5	—	N/A
Returns of heads of households	5,014	1,162	1,595	1,147	690	370	*51	—	N/A
Form 1040EZ returns, total <sup>2</sup>	16,623	6,716	4,292	3,058	1,544	909	105	N/A	N/A

N/A — Not applicable.

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

<sup>1</sup> Includes returns with no adjusted gross income.

<sup>2</sup> Form 1040EZ returns could be filed by single persons only.

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

**Table 2.—Returns With Total Income Tax: Type of Return, Adjusted Gross Income and Total Income Tax, by Size of Adjusted Gross Income**

[All figures are estimates based on samples—numbers of returns are in thousands, amounts are in millions of dollars]

Type of return, total tax <sup>1</sup>	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 <sup>2</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns, total	74,959	3,478	10,319	11,632	9,563	14,863	16,673	7,170	1,261
Amount of adjusted gross income	2,117,669	12,385	78,219	144,987	167,019	366,952	642,913	456,777	248,419
Amount of total income tax	308,535	919	4,279	10,532	15,019	39,047	83,644	78,489	76,605
Tax as percent of adjusted gross income	14.2	7.4	5.5	7.3	9.0	10.6	13.0	17.2	30.8
Form 1040 returns, total	51,585	1,358	4,124	5,229	5,568	11,327	15,574	7,143	1,261
Amount of adjusted gross income	1,789,740	4,199	31,708	65,442	97,819	282,314	604,456	455,385	248,419
Amount of total income tax	275,360	495	1,542	4,122	8,042	28,554	77,776	78,226	76,605
Tax as percent of adjusted gross income	15.4	11.8	4.9	6.3	8.2	10.1	12.9	17.2	30.8
Form 1040A returns, total	11,869	469	1,928	3,368	2,457	2,626	995	*27	N/A
Amount of adjusted gross income	200,981	1,751	14,862	42,129	42,785	63,207	34,855	1,393	N/A
Amount of total income tax	19,861	164	692	2,691	3,739	7,164	5,147	263	N/A
Tax as percent of adjusted gross income	9.9	9.4	4.7	6.4	8.7	11.3	14.8	18.9	N/A
Form 1040EZ returns, total	11,505	1,651	4,266	3,035	1,538	909	105	N/A	N/A
Amount of adjusted gross income	126,947	6,435	31,649	37,416	26,415	21,431	3,601	N/A	N/A
Amount of total income tax	13,315	260	2,045	3,720	3,239	3,330	721	N/A	N/A
Tax as percent of adjusted gross income	10.5	4.1	6.5	9.9	12.3	15.5	20.0	N/A	N/A

N/A — Not applicable.

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

<sup>1</sup> Total income tax is computed as the sum of income tax after credits and alternative minimum tax, less earned income credit.

<sup>2</sup> Includes returns with no adjusted gross income.

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

## Individual Income Tax Returns, 1986 Taxpayer Usage Study

**Table 3.—All Returns: Number With and Without Total Income Tax, by Type of Return and Size of Adjusted Gross Income**  
 [All figures are estimates based on samples—numbers of returns are in thousands]

Type of return, total tax <sup>1</sup>	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 <sup>2</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns, total .....	96,737	15,562	15,007	12,909	10,384	16,035	17,917	7,625	1,299
Number with total income tax .....	74,959	3,478	10,319	11,632	9,563	14,863	16,673	7,170	1,261
Number with no total income tax .....	21,778	12,084	4,688	1,276	820	1,172	1,243	455	*38
Form 1040 returns, total .....	62,619	5,336	6,739	6,154	6,286	12,445	16,766	7,594	1,299
Number with total income tax .....	51,585	1,358	4,124	5,229	5,568	11,327	15,574	7,143	1,261
Number with no total income tax .....	11,034	3,978	2,614	925	717	1,118	1,193	451	*38
Form 1040A returns, total .....	17,495	3,511	3,976	3,696	2,554	2,681	1,046	*31	N/A
Number with total income tax .....	11,869	469	1,928	3,368	2,457	2,626	995	*27	N/A
Number with no total income tax .....	5,626	3,042	2,048	328	98	*54	*50	*5	N/A
Form 1040EZ returns, total .....	16,623	6,716	4,292	3,058	1,544	909	105	N/A	N/A
Number with total income tax .....	11,505	1,651	4,266	3,035	1,538	909	105	N/A	N/A
Number with no total income tax .....	5,117	5,064	*25	*23	*5	—	—	N/A	N/A

N/A — Not applicable

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

<sup>1</sup> Total income tax is computed as the sum of income tax after credits and alternative minimum tax, less earned income credit.

<sup>2</sup> Includes returns with no adjusted gross income.

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

**Table 4.—All Returns: Adjusted Gross Income, Selected Sources of Income, and Statutory Adjustments, by Size of Adjusted Gross Income**

[All figures are estimates based on samples—numbers of returns are in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Adjusted gross income		Salaries and wages		Dividends			
	Number of returns	Amount	Number of returns	Amount	Before exclusion		After exclusion	
					Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total	96,737	2,300,896	83,248	1,895,909	18,863	49,420	Data not Available	
No adjusted gross income	1,167	- 15,502	628	6,877	168	324		
\$1 under \$5,000	14,395	37,885	12,838	31,531	1,145	912		
\$5,000 under \$10,000	15,007	111,567	11,871	86,108	1,651	1,861		
\$10,000 under \$15,000	12,909	160,658	10,825	128,639	1,364	2,408		
\$15,000 under \$20,000	10,384	181,148	8,892	146,629	1,525	2,368		
\$20,000 under \$25,000	8,749	195,901	7,794	166,473	1,562	3,030		
\$25,000 under \$30,000	7,286	200,026	6,737	176,716	1,414	1,826		
\$30,000 under \$50,000	17,917	691,056	16,762	620,752	5,203	7,990		
\$50,000 under \$75,000	6,245	366,787	5,743	314,392	2,917	7,189		
\$75,000 under \$100,000	1,380	117,944	1,169	84,637	930	5,224		
\$100,000 or more	1,299	253,426	988	133,155	972	16,289		

Size of adjusted gross income	Interest		Unemployment compensation				Returns with taxable social security benefits	
	Number of returns	Amount	Total		Taxable compensation		Number of returns	Total benefits
			Number of returns	Amount	Number of returns	Amount		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, total	60,978	150,660	7,369	13,103	4,716	8,306	3,093	Data not available
No adjusted gross income	574	3,029	*65	103	*9	—	*5	
\$1 under \$5,000	5,585	5,060	552	1,002	*52	100	*16	
\$5,000 under \$10,000	6,964	12,499	1,261	2,423	130	298	*21	
\$10,000 under \$15,000	6,434	13,630	976	1,733	376	338	—	
\$15,000 under \$20,000	6,332	14,701	897	1,768	656	1,091	*28	
\$20,000 under \$25,000	5,913	11,939	874	1,638	874	1,638	185	
\$25,000 under \$30,000	5,534	10,343	732	1,563	732	1,563	383	
\$30,000 under \$50,000	15,165	31,225	1,547	2,711	1,547	2,711	1,450	
\$50,000 under \$75,000	5,850	19,733	299	456	299	447	532	
\$75,000 under \$100,000	1,351	9,421	*23	*75	*23	*75	223	
\$100,000 or more	1,273	19,088	*18	*39	*18	*39	250	

Size of adjusted gross income	Taxable social security benefits	Statutory adjustments						Number of returns with alimony paid
		Total		IRA payments <sup>1</sup>		Two-earner deduction		
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total	11,148	35,922	92,057	14,898	36,075	24,285	25,778	512
No adjusted gross income	*9	154	593	*49	116	*63	*22	*4
\$1 under \$5,000	*37	536	709	137	242	169	*35	*11
\$5,000 under \$10,000	85	1,430	2,521	369	593	637	767	*12
\$10,000 under \$15,000	—	2,271	3,144	644	1,154	1,280	451	*49
\$15,000 under \$20,000	*73	3,036	4,562	995	1,790	1,685	845	*27
\$20,000 under \$25,000	172	3,830	6,147	1,190	2,319	2,432	1,499	*15
\$25,000 under \$30,000	863	4,185	7,451	1,414	2,839	2,812	2,244	*51
\$30,000 under \$50,000	4,659	12,935	31,444	5,264	12,712	9,768	10,730	196
\$50,000 under \$75,000	2,409	5,378	1,9891	2,967	8,395	4,091	6,684	82
\$75,000 under \$100,000	1,324	1,171	7,955	996	3,203	791	1,492	*39
\$100,000 or more	1,517	996	7,641	873	2,712	557	1,019	*27

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

<sup>1</sup>IRA — Individual Retirement Arrangement.

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

## Individual Income Tax Returns, 1986 Taxpayer Usage Study

Table 5.—All Returns: Selected Items by Size of Adjusted Gross Income

[All figures are estimates based on samples—numbers of returns are in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Adjusted gross income		Itemized deductions		Charitable contributions deduction <sup>1</sup>		Exemptions	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of exemptions	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total	96,737	2,300,896	37,134	272,350	27,228	16,936	231,837	250,384
No adjusted gross income	1,167	- 15,502	227	2,408	109	*60	2,676	2,890
\$1 under \$5,000	14,395	37,885	314	1,142	2,475	581	21,212	22,909
\$5,000 under \$10,000	15,007	111,567	1,207	4,247	5,899	2,107	29,284	31,627
\$10,000 under \$15,000	12,909	160,658	1,970	6,750	5,832	2,566	28,101	30,349
\$15,000 under \$20,000	10,384	181,148	2,879	9,584	4,525	2,735	24,106	26,035
\$20,000 under \$30,000	16,035	395,927	7,923	32,422	5,254	3,458	42,575	45,981
\$30,000 under \$50,000	17,917	691,056	14,166	84,697	2,784	3,844	54,648	59,020
\$50,000 under \$100,000	7,625	484,730	7,178	84,276	335	1,414	24,732	26,711
\$100,000 or more	1,299	253,426	1,272	46,823	*13	170	4,502	4,862

Size of adjusted gross income	Income tax after credits		Alternative minimum tax		Total tax <sup>2</sup>		Income tax withheld	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, total	76,188	305,889	484	3,018	79,154	325,415	83,306	296,525
No adjusted gross income	253	514	*25	*13	419	664	537	820
\$1 under \$5,000	3,282	402	—	—	3,867	637	10,864	2,245
\$5,000 under \$10,000	11,475	4,580	—	—	12,062	5,253	11,950	8,235
\$10,000 under \$15,000	11,683	7,221	—	—	12,030	1,1471	11,101	14,481
\$15,000 under \$20,000	9,563	12,108	*10	*5	9,898	16,336	9,184	18,811
\$20,000 under \$30,000	14,685	36,055	*9	*2	15,317	42,197	14,802	48,100
\$30,000 under \$50,000	16,669	83,447	110	208	17,030	88,219	16,929	97,326
\$50,000 under \$100,000	7,145	77,581	177	908	7,250	82,166	6,939	73,118
\$100,000 or more	1,252	74,722	154	1,883	1,281	78,472	1,001	33,391

Size of adjusted gross income	Earned income credit <sup>3</sup>		Refund		Overpayment applied to 1987 estimated tax		Tax due at time of filing	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total	5,637	1,974	70,686	63,640	3,677	4,724	19,364	43,381
No adjusted gross income	*67	*22	572	592	*6	*2	145	168
\$1 under \$5,000	1,820	618	10,911	2,790	146	*40	1,488	239
\$5,000 under \$10,000	3,144	1,261	11,352	5,391	577	148	2,460	776
\$10,000 under \$15,000	580	*47	10,123	5,162	505	248	2,151	1,057
\$15,000 under \$20,000	*15	*9	7,932	5,497	482	237	1,956	1,372
\$20,000 under \$30,000	*7	*7	12,188	11,768	650	423	3,155	2,861
\$30,000 under \$50,000	*5	*10	12,952	19,409	681	881	4,300	6,360
\$50,000 under \$100,000	—	—	4,360	10,985	472	1,742	2,862	10,107
\$100,000 or more	—	—	295	2,047	158	1,004	850	20,441

<sup>1</sup> Amount claimed by nonitemizers.<sup>2</sup> Total tax is the sum of income tax after credits, self-employment tax, alternative minimum tax, tax from recapture of investment credit, social security tax on tip income not reported to employer, and tax on an IRA. (Income tax after credits is computed without regard to the earned income credit).<sup>3</sup> Includes returns with amounts used to reduce "total tax" to zero, and returns with refundable amounts (where the credit exceeded "total tax").

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

**Table 6.—Form 1040 Returns: Social Security Benefits, by Size of Adjusted Gross Income**

[All figures are estimates based on samples—numbers of returns are in thousands, amounts are in millions of dollars]

Size of adjusted gross income	Total	Gross benefits		Tax-exempt interest		Taxable benefits	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Form 1040 returns, total.....	62,619	8,113	64,715	927	9,504	3,093	11,148
No adjusted gross income.....	789	98	699	*6	77	*5	*9
\$1 under \$5,000.....	4,546	690	4,548	*10	*62	*16	*37
\$5,000 under \$10,000.....	6,739	1,627	12,137	*24	236	*21	86
\$10,000 under \$15,000.....	6,154	1,205	10,397	*16	*17	—	—
\$15,000 under \$20,000.....	6,286	845	6,205	*50	142	*28	*73
\$20,000 under \$30,000.....	12,445	1,153	8,394	185	1,310	567	1,035
\$30,000 under \$50,000.....	16,766	1,474	11,694	274	1,667	1,450	4,659
\$50,000 under \$100,000.....	7,594	765	7,485	238	3,024	755	3,733
\$100,000 or more.....	1,299	256	3,156	123	2,969	250	1,517

\* 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.—Joint Form 1040 and Form 1040A Returns: Number With and Without Deduction for Two-Earner Married Couple, by Type of Return and Size of Adjusted Gross Income**

[All figures are estimates based on samples—numbers of returns are in thousands, amounts are in millions of dollars]

Deduction for two-earner married couple, type of return	Total	Size of adjusted gross income							
		Under \$5,000 <sup>1</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Joint Form 1040 and Form 1040A returns, total.....	44,742	1,945	3,270	4,080	4,129	9,138	14,231	6,804	1,145
Returns with deduction for two-earner married couple:									
Number.....	24,229	226	630	1,275	1,685	5,237	9,744	4,876	557
Amount.....	25,740	*45	765	449	845	3,738	10,712	8,168	1,019
Returns without deduction for two-earner married couple.....	20,513	1,720	2,640	2,805	2,444	3,900	4,487	1,928	588
Joint Form 1040 returns, total.....	38,219	1,352	2,332	2,695	3,011	7,534	13,376	6,773	1,145
Returns with deduction for two-earner married couple:									
Number.....	21,092	148	353	714	1,144	4,187	9,141	4,849	557
Amount.....	23,064	*36	99	270	512	2,917	10,090	8,120	1,019
Returns without deduction for two-earner married couple.....	17,127	1,204	1,979	1,982	1,867	3,347	4,236	1,924	588
Joint Form 1040A returns, total.....	6,523	593	938	1,385	1,118	1,604	855	*31	—
Returns with deduction for two-earner married couple:									
Number.....	3,137	78	277	562	541	1,050	603	*27	N/A
Amount.....	2,676	*9	666	179	332	821	621	*48	N/A
Returns without deduction for two-earner married couple.....	3,386	516	661	823	577	553	251	*5	N/A

N/A — Not applicable.  
<sup>1</sup> Includes returns with no adjusted gross income.  
\* 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.

## Individual Income Tax Returns, 1986 Taxpayer Usage Study

Table 8.—All Returns: Presence of Form W-2 Wage and Tax Statement, by Type of Return and Size of Adjusted Gross Income

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

Number of returns with Form W-2, type of return	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 <sup>1</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns, total	96,737	15,562	15,007	12,909	10,384	16,035	17,917	7,625	1,299
Forms W-2 attached, total	157,515	21,962	21,942	18,769	15,363	27,157	34,845	15,378	2,098
Number of returns with Form W-2 attached	82,202	12,159	11,661	10,668	8,783	14,422	16,602	6,918	989
One	38,125	6,256	5,786	6,079	5,110	7,211	5,659	1,678	345
Two or more for same taxpayer	21,156	5,624	5,231	3,378	2,092	2,519	1,642	551	120
Two or more for different taxpayers <sup>2</sup>	22,921	279	644	1,212	1,581	4,692	9,300	4,689	524
Form W-2 not attached	14,535	3,403	3,346	2,240	1,600	1,613	1,315	707	311
Form 1040 returns, total	62,619	5,336	6,739	6,154	6,286	12,445	16,766	7,594	1,299
Forms W-2 attached, total	98,194	4,248	6,686	7,537	8,711	20,995	32,617	15,302	2,098
Number of returns with Form W-2 attached	49,095	2,535	3,639	4,014	4,728	10,838	15,467	6,887	989
One	20,481	1,451	1,955	2,110	2,573	5,162	5,206	1,678	345
Two or more for same taxpayer	8,973	934	1,363	1,275	1,137	2,027	1,566	551	120
Two or more for different taxpayers <sup>2</sup>	19,641	150	321	628	1,018	3,648	8,695	4,658	524
Form W-2 not attached	13,524	2,800	3,100	2,141	1,558	1,607	1,300	707	311
Form 1040A returns, total	17,495	3,511	3,976	3,696	2,554	2,681	1,046	*31	N/A
Forms W-2 attached, total	30,555	5,617	7,055	6,378	4,327	4,996	2,107	76	N/A
Number of returns with Form W-2 attached	16,813	3,128	3,796	3,624	2,523	2,675	1,035	*31	N/A
One	8,911	1,641	1,885	2,124	1,553	1,338	371	—	N/A
Two or more for same taxpayer	4,622	1,358	1,588	916	406	293	*60	—	N/A
Two or more for different taxpayers <sup>2</sup>	3,280	130	323	583	564	1,044	605	*31	N/A
Form W-2 not attached	683	382	180	*73	*31	*6	*10	—	N/A
Form 1040EZ returns, total	16,623	6,716	4,292	3,058	1,544	909	105	N/A	N/A
Forms W-2 attached, total	28,766	12,097	8,201	4,854	2,325	1,167	122	N/A	N/A
Number of returns with Form W-2 attached	16,294	6,495	4,226	3,031	1,532	909	99	N/A	N/A
One	8,733	3,164	1,946	1,845	984	711	83	N/A	N/A
Two or more for different taxpayers <sup>2</sup>	7,561	3,331	2,280	1,186	549	198	*17	N/A	N/A
Form W-2 not attached	328	220	*65	*27	*11	—	*5	N/A	N/A

N/A — Not applicable.

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

<sup>1</sup> Includes returns with no adjusted gross income.<sup>2</sup> Even if each spouse on a joint return had two or more Forms W-2, the return was counted only once in the statistics for "two or more for different taxpayers."

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

**Table 9.—Form 1040 Returns: Number With Selected Forms and Schedules, by Size of Adjusted Gross Income**

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

Form or schedule	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 <sup>1</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Forms 1040, total	62,619	5,336	6,739	6,154	6,286	12,445	16,766	7,594	1,299
A Itemized Deductions	40,104	1,285	1,729	2,323	3,287	8,350	14,565	7,285	1,280
B Interest and Dividend Income	32,859	2,509	3,425	3,057	3,013	5,404	8,807	5,434	1,209
C Profit (or Loss) from									
Business or Profession	10,961	1,230	1,207	998	1,029	2,036	2,567	1,531	362
D Capital Gains and Losses	12,125	875	873	770	845	1,913	3,138	2,786	926
E Supplemental Income Schedule	12,021	842	1,019	860	950	1,978	3,075	2,402	894
F Farm Income and Expenses	2,443	491	253	188	224	433	554	251	*49
G Income Averaging	3,404	*12	*70	94	218	561	1,007	1,048	394
R/RP Credit for the Elderly	432	*59	219	78	*47	*20	*10	—	—
SE Computation of Social Security Self-Employment Tax	10,632	1,294	1,197	966	1,030	2,083	2,358	1,322	382
W Deduction for a Married Couple When Both Work	21,080	168	381	709	1,165	4,173	9,074	4,839	571
1116 Computation of Foreign Tax Credit	482	*6	*31	*29	*37	*47	*58	171	104
2106 Employee Business Expenses	6,443	88	334	306	563	1,398	2,203	1,367	183
2119 Sale or Exchange of Principal Residence	1,598	36	78	*58	125	185	587	450	78
2210/2210F Underpayment of Estimated Income Tax	4,238	129	278	349	353	756	1,043	929	399
2441 Credit for Child and Dependent Care Expenses	6,136	*10	202	354	512	1,456	2,499	999	103
2555 Foreign Earned Income	*63	*18	—	—	*16	*13	*10	*6	—
3468 Computation of Investment Credit	621	*26	*33	*52	*31	*44	138	187	110
3903 Moving Expense Adjustment	1,476	*28	154	97	151	359	430	233	*25
4136 Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil	716	179	97	*71	*72	116	114	*54	*13
4137 Computation of Social Security Tax on Unreported Tip Income	157	*14	*25	*44	*14	*43	*11	*4	—
4255 Recapture of Investment Credit	1,005	77	*52	*53	*53	166	204	260	140
4562 Depreciation	11,339	1,056	908	875	988	1,988	2,876	2,024	625
4684 Casualties and Thefts	181	*6	*11	*26	*11	*29	*59	*39	—
4797 Supplemental Schedule of Gains and Losses	2,836	281	199	172	198	370	619	669	330
4835 Farm Rental Income and Expenses	474	*53	79	*44	*41	102	95	*48	*12
4868 Application for Automatic Extension of Time to File	106	*10	*7	*11	*9	*15	*25	*14	*15
4952 Investment Interest Expense Deduction	536	*26	*8	*16	*28	*50	85	175	147
4972 Special 10-Year Averaging Methods	764	*15	*13	*67	*55	147	287	139	*41
5329 Return for Individual Retirement Arrangement Taxes	364	*6	*28	*17	*12	*51	118	118	*14
5695 Residential Energy Credit	116	*15	*15	*10	*18	*27	*13	*18	—
5884 Jobs Credits	*34	*4	—	*4	—	—	*11	*14	—
6249/6249A Windfall Profit Tax Credit	*52	*6	—	*6	*18	—	*23	—	—
6251 Alternative Minimum Tax Computation	3,910	103	81	*68	169	346	1,031	1,440	671
6252 Computation of Installment Sale Income	1,488	*64	117	132	168	224	347	304	133
8271 Investor Reporting of Tax Shelter Registration Number	729	*18	*13	*21	*35	*36	184	275	147
8275 Disclosure Statement Under IRC Section 6661									
8283 Noncash Charitable Contributions	1,273	*6	*26	*57	*51	102	321	489	221
8332 Release of Claim to Exemption for Child of Divorced or Separated Parents	112	*5	*4	*12	*21	*11	*33	*25	—

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

<sup>1</sup> Includes returns with no adjusted gross income.

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

## Individual Income Tax Returns, 1986 Taxpayer Usage Study

**Table 10.—All Returns: Number With Dividends Before Exclusion or With Interest Income, by Type of Return and Size of Adjusted Gross Income**

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

Dividend and interest income, type of return	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 <sup>1</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns, total	96,737	15,562	15,007	12,909	10,384	16,035	17,917	7,625	1,299
Returns with dividends before exclusion	18,863	1,315	1,651	1,364	1,525	2,985	5,203	3,848	972
Returns with interest income	60,978	6,161	6,964	6,434	6,332	11,447	15,165	7,201	1,273
Form 1040 returns, total	62,619	5,336	6,739	6,154	6,286	12,445	16,766	7,594	1,299
Returns with dividends before exclusion	18,102	1,130	1,501	1,306	1,462	2,766	5,124	3,842	972
Returns with interest income	49,691	3,472	4,784	4,315	4,555	9,658	14,461	7,174	1,273
Form 1040A returns, total	17,495	3,511	3,976	3,696	2,554	2,681	1,046	*31	N/A
Returns with dividends before exclusion	761	185	151	*58	*63	219	80	*5	N/A
Returns with interest income	5,921	987	922	1,041	988	1,320	636	*27	N/A
Form 1040EZ returns, total	16,623	6,716	4,292	3,058	1,544	909	105	N/A	N/A
Returns with interest income	5,366	1,702	1,259	1,079	790	469	*68	N/A	N/A

N/A — Not applicable.

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

<sup>1</sup> Includes returns with no adjusted gross income.

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

**Table 11.—Form 1040 and Form 1040A Returns: Number With Unemployment Compensation, by Type of Return and Marital Status**

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

Unemployment compensation, type of return	Total	Number of returns by marital status				
		Returns of single persons	Joint returns of husbands and wives	Separate returns of husbands and wives	Returns of heads of households	Returns of surviving spouses
	(1)	(2)	(3)	(4)	(5)	(6)
Form 1040 and Form 1040A returns, total	80,114	24,798	44,742	828	9,608	138
Unemployment compensation, total	7,369	1,835	4,736	*36	746	*16
Taxable and nontaxable amounts reported	880	276	497	*4	102	—
Only nontaxable amounts reported	2,653	932	1,272	*12	437	—
Only taxable amounts reported	3,836	627	2,967	*20	207	*16
Form 1040 returns, total	62,619	19,106	38,219	562	4,594	138
Unemployment compensation, total	4,978	919	3,774	*20	250	*16
Taxable and nontaxable amounts reported	635	137	416	*4	77	—
Only nontaxable amounts reported	1,216	367	748	*6	95	—
Only taxable amounts reported	3,127	414	2,610	*9	78	*16
Form 1040A returns, total	17,495	5,692	6,523	266	5,014	N/A
Unemployment compensation, total	2,391	917	962	*17	496	N/A
Taxable and nontaxable amounts reported	245	139	81	—	*25	N/A
Only nontaxable amounts reported	1,436	565	524	*6	342	N/A
Only taxable amounts reported	709	213	357	*11	129	N/A

N/A — Not applicable.

\* 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 12.—Form 1040 Returns: Number With and Without Itemized Deductions, by Size of Adjusted Gross Income**

[All figures are estimates based on samples—numbers of returns are in thousands and amounts are in millions of dollars]

Number by size of itemized deductions	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 <sup>1</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Form 1040 returns, total	62,619	5,336	6,739	6,154	6,286	12,445	16,766	7,594	1,299
With itemized deductions:									
Number of returns	37,134	541	1,207	1,970	2,879	7,923	14,166	7,178	1,272
Total amount	272,350	3,551	4,247	6,750	9,584	32,422	84,697	84,276	46,820
Number of returns by size of itemized deductions:									
\$1 under \$500	1,271	*35	143	177	270	432	205	*10	—
\$500 under \$1,000	1,915	*60	163	233	316	656	426	*55	*5
\$1,000 under \$1,500	2,266	83	205	212	352	741	607	*65	—
\$1,500 under \$2,000	2,276	*33	105	229	277	659	879	89	*5
\$2,000 under \$3,500	6,329	88	205	463	688	1,859	2,564	456	*6
\$3,500 under \$5,000	5,570	*52	141	318	422	1,382	2,670	558	*27
\$5,000 under \$7,500	6,068	*51	125	149	288	1,194	2,934	1,297	*31
\$7,500 under \$10,000	3,704	*47	*35	*74	114	542	1,745	1,084	*62
\$10,000 under \$15,000	4,158	*33	*33	*62	110	316	1,566	1,854	184
\$15,000 under \$25,000	2,372	*37	*43	*48	*40	104	473	1,281	346
\$25,000 under \$50,000	905	*11	*10	*6	—	*32	92	382	372
\$50,000 or more	301	*12	—	—	—	*5	*4	*46	233
Without itemized deductions	25,485	4,795	5,532	4,185	3,407	4,522	2,600	416	*27

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

<sup>1</sup> Includes returns with no adjusted gross income.

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

**Table 13.—Form 1040 and Form 1040A Returns: Number With Payments to an Individual Retirement Arrangement (IRA), by Type of Return and Size of Adjusted Gross Income**

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

Payments to an IRA, type of return	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 <sup>1</sup>	\$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 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Form 1040 and Form 1040A returns, total	80,114	8,846	10,715	9,851	8,840	15,126	17,812	7,625	1,299
Returns with payments to an IRA, total	14,898	186	369	644	995	2,604	5,264	3,963	873
Size of payment:									
\$1 under \$2,000	2,582	*49	144	184	304	709	892	291	*10
\$2,000	5,586	107	177	367	503	1,262	1,958	1,065	148
\$2,001 under \$2,250	99	—	*6	*6	—	—	*37	*51	—
\$2,250	1,962	*11	*23	*53	99	231	718	585	242
\$2,251 under \$4,000	542	*5	—	*5	*26	*44	281	155	*25
\$4,000	4,076	*14	*5	*29	*64	358	1,362	1,796	449
More than \$4,000	*50	—	*13	—	—	—	*16	*21	—
Returns without payments to an IRA	65,216	8,660	10,347	9,206	7,845	12,522	12,548	3,662	426
Form 1040 returns, total	62,619	5,336	6,739	6,154	6,286	12,445	16,766	7,594	1,299
Returns with payments to an IRA, total	13,937	135	310	499	812	2,259	5,101	3,947	873
Size of payment:									
\$1 under \$2,000	2,252	*39	114	130	239	586	843	291	*10
\$2,000	5,110	*66	154	281	408	1,085	1,909	1,059	148
\$2,001 under \$2,250	99	—	*6	*6	—	—	*37	*51	—
\$2,250	1,894	*11	*23	*48	76	214	696	585	242
\$2,251 under \$4,000	521	*5	—	*5	*26	*44	266	150	*25
\$4,000	4,015	*14	*5	*29	*64	331	1,334	1,790	449
More than \$4,000	*44	—	*7	—	—	—	*16	*21	—
Returns without payments to an IRA	48,682	5,200	6,429	5,655	5,474	10,186	11,665	3,647	426
Form 1040A returns, total	17,495	3,511	3,976	3,696	2,554	2,681	1,046	*31	N/A
Returns with payments to an IRA, total	961	*51	*59	145	183	344	163	*16	N/A
Size of payment:									
\$1 under \$2,000	330	*10	*30	*53	*65	123	*48	—	N/A
\$2,000	476	*41	*23	86	95	177	*48	*5	N/A
\$2,001 under \$2,250	—	—	—	—	—	—	—	—	N/A
\$2,250	68	—	—	5	23	17	22	—	N/A
\$2,251 under \$4,000	*21	—	—	—	—	—	*15	*5	N/A
\$4,000	*61	—	—	—	—	—	*27	*28	*5
More than \$4,000	*6	—	*6	—	—	—	—	—	N/A
Returns without payments to an IRA	16,534	3,460	3,917	3,551	2,371	2,336	883	*15	N/A

N/A — Not applicable.

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

<sup>1</sup> Includes returns with no adjusted gross income.

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

# Sole Proprietorship Returns, 1985

By Raymond M. Wolfe \*

For Tax Year 1985 and for the third consecutive year, nonfarm proprietors reported an all-time high level of annual profits. As can be seen from Figure A, this continued the upward trend in profits that began with 1983 [1,2].

**Figure A.—Nonfarm Sole Proprietorship Profits, 1980-1985**

[billions of dollars]

Tax Year	Net income less deficit
1980	\$54.9
1981	53.1
1982	50.6
1983	60.4
1984	70.8
1985	78.8

The increase in reported profits for 1985 was shared by proprietorships in all non-manufacturing industrial divisions except transportation and utilities [3]. Several divisions realized increases in profits that were more than 10 percent higher than the previous year, as shown in Figure B below [4].

**Figure B.—Profits by Industrial Division, 1984 and 1985**

[billions of dollars]

Industrial Division	1984	1985
Mining	\$ 0.3	\$ 0.5
Construction	10.1	11.1
Manufacturing	1.4	1.3
Transportation and utilities	3.3	2.4
Trade	7.7	8.3
Finance Insurance and real estate	9.5	9.8
Services	36.8	43.1

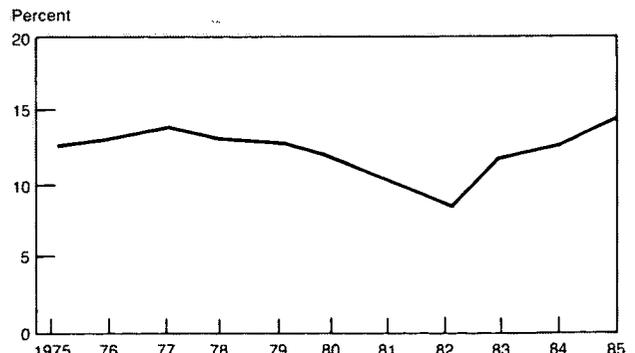
The 27-percent decrease in profits for the transportation and utilities division resulted from a general decline in reported profits for all industries in the division. Most notably, proprietorships engaged in transportation services suffered a 68-percent drop in profits. The manufacturing division suffered a less severe, 7-percent, drop overall. Although about half of the manufacturing industries reported increased profits for 1985, these were overshadowed by the losses reported by the remaining industries in the division.

The number of individual income tax returns reporting nonfarm sole proprietorship activity increased by 5.9 per-

cent, from 11.3 million for 1984 to 12.0 million for 1985. There was an increased number of proprietorships in all but two industrial divisions—transportation and utilities, down 5 percent; and trade, down 4 percent. The greatest increases in number of returns filed were in the construction and service divisions and more than compensated for these declines. The increases for the construction and services divisions represent a continuation of an upward trend in the number of proprietorships engaged in these activities. This trend may have resulted, in part, from the effect of favorable interest rates in 1984 and 1985 as well as the continued shift to an economy in which service industries play an increasingly important role.

Not only profits, but the total reported receipts on which they were based were up for Tax Year 1985. Reported receipts increased 4.7 percent, from \$516 billion for 1984 to \$540 billion for 1985. This increase represented a gain in real (1982) dollar sales of \$22 billion [5]. The percentage ratio of profits to receipts also continued to rise, as Figure C shows. Other detailed industry statistics and income statement items on nonfarm sole proprietorships are presented in Tables 1 and 2.

**Figure C  
Percentage Ratio of Profits to Receipts, 1975-1985**



\*Individual Returns Analysis Section: Prepared under the direction of Susan Hostetter, Chief.

## SUMMARY

In summary, the continuing improvement in the economic climate in 1985 produced good results for most nonfarm sole proprietors. Overall, compared with 1984, larger amounts of receipts and profits were reported by a larger number of proprietorships.

## DATA SOURCES AND LIMITATIONS

A general description of sampling procedures and data limitations applicable to the Statistics of Income (SOI) tabulations is contained in the Appendix to this issue. Specific information applicable to sole proprietorship data for 1985 is presented below.

### Sample Selection Criteria

The 1985 sole proprietorship estimates are based on data from a sample of individual income tax returns, Forms 1040, processed by the Internal Revenue Service (IRS) during 1986. The sample was stratified based on presence or absence of Schedule C, Profit or Loss from Business or Profession; Schedule F, Farm Income and Expenses; the larger of total income or total loss; and size of business plus farm receipts. The returns were selected at rates that ranged from 0.02 percent to 100 percent. For 1985, 38,154 nonfarm sole proprietorship returns were included in the sample; these were drawn from a population of 12,268,399 returns. By comparison, 34,855 out of 11,707,742 returns were selected for 1984.

### Limitations

Because the data presented in this article are estimates based on a sample of returns, they are subject to sampling, as well as nonsampling, error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known.

Approximate coefficients of variation (CV's) for frequency estimates are presented in Figure D. These CV's can be used to obtain measures of the potential sampling error. They are shown here only as a general indication of data reliability. For numbers other than those shown, the corresponding CV's can be estimated by interpolation. The reliability of estimates based on samples and the use of CV's for evaluating the precision of sample estimates are discussed in the Appendix.

**Figure D.—Coefficients of Variation for Frequency Estimates**

Estimated number of returns	Approximate coefficient of Variation
6,665,000	.015
3,749,000	.020
599,900	.050
150,000	.100
37,500	.200
16,700	.300
12,200	.350
6,000	.500

## NOTES AND REFERENCES

- [1] Unless otherwise noted, all money amounts in this article are as reported and are not adjusted for inflation.
- [2] Profits are represented by net income less deficit, before Federal income tax, and were calculated as the sum of net income (for businesses reporting a profit) offset by the net deficit (for businesses reporting a loss) for all businesses within a particular industrial classification. Net income or net loss for each business was calculated as business receipts minus cost of sales and operations and business deductions.

Changes in both the tax laws and in the procedures for processing sole proprietorship returns affect the comparability of data for different tax years. A tax law change of particular relevance to sole proprietors for 1985 affected the rules governing the calculation of the depreciation deduction. Chief among these rule changes was the extension of the recovery period for real property placed into service after March 15, 1984. For such property, the period under the accelerated cost recovery system (ACRS) was extended from 15 years to 18 years. Other changes included a reduction in the maximum amount deductible for depreciation of passenger automobiles and a limitation on the amount which could be expensed currently.

Tax law changes for other recent years and changes in processing the returns that have affected the year-to-year comparability of data are described in detail in Wilson, Robert A., "Unincorporated Business Activity for 1981," *Statistics of Income Bulletin*, Spring 1983; in Wolfe, Raymond M., "Sole Proprietorship Returns, 1982," *Statistics of Income Bulletin*, Summer 1983; and in the annual editions of the *Statistics of Income—Sole Proprietorship Returns* (for years prior to 1982); and *Statistics of Income—Individual Income Tax Returns* series of statistical reports.

For a further discussion of unincorporated business activity, see "Partnership Returns, 1985," in this issue.

- [3] For purposes of this article, the terms *sole proprietor* and *sole proprietorship* are used interchangeably. In fact, there are always more sole proprietorships than sole proprietors because some individuals own more than one business. Over the past two decades, the ratio of proprietorships to proprietors has remained constant at approximately 1.1 to 1. For a more detailed explanation of the relationship between proprietors and proprietorships, see *Statistics of Income—1981, Sole Proprietorship Returns*.
- [4] Data for proprietorships providing agricultural ser-

vices (including forestry and fishing) shown in Tables 1 and 2 are omitted from Figure B because of their close relationship to farming industry data, which are not tabulated on an annual basis. For Tax Year 1982 (the latest year for which detailed farm industry data are available), the number of farm returns was 2,691,722, while the number of returns reporting agricultural service businesses was 211,282. Reported receipts were \$99.3 billion and \$7.3 billion, respectively.

[5] Constant dollars were based on the Gross National Product implicit price deflator (1982 = 100; 1985 = 111) calculated by the U.S. Department of Commerce, Bureau of Economic Analysis. For a discussion of this deflator, see U. S. Department of Commerce, *Survey of Current Business*, U.S. Government Printing Office, April 1987, Volume 66, Number 4.

Table 1.—Nonfarm Sole Proprietorship Businesses: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry, 1985

[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 returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction <sup>1</sup>	Payroll <sup>2</sup>	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction <sup>1</sup>	Payroll <sup>2</sup>	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>All nonfarm industries</b>	<b>11,928,573</b>	<b>540,045,430</b>	<b>26,291,389</b>	<b>15,258,690</b>	<b>11,913,981</b>	<b>52,769,893</b>	<b>78,772,578</b>	<b>8,640,701</b>	<b>445,718,814</b>	<b>16,285,353</b>	<b>11,276,994</b>	<b>6,637,929</b>	<b>42,178,902</b>	<b>98,775,563</b>
<b>Agricultural services, forestry, and fishing</b>	<b>318,999</b>	<b>11,927,580</b>	<b>1,151,622</b>	<b>176,867</b>	<b>352,826</b>	<b>1,422,461</b>	<b>915,026</b>	<b>189,198</b>	<b>9,209,946</b>	<b>546,851</b>	<b>150,480</b>	<b>169,066</b>	<b>1,133,977</b>	<b>1,753,719</b>
Agricultural services	252,064	10,291,849	864,945	161,814	282,215	1,290,883	665,375	150,682	8,299,215	458,787	138,494	144,604	1,121,012	1,339,346
Veterinary services	13,508	1,424,748	74,480	62,620	33,135	279,038	178,736	10,160	1,356,446	67,620	62,350	32,053	254,836	391,035
Livestock breeding	19,597	356,861	71,273	1,981	18,486	6,649	-146,494	4,134	300,930	6,401	*171	*5,012	*1,829	21,839
Animal services, except livestock breeding and veterinary	62,710	3,040,895	159,895	41,483	75,334	110,985	-39,965	27,166	2,362,767	63,668	33,671	33,106	72,383	221,206
Landscape and horticultural services	124,471	2,849,564	292,464	35,864	89,008	376,276	351,292	87,017	2,435,237	202,985	28,215	43,152	321,199	478,625
Other agricultural services	31,778	2,619,781	226,831	19,865	66,252	517,934	121,805	22,205	1,843,835	118,114	14,087	31,282	470,766	226,641
Forestry	9,073	186,986	19,074	*308	5,496	53,850	-3,916	*3,902	*53,150	*2,659	*45	*7	*1,006	*26,326
Fishing, hunting, and trapping	57,862	1,448,745	267,604	14,745	65,115	77,727	253,568	34,614	857,581	85,404	11,940	24,455	*11,959	388,047
<b>Mining</b>	<b>176,017</b>	<b>12,502,896</b>	<b>1,345,639</b>	<b>172,580</b>	<b>734,788</b>	<b>316,295</b>	<b>532,977</b>	<b>87,107</b>	<b>8,426,479</b>	<b>709,851</b>	<b>57,309</b>	<b>260,968</b>	<b>162,240</b>	<b>2,064,564</b>
Metal mining	4,113	14,078	10,157	581	*1,432	*356	-12,274	*158	*6,765	*2,693	*16	*5	*76	*1,719
Coal mining	5,198	364,727	35,957	1,010	13,115	23,295	25,044	2,715	177,010	9,399	*149	551	13,808	39,191
Oil and gas extraction	162,582	12,031,879	1,288,017	169,445	709,935	281,932	521,084	81,418	8,195,459	693,294	56,596	258,775	142,555	2,011,552
Nonmetallic minerals, except fuels	4,124	92,212	11,508	1,544	10,305	10,713	-877	2,816	47,246	4,466	*547	1,637	*5,800	12,102
<b>Construction</b>	<b>1,453,762</b>	<b>70,789,842</b>	<b>2,820,002</b>	<b>675,114</b>	<b>1,015,989</b>	<b>10,970,701</b>	<b>11,056,803</b>	<b>1,234,566</b>	<b>63,567,609</b>	<b>2,180,453</b>	<b>573,084</b>	<b>761,085</b>	<b>9,750,341</b>	<b>12,294,337</b>
General building contractors and operative builders	313,253	23,568,391	691,502	121,693	434,306	3,263,927	2,543,438	256,041	19,863,677	483,758	97,136	288,007	2,775,672	3,107,216
General building contractors	290,502	22,528,585	669,107	118,959	415,686	3,077,147	2,378,100	237,715	19,151,778	465,655	94,563	281,963	2,628,710	2,906,280
Operative builders	22,751	1,039,806	22,395	2,733	18,620	186,780	165,338	18,326	711,899	18,104	*2,573	6,043	146,962	200,937
Heavy construction contractors	31,626	3,102,308	245,606	19,849	95,607	415,202	326,979	26,392	2,601,379	166,520	18,632	80,632	326,061	407,312
Highway and street construction	6,477	415,402	32,185	855	11,001	51,433	65,893	3,636	260,444	18,009	771	9,001	23,907	88,533
Heavy construction, except highway	25,149	2,686,906	213,421	18,994	84,606	363,770	261,086	22,756	2,340,936	148,511	17,861	71,631	302,154	318,779
Special trade contractors	1,088,279	43,552,694	1,831,249	516,354	481,582	7,211,573	8,104,644	937,224	40,590,861	1,496,556	441,589	387,956	6,569,716	8,674,262
Plumbing, heating, and air conditioning	94,873	6,838,917	210,111	53,835	69,692	1,033,463	808,335	76,713	6,499,498	196,461	34,281	52,785	991,055	910,559
Painting, paper hanging, and decorating	171,024	4,799,682	136,950	39,868	44,823	1,087,445	1,141,417	155,194	4,572,575	127,837	38,174	44,605	995,417	1,174,832
Electrical work	93,134	3,913,475	154,684	35,196	37,341	440,341	661,299	73,245	3,747,806	137,518	32,497	35,640	420,952	710,741
Masonry, stonework, tile setting, and plastering	69,254	4,414,350	158,091	55,000	35,135	945,521	680,945	64,073	4,277,438	139,124	51,841	32,635	924,940	696,197
Carpentering and flooring	384,975	9,116,695	348,760	160,658	95,756	1,283,223	2,685,683	347,438	8,351,763	299,585	96,133	81,739	1,077,420	2,794,496
Roofing and sheet metal work	56,633	3,468,309	108,307	62,777	22,390	650,298	469,181	48,240	3,130,590	84,861	61,858	20,866	572,753	493,048
Concrete work	26,667	2,231,385	76,060	19,279	17,105	385,056	231,517	23,061	2,142,958	73,526	16,262	16,373	378,031	248,712
Water well drilling	7,655	616,270	63,449	*97	*25,022	72,845	36,980	*5,699	*492,122	*24,275	*67	*12,379	*71,108	*65,447
Miscellaneous special trade contractors	184,064	8,153,611	574,837	143,645	134,319	1,313,382	1,389,286	143,561	7,376,111	413,371	110,475	90,933	1,138,040	1,580,229
Contractors not allocable	20,604	566,449	51,645	17,219	*4,493	*79,999	81,742	14,909	511,692	33,619	*15,728	*4,491	*78,892	105,547
<b>Manufacturing</b>	<b>326,447</b>	<b>16,937,385</b>	<b>1,187,091</b>	<b>526,231</b>	<b>430,359</b>	<b>2,866,484</b>	<b>1,274,419</b>	<b>201,258</b>	<b>13,746,197</b>	<b>718,389</b>	<b>381,265</b>	<b>259,454</b>	<b>2,195,883</b>	<b>1,994,641</b>
Food and kindred products	2,359	273,988	8,393	4,837	2,895	15,399	27,368	*1,252	*231,692	*4,524	*4,373	*835	*10,151	*37,977
Textile mill products	*2,150	*59,826	*1,887	*1,723	*3,147	*2,571	*17,446	*1,702	*57,683	*1,841	*1,691	*3,147	*2,571	*18,954
Apparel and other textile products	24,909	1,086,760	27,059	79,242	11,331	322,709	87,560	15,782	1,037,454	18,562	65,825	4,218	319,499	141,677
Lumber and wood products, except furniture	73,857	4,738,657	350,989	103,612	94,051	710,459	331,607	50,138	4,246,506	298,195	100,573	77,406	624,437	401,886
Furniture and fixtures	26,246	604,338	50,992	41,509	15,714	97,530	3,136	12,111	473,839	*22,544	*28,657	*11,672	*86,063	64,236
Printing, publishing, and allied industries	39,749	3,346,410	189,173	109,454	95,871	803,172	336,483	24,217	2,937,093	134,116	86,394	69,772	649,707	435,442
Chemicals and allied industries	**	**	**	**	**	**	**	**	**	**	**	**	**	**
Leather and leather products	*449	*13,839	*5,593	*44	*261	*819	*-3,875	—	—	—	—	—	—	—
Stone, clay, and glass products	10,617	313,653	26,033	*11,943	*8,437	*29,601	66,654	6,393	308,935	23,883	*11,887	*7,410	*29,579	*71,377
Primary metal industries	**	**	**	**	**	**	**	**	**	**	**	**	**	**
Fabricated metal products	25,824	791,251	85,655	18,132	17,590	112,932	113,763	21,608	622,704	45,158	11,281	12,207	53,081	151,286
Machinery, except electrical	38,696	2,941,649	204,745	110,446	94,890	486,342	196,717	23,828	2,012,503	89,521	47,663	34,607	244,865	320,471
Electrical and electronic equipment	8,804	271,536	20,671	1,274	5,565	39,232	9,355	6,187	242,197	12,181	1,135	4,467	27,967	35,386
Transportation equipment	3,023	151,246	13,905	*8,063	*1,300	*3,420	5,224	*1,505	*105,925	*10,373	*538	*631	*1,907	*23,458
Other manufacturing industries	59,678	1,716,629	197,063	63,395	194,719	70,342	31,875	31,875	1,322,288	54,942	19,023	31,893	139,522	246,621
Manufacturing not allocable	6,343	118,015	1,971	*2,305	*1,094	*4,316	40,827	4,656	117,161	*1,906	*2,198	*1,094	*4,316	43,204
<b>Transportation, communication, electric, gas, and sanitary services</b>	<b>545,651</b>	<b>25,885,652</b>	<b>2,447,164</b>	<b>617,790</b>	<b>795,536</b>	<b>2,400,304</b>	<b>2,410,045</b>	<b>400,260</b>	<b>19,612,588</b>	<b>1,417,637</b>	<b>508,481</b>	<b>436,570</b>	<b>1,804,002</b>	<b>3,570,877</b>
Local and interurban passenger transit	54,686	994,965	89,150	39,472	67,924	29,344	185,922	43,085	737,360	55,525	38,428	*14,588	*21,104	233,845
Taxicabs	37,096	482,100	31,275	36,113	*22,216	*1,038	118,122	30,239	377,949	*13,366	35,719	*1,209	*1,038	134,292
Other passenger transportation	17,590	512,865	57,875	*3,360	45,708	28,306	67,800	12,846	359,411	42,158	*2,709	*13,379	*20,066	99,554

Footnotes at end of table.

**Table 1.—Nonfarm Sole Proprietorship Businesses: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry, 1985—Continued**

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

Industry	Businesses with and without net income—continued							Businesses with net income—continued						
	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction <sup>1</sup>	Payroll <sup>2</sup>	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction <sup>1</sup>	Payroll <sup>2</sup>	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Transportation, communication, electric, gas, and sanitary services—Continued</b>														
Trucking and warehousing	367,112	20,145,468	1,985,070	481,382	624,024	1,652,136	1,944,286	267,663	15,565,782	1,217,375	425,726	394,808	1,217,914	2,693,570
Trucking, local and long distance	365,418	19,223,905	1,970,844	414,701	604,137	1,571,455	1,909,900	266,229	15,106,581	1,209,762	363,100	383,299	1,139,283	2,645,059
Public warehousing and trucking terminals	1,694	921,562	14,226	66,681	19,887	80,681	34,386	1,434	459,201	7,613	62,625	11,509	78,631	48,511
Water transportation	8,996	310,731	84,234	5,528	27,354	8,216	32,538	5,444	186,748	*20,818	—	*8,683	*1,119	110,801
Air transportation	8,540	227,186	57,086	5,198	12,179	53,164	-41,603	4,047	149,003	11,615	*647	*284	*49,404	30,715
Transportation services	55,106	2,228,586	61,409	52,218	20,648	334,109	95,606	37,629	1,289,482	23,409	16,201	7,691	283,286	213,203
Passenger transportation arrangement	29,478	1,528,193	6,252	21,439	7,042	225,697	87,010	20,038	834,997	3,509	*10,029	*157	*179,988	110,530
Freight transportation arrangement	5,053	202,569	7,433	*1,324	*2,850	*20,882	8,843	3,056	141,418	*7,065	*998	*2,659	*20,768	10,960
Other transportation services	20,575	497,824	47,724	29,455	10,756	87,530	-247	14,535	313,066	12,834	*5,173	*4,875	*82,530	91,712
Communication	27,829	867,091	91,257	24,410	32,837	141,179	78,949	22,155	584,708	45,005	18,295	7,270	50,150	130,739
Electric, gas, and water services	5,440	928,044	52,881	8,959	6,196	173,620	71,603	4,345	920,107	31,329	*8,571	*854	*172,854	97,562
Sanitary services	17,942	183,582	26,078	*621	4,373	*8,537	42,745	15,892	179,397	12,562	*613	*2,391	*8,537	60,442
<b>Wholesale and retail trade</b>	<b>2,289,196</b>	<b>205,412,816</b>	<b>4,926,485</b>	<b>5,183,800</b>	<b>2,766,500</b>	<b>14,379,448</b>	<b>8,333,720</b>	<b>1,369,935</b>	<b>160,059,996</b>	<b>3,048,105</b>	<b>3,438,509</b>	<b>1,685,018</b>	<b>10,235,184</b>	<b>13,311,040</b>
Wholesale trade	280,961	30,989,354	646,487	278,118	317,583	1,228,086	2,520,203	205,440	25,833,992	459,271	213,672	191,837	987,547	3,010,009
Motor vehicles and automotive equipment	5,840	557,020	14,542	*2,589	*8,009	*22,243	59,614	4,940	535,253	*14,256	*2,579	*7,910	*22,001	63,338
Lumber and construction materials	8,830	811,328	11,831	*186	10,435	*17,431	96,639	7,635	802,648	10,545	*37	*9,229	*16,448	99,020
Electrical goods	3,155	36,475	*2,538	*99	*279	*294	7,257	2,702	32,746	*1,190	*86	*28	*294	8,467
Hardware, plumbing, and heating equipment	*3,291	*171,904	*3,797	*7,395	*2,029	*4,001	*19,120	*906	*125,048	*779	*2,283	*2,029	*4,001	*22,311
Farm machinery and equipment	3,229	74,738	5,237	*135	7,721	1,283	13,975	*3,006	*50,980	*3,164	*8	*5,316	*488	*18,702
Other machinery, equipment, and supplies	23,692	2,255,110	37,060	16,331	31,241	168,481	237,859	17,679	2,017,602	18,094	8,989	8,840	117,123	266,918
Other durable goods	101,580	7,553,011	164,362	85,898	54,407	287,032	1,066,540	74,030	6,250,549	126,510	67,713	39,327	230,616	1,215,581
Drugs, chemicals, and allied products	9,790	1,174,072	50,841	17,589	34,923	129,760	76,604	7,692	1,009,475	*34,859	*15,130	*19,417	*102,323	100,755
Apparel, piece goods, and notions	13,074	639,923	25,167	20,392	10,396	4,551	58,665	5,454	561,208	8,016	19,707	*7,037	*3,837	83,336
Groceries and related products	23,888	6,571,899	108,424	34,265	50,472	203,853	163,341	17,204	5,890,254	83,256	20,009	23,790	179,107	255,259
Farm-products raw materials	3,610	1,799,417	27,674	1,473	16,403	45,889	31,575	2,397	1,345,012	16,021	944	14,026	43,751	47,696
Alcoholic beverages	4,796	721,163	8,385	15,320	*4,429	*19,112	77,048	4,346	714,285	8,189	*15,306	*4,295	*19,069	77,811
Other nondurable goods	16,403	3,484,332	90,778	27,059	48,264	162,728	86,262	10,152	1,803,094	55,698	17,621	19,276	99,959	155,823
Wholesalers not allocable	59,783	5,138,962	95,851	49,386	38,576	161,428	525,705	47,297	4,695,837	78,696	43,260	31,315	148,530	594,992
Retail trade	1,956,258	172,509,495	4,176,848	4,880,842	2,413,032	13,065,266	5,450,818	1,121,684	132,873,650	2,534,083	3,214,367	1,471,095	9,195,875	9,854,908
Building materials, paint, hardware, garden supply, and mobile home dealers	57,663	6,937,663	250,452	71,095	142,096	456,051	445,964	47,636	5,853,552	214,597	53,789	113,486	370,580	579,307
Lumber and other building materials dealers	21,845	3,107,400	91,710	13,438	70,359	204,748	135,469	18,030	2,417,230	78,284	7,567	57,974	172,507	191,558
Paint, glass, and wallpaper stores	*5,082	*1,024,787	*12,055	*21,686	*13,741	*77,193	*98,385	*5,082	*1,024,787	*12,055	*21,686	*13,741	*77,193	*98,385
Hardware stores	13,234	1,885,527	110,956	18,524	41,847	92,577	154,225	10,185	1,698,417	99,678	12,026	35,455	68,875	188,616
Retail nurseries and garden supply stores	13,545	860,528	34,868	17,356	14,638	80,739	30,311	10,395	661,873	23,826	*12,488	*6,048	*51,419	67,818
Mobile home dealers	3,957	59,421	863	*90	1,511	*793	27,575	3,944	51,245	*753	*268	*586	*586	32,929
General merchandise stores	29,403	2,521,250	29,641	40,925	22,752	216,987	41,398	13,796	1,800,948	15,543	17,887	*11,504	151,889	88,256
Variety stores	17,420	1,340,535	10,366	24,749	4,734	72,717	25,230	*8,544	*931,329	*5,541	*11,364	*1,283	*41,620	*50,941
Other general merchandise stores	11,983	1,180,715	19,275	16,176	*18,019	144,270	16,167	5,252	869,619	*10,002	*6,523	*10,221	*110,269	37,315
Food stores	167,322	29,444,897	585,963	599,654	288,871	1,333,085	642,366	105,213	20,337,055	284,740	404,174	143,569	766,134	1,154,188
Grocery stores	105,919	22,028,831	390,768	354,793	225,595	962,963	362,095	62,717	15,023,513	179,034	218,239	104,456	586,663	738,846
Meat and fish markets, including freezer provisioners	11,056	1,975,924	*25,906	*14,640	*12,563	*117,439	66,521	*7,159	*1,379,531	*3,792	*13,754	*750	*12,773	*81,196
Fruit stores and vegetable markets	8,294	1,199,378	*23,868	*43,430	*11,612	*39,871	52,289	*8,132	*931,185	*21,371	*42,393	*10,993	*35,755	*57,309
Candy, nut, and confectionery stores	*4,391	*226,967	*5,611	*9,868	*756	*15,918	*12,492	*2,706	*3,938	*8,258	*726	*14,095	*20,954	
Dairy products stores	3,634	689,534	*25,663	*35,723	*3,954	42,146	-6,000	*1,396	*278,410	*8,286	*3,554	*1,359	*28,122	*11,403
Retail bakeries	13,316	673,456	45,003	*56,475	*20,469	*48,749	26,320	8,980	471,533	*31,683	*53,443	*13,965	*6,618	70,674
Miscellaneous food stores	20,712	2,650,807	69,144	84,725	13,923	105,999	128,650	14,123	2,056,357	36,637	64,533	*11,320	82,109	173,806
Automotive dealers and service stations	158,185	52,033,993	587,418	766,443	494,528	2,542,604	1,266,211	117,228	43,616,579	434,783	631,500	323,887	2,119,817	1,644,372
Motor vehicle dealers—new car dealers (franchised)	6,631	2,553,472	11,186	11,454	27,766	76,774	23,057	2,212	1,151,915	6,062	2,245	9,530	35,331	48,649
Motor vehicle dealers—used cars only	58,156	10,725,773	75,743	176,603	105,885	337,558	357,064	45,152	9,019,402	52,614	129,795	58,026	206,990	494,526
Auto and home supply stores	24,431	4,667,820	80,944	121,350	66,578	546,271	208,384	19,792	4,477,337	71,635	115,815	50,290	518,564	252,025
Gasoline service stations	52,715	31,154,341	340,024	421,600	214,572	1,436,352	633,322	43,123	26,793,736	246,927	373,116	159,248	1,239,723	731,007
Boat dealers	4,861	136,590	*13,288	*16,812	*7,746	*2,454	-16,416	*1,992	*33,902	*438	**	*959	*2,262	*4,638
Recreational vehicles	2,571	*305,594	*2,952	*2,550	*10,111	*11,012	-7,710	*48	*9,353	*373	**	*64	*44	*643
Motorcycle dealers	*3,648	*1,273,725	*45,334	*5,632	*40,927	*86,775	*42,709	*2,454	*1,269,121	*45,322	*5,542	*39,279	*86,529	*48,735
Miscellaneous aircraft and automotive dealers	5,172	1,216,678	17,947	10,442	20,944	*45,409	25,802	2,755	861,814	*11,412	*4,018	*6,491	*30,373	64,149

Footnotes at end of table.

**Table 1.—Nonfarm Sole Proprietorship Businesses: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry, 1985—Continued**

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

Industry	Businesses with and without net income—continued							Businesses with net income—continued						
	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction <sup>1</sup>	Payroll <sup>2</sup>	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction <sup>1</sup>	Payroll <sup>2</sup>	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Wholesale and retail trade—Continued</b>														
Retail trade—Continued														
Apparel and accessory stores	67,905	7,444,088	137,116	356,763	126,208	695,476	419,196	44,037	5,930,957	93,350	252,849	84,352	369,297	652,643
Men's and boys' clothing and furnishings stores	4,186	1,277,296	24,311	*48,712	*5,989	77,739	102,408	4,186	1,277,296	24,311	*48,712	*5,989	77,739	102,408
Women's ready-to-wear stores	19,543	1,690,246	21,794	113,695	5,948	163,723	31,005	11,336	1,134,897	12,282	38,177	898	83,175	137,915
Women's accessory and specialty stores	*2,553	*366,652	*4,702	*16,200	*2,252	*66	-13,835	*1,655	*365,544	*4,346	*16,200	*1,955	*31	*9,985
Children's and infants' wear stores	*2,239	*110,443	*2,349	*13,056	*5,745	*7,922	-32,433	*894	*66,702	*1,778	*4,402	*1,916	*2,282	*7,709
Family clothing stores	13,805	1,734,323	24,988	98,142	37,821	271,812	186,671	11,701	1,449,773	22,363	86,934	37,666	88,624	228,436
Shoe stores	8,248	1,029,386	19,242	*33,497	*28,153	*92,438	47,249	*5,388	*928,305	*16,351	*26,680	*24,712	*86,118	*52,723
Furriers and fur shops	*1,192	*1,923	—	—	—	—	-187	—	—	—	—	—	—	—
Apparel and accessory stores, not elsewhere classified	16,139	1,233,820	39,730	33,460	40,299	81,776	98,318	8,877	708,440	11,920	31,746	11,215	31,329	113,467
Furniture and home furnishings stores	106,218	9,706,499	319,089	320,092	192,584	767,729	499,375	67,853	8,003,233	241,158	239,234	122,644	654,329	776,322
Furniture stores	34,868	2,611,778	97,684	79,475	103,927	196,366	43,626	20,477	1,654,148	56,041	44,208	48,440	144,777	182,802
Floor covering stores	9,792	1,127,393	11,143	20,760	1,451	139,437	148,325	9,634	1,123,143	11,138	20,549	*1,082	139,022	151,455
Drapery, curtain, and upholstery stores	*4,545	*179,397	*4,963	*10,216	*285	*46,250	*18,514	*3,496	*161,830	*2,392	*9,678	*285	*45,526	*22,577
Home furnishings and equipment stores, except appliances	15,083	1,659,143	30,567	43,358	17,085	219,472	120,253	9,049	1,603,536	27,136	38,880	*14,084	209,510	145,620
Household appliance stores	12,489	1,462,867	27,760	71,645	23,892	87,113	106,632	10,801	1,300,719	18,478	51,583	*22,903	*64,548	131,476
Radio and television stores	24,020	2,254,076	140,202	56,227	38,509	56,631	65,300	12,584	1,866,547	120,510	41,402	29,933	39,427	126,289
Music stores	5,421	411,845	6,770	38,410	7,436	*22,459	-3,301	*1,812	*293,310	*5,463	*32,934	*5,916	*11,519	*16,103
Eating and drinking places	244,536	24,714,305	993,344	1,252,909	560,155	4,079,311	544,936	135,723	16,880,364	524,416	826,558	279,367	2,766,051	1,504,486
Eating places	161,534	17,783,454	732,051	1,014,565	411,996	3,282,182	244,637	84,358	11,875,784	403,027	657,345	198,464	2,231,751	981,624
Drinking places	83,002	6,930,851	261,293	238,345	148,159	797,129	300,299	51,365	5,004,580	121,389	169,213	80,904	534,300	522,863
Miscellaneous retail stores	1,092,301	38,818,407	1,239,850	1,461,561	575,735	2,951,054	1,445,888	570,812	29,663,308	703,761	787,576	384,605	1,977,960	3,283,559
Drug stores and proprietary stores	9,160	4,323,358	81,935	72,622	88,113	330,088	408,665	8,711	4,146,711	80,207	72,622	73,451	321,596	410,370
Liquor stores	20,574	4,452,756	91,600	117,506	82,887	176,454	89,959	14,342	3,419,338	69,745	80,515	59,036	117,492	159,927
Used merchandise stores	85,290	2,660,173	117,390	161,156	23,702	100,914	-137,764	37,488	1,791,420	27,487	71,573	4,810	27,515	120,351
Sporting goods and bicycle shops	34,824	2,085,112	41,090	47,323	27,875	421,391	22,181	15,513	1,206,202	27,278	*8,966	21,438	48,450	181,843
Book stores	15,051	1,044,105	31,487	56,117	7,871	91,421	36,107	7,635	941,226	*26,844	*37,517	*5,184	*75,774	92,215
Stationery stores	6,644	561,194	15,514	21,929	*6,949	*41,140	21,188	*3,498	*366,385	*6,928	*7,240	*1,094	*33,395	*41,082
Jewelry stores	31,056	2,062,581	54,490	119,626	27,929	165,690	202,720	19,563	1,750,471	46,631	67,979	19,769	134,174	253,372
Hobby, toy, and game shops	16,636	137,029	4,160	19,025	*1,142	*342	-9,496	10,202	*77,402	*1,716	*6,157	*104	*238	9,701
Camera and photographic supply stores	*3,341	*356,319	*4,561	*5,719	*2,133	*22,692	*48	*1,685	*322,906	*3,828	*1,609	*1,660	*22,248	*5,615
Gift, novelty, and souvenir shops	43,531	2,244,898	84,187	300,328	64,887	222,685	-43,083	19,802	1,567,216	46,774	148,371	53,278	124,572	157,292
Luggage and leather goods stores	*1,993	*160,045	*451	*19,892	*1,917	*6,741	*1,546	*159,655	*194	*19,892	*1,917	*19,892	*6,741	*12,101
Sewing, needlework, and piece goods stores	13,317	822,648	21,851	*69,920	*6,132	*88,118	-4,314	6,458	324,886	*3,940	*9,340	*847	*24,622	52,627
Mail order houses	34,365	684,503	20,800	19,480	5,145	10,822	11,149	10,273	300,159	4,318	*12,572	*3,800	*8,081	71,710
Merchandising machine operators	21,888	888,393	124,303	39,272	18,239	*17,294	-60,747	10,780	285,283	*5,403	*9	*151	*137	42,224
Direct selling organizations	618,574	6,749,822	237,593	109,389	68,456	407,942	524,763	325,196	4,767,743	127,784	63,801	32,442	353,482	995,616
Fuel and ice dealers, except fuel oil dealers and bottled gas dealers	3,913	66,184	*2,294	*3,093	*504	*739	-5,552	*3,453	*44,657	*2,185	*8	—	*398	*8,248
Fuel oil dealers	*4,286	*480,971	*14,466	*437	*6,209	*18,053	*12,801	*3,046	*445,088	*9,187	*265	*6,105	*17,691	*18,321
Liquefied petroleum gas (bottled gas) dealers	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Florists	34,070	2,979,549	110,173	106,978	36,219	500,997	140,645	21,327	2,575,980	81,631	77,658	26,576	421,211	222,804
Cigar stores and stands	..	..	..	..	..	..	..	..	..	..	..	..	..	..
News dealers and newsstands	*10,467	*506,791	*26,713	*6,578	*13,965	*39,625	*52,597	*6,889	*496,959	*26,713	*6,578	*13,965	*39,625	*57,439
Other miscellaneous retail stores	83,166	5,675,678	150,972	165,109	85,219	280,855	165,819	43,250	4,490,863	101,149	94,842	58,734	193,464	364,251
Retail trade not allocable	32,725	888,393	33,975	11,401	10,104	22,969	145,483	19,386	787,654	21,736	*799	*7,680	*19,818	171,774
Wholesale and retail trade not allocable	51,977	1,913,967	103,150	24,840	35,885	86,096	362,700	42,811	1,352,354	54,750	10,470	22,085	51,762	446,123
<b>Finance, insurance, and real estate</b>	<b>1,014,153</b>	<b>31,417,991</b>	<b>1,834,610</b>	<b>844,066</b>	<b>1,756,419</b>	<b>1,551,333</b>	<b>9,796,447</b>	<b>733,795</b>	<b>26,742,402</b>	<b>1,064,333</b>	<b>553,699</b>	<b>637,246</b>	<b>1,166,111</b>	<b>12,272,675</b>
Finance	54,231	2,846,233	106,076	125,049	212,679	142,562	609,825	38,112	2,171,793	65,331	37,467	113,104	45,557	854,918
Banking and miscellaneous finance	2,176	97,043	2,564	*494	7,122	*121	-6,350	572	24,078	*209	*32	*5,977	*83	16,611
Credit agencies other than banks	5,854	228,772	19,082	49,936	10,119	1,287	27,545	4,290	110,771	3,503	*2,023	5,366	*788	43,000
Security and commodity brokers and services	46,201	2,520,417	84,430	74,619	195,437	141,155	588,631	33,250	2,036,945	61,619	35,412	101,761	44,687	795,308
Security brokers and dealers, except underwriting syndicates	13,666	932,549	24,726	29,453	60,721	15,073	183,210	10,075	756,328	17,436	3,925	25,839	10,009	278,687
Commodity contracts brokers, exchanges, and services	32,535	1,587,868	59,704	45,165	134,716	126,081	405,421	23,175	1,280,617	44,183	31,487	75,921	34,678	516,621
Insurance agents, brokers, and service	273,241	9,608,444	463,371	403,137	239,909	770,676	3,373,180	215,151	8,592,842	353,768	296,072	187,372	687,156	3,864,012

Footnotes at end of table.

**Table 1.—Nonfarm Sole Proprietorship Businesses: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry, 1985—Continued**

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

Industry	Businesses with and without net income—continued							Businesses with net income—Continued						
	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction 1	Payroll 2	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction 1	Payroll 2	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Finance, insurance, and real estate—Continued</b>														
Real estate	686,681	18,963,313	1,265,164	315,880	1,303,831	638,095	5,813,442	480,532	15,977,767	645,234	220,161	336,771	433,398	7,553,745
Operators and lessors of buildings	27,275	1,524,470	228,091	51,390	378,519	67,456	-101,227	12,247	790,408	53,480	23,399	60,908	27,871	270,281
Lessors, other than buildings	7,314	216,988	35,220	9,748	55,883	8,769	14,665	4,429	132,930	6,066	*9,335	7,258	4,736	57,766
Real estate agents, brokers, and managers	586,066	14,078,607	877,713	204,027	580,984	437,317	5,327,865	415,166	12,516,013	530,009	161,216	185,688	315,114	6,293,982
Title abstract companies	*3,157	*37,685	*5,977	*178	*1,452	*3,546	*22,525	*3,002	*33,504	*5,064	*44	*9	*399	*26,114
Subdividers and developers, except cemeteries	13,068	1,598,567	53,104	12,994	174,665	42,994	67,633	8,535	1,199,520	19,941	2,908	55,651	18,679	271,322
Cemetery subdividers and developers	*15	*3,347	*185	*55	*843	*316	*389	*8	*2,399	*65	*22	*324	*50	*1,022
Combined real estate, insurance, loans, law offices	49,786	1,503,650	64,873	37,488	111,484	77,696	481,592	37,145	1,302,993	30,608	23,236	26,941	66,550	633,258
<b>Services</b>	<b>5,532,232</b>	<b>157,334,406</b>	<b>10,277,188</b>	<b>6,765,322</b>	<b>3,975,918</b>	<b>18,328,270</b>	<b>43,049,304</b>	<b>4,229,832</b>	<b>138,149,758</b>	<b>6,399,638</b>	<b>5,421,168</b>	<b>2,386,281</b>	<b>15,390,807</b>	<b>49,703,310</b>
Hotels and other lodging places	69,543	4,383,714	751,311	70,399	639,079	485,705	-141,275	36,420	2,206,514	295,368	23,948	248,364	174,079	332,783
Hotels	2,388	254,572	56,783	4,813	41,336	49,280	-63,414	69	26,061	*1,937	*654	*1,406	*5,201	6,804
Motels, motor hotels, and tourist courts	42,456	3,607,090	579,593	46,515	544,360	382,512	-32,399	21,223	1,906,636	269,330	11,474	236,569	164,764	239,491
Rooming and boarding houses	8,555	151,565	32,357	*5,620	*3,640	31,928	-46,117	*5,402	*69,618	*5,144	*5,620	*657	*1,505	*22,931
Sporting and recreational camps	*1,510	*9,603	*5,271	*11	*887	*1,459	*-8,203	*3	*1,119	*56	*11	*94	*22	*610
Trailering parks and campsites for transients	10,702	240,504	64,900	7,386	48,796	16,083	-18,775	7,337	89,232	*8,726	*135	*9,577	*562	26,900
Organizational hotels and lodging houses on a membership basis	*3,932	*120,381	*12,406	*6,054	*61	*4,443	*27,634	*2,386	*113,848	*10,174	*6,054	*61	*2,024	*36,048
Personal services	1,165,770	17,397,046	1,029,941	1,370,608	370,461	2,246,598	4,055,242	911,037	14,531,893	603,575	990,061	255,464	1,697,235	4,872,269
Coin-operated laundries and dry cleaning	19,651	1,020,954	127,233	154,711	53,988	134,207	60,963	9,749	702,946	44,992	90,037	*25,705	102,464	132,142
Other laundry, cleaning, and garment services	29,997	906,163	32,934	76,922	7,304	190,970	148,459	25,950	676,602	18,085	49,968	*1,289	112,394	175,411
Photographic portrait studios	58,795	1,281,320	124,522	82,012	37,285	131,841	164,448	27,417	991,656	75,806	45,281	28,995	*42,469	244,462
Beauty shops	269,168	5,021,511	215,774	528,237	99,439	954,694	1,154,762	222,232	4,197,779	159,400	386,852	86,635	801,618	1,275,855
Barber shops	67,947	996,397	16,529	117,043	*2,721	*86,988	500,277	59,250	944,586	15,169	113,528	*2,716	*66,224	507,942
Shoe repair and hat cleaning shops	*9,196	*306,274	*11,244	*51,477	*3,321	*25,736	*50,594	*7,650	*302,667	*10,956	*50,243	*3,321	*25,295	*51,680
Funeral service and crematories	7,080	520,347	15,081	*67,525	*17,779	34,524	41,925	5,886	471,381	10,161	*67,455	*6,514	33,473	74,532
Miscellaneous personal services	703,936	7,344,080	486,624	292,682	148,624	687,638	1,933,813	552,903	6,244,276	269,006	186,696	100,287	513,298	2,410,245
Business services	1,688,022	37,954,790	2,877,779	915,197	849,053	3,800,652	10,665,266	1,295,311	32,585,236	1,583,412	668,990	414,384	2,981,460	12,698,086
Advertising	60,597	2,074,341	111,920	30,255	28,982	79,828	583,551	52,422	1,956,211	84,324	25,755	15,271	71,782	636,640
Services to buildings	224,655	3,777,643	175,102	46,826	62,162	991,177	996,563	199,489	3,365,033	113,805	38,628	31,775	919,264	1,081,386
Computer and data processing services	111,297	1,560,215	202,242	52,873	35,869	106,651	573,844	67,628	1,300,051	84,381	20,270	13,418	24,668	776,394
Management and public relations	401,641	9,195,863	539,238	237,567	218,988	634,390	4,087,149	311,232	8,519,760	354,320	165,417	93,155	574,753	4,622,633
Equipment rental and leasing	39,999	2,175,453	786,316	25,677	217,530	165,144	-94,483	20,260	843,130	252,066	10,513	44,757	20,796	286,000
Other business services	849,833	19,171,275	1,062,960	521,998	285,522	1,823,462	4,518,642	644,280	16,601,051	694,515	408,408	216,007	1,368,197	5,295,033
Automobile repair and services	319,530	16,990,100	1,096,846	687,073	399,939	2,453,712	1,493,036	231,642	14,306,373	589,520	522,469	208,207	2,104,275	2,042,702
Automobile rentals, without drivers	10,626	643,081	314,871	5,949	76,894	1,904	-63,807	4,379	208,105	65,399	*552	13,172	*905	45,276
Automobile parking	*1,672	*46,160	*743	*23,648	*439	*2,105	*7,402	*1,663	*43,224	*449	*23,611	*187	*295	*8,039
Automobile top and body repair shops	42,591	2,047,158	46,728	111,182	22,676	312,878	317,980	38,243	1,970,894	44,707	104,590	14,312	312,878	332,749
General automotive repair shops	154,011	7,544,546	262,354	266,489	96,620	1,170,351	788,650	116,451	6,911,666	218,376	187,180	80,948	1,049,416	977,927
Other automotive repair shops	58,849	3,764,542	207,776	177,972	73,693	584,017	348,515	43,006	3,496,629	164,413	156,780	65,674	559,892	422,279
Automotive services, except repair	51,781	2,944,612	264,373	101,834	129,618	382,458	94,296	27,900	1,675,854	96,175	49,756	33,914	180,889	256,432
Miscellaneous repair services	236,577	6,511,839	322,699	171,482	101,765	659,386	1,096,913	169,870	6,084,423	250,760	137,342	86,807	619,975	1,234,076
Radio and TV repair shops	24,233	951,702	40,696	38,273	*4,369	*153,504	104,882	14,502	921,763	33,531	*27,628	*3,615	*153,485	119,996
Electrical repair shops, except radio and TV	42,622	1,496,760	65,305	*15,237	23,517	150,981	316,040	34,700	1,371,496	47,815	*9,868	16,789	149,434	337,665
Reupholstery and furniture repair	26,232	407,360	27,510	*15,119	*12,826	*31,846	118,765	21,875	301,730	23,405	*9,239	*11,059	*5,461	130,700
Other miscellaneous repair shops	143,490	3,656,017	189,187	102,853	61,052	323,054	557,227	98,793	3,489,434	146,009	90,607	55,344	311,596	645,716
Motion pictures	30,475	1,051,404	141,026	89,185	18,022	85,270	68,391	23,318	732,466	100,633	48,605	15,225	42,958	198,584
Motion picture production, distribution, and services	29,129	908,893	121,977	54,046	17,725	48,088	108,365	23,318	732,466	100,633	48,605	15,225	42,958	198,584
Motion picture theaters	*1,346	*142,512	*19,049	*35,139	*297	*37,182	*-39,974	-	-	-	-	-	-	-
Amusement and recreation services, except motion pictures	419,377	7,370,979	934,446	360,859	265,885	711,850	299,819	231,976	5,919,846	389,457	224,422	137,625	613,970	1,574,538
Producers, orchestras, and entertainers	201,453	2,202,265	233,255	73,521	41,102	95,019	452,853	130,585	1,741,282	104,961	39,404	20,296	71,558	751,179
Billiard and pool establishments	*1,502	*2,947	*1,134	*29	*9	*113	*-4,113	**	**	**	**	**	**	**
Bowling units	*1,951	*467,297	*58,251	*5,677	*33,882	*80,949	*51,483	**	**	**	**	**	**	**
Professional sports clubs and promoters	3,667	100,553	1,149	5,815	*908	*5,710	48,104	2,445	96,897	425	*5,581	*410	*5,345	52,766
Racing, including track operation	60,000	1,006,809	239,732	38,848	32,346	67,905	-393,562	14,053	610,768	35,230	22,232	5,166	28,888	194,166
Other amusement and recreation services	150,804	3,591,110	400,926	236,969	157,647	462,154	145,053	83,545	3,009,883	192,355	151,661	79,588	428,214	522,674

Footnotes at end of table.

Sole Proprietorship Returns/1985

**Table 1.—Nonfarm Sole Proprietorship Businesses: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry, 1985—Continued**

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

Industry	Businesses with and without net income—continued							Businesses with net income—continued						
	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction <sup>1</sup>	Payroll <sup>2</sup>	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent paid deduction	Interest paid deduction <sup>1</sup>	Payroll <sup>2</sup>	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Services—Continued</b>														
Medical and health services	540,331	36,066,332	1,554,677	1,722,174	749,385	4,847,472	14,840,944	483,304	34,292,692	1,374,073	1,600,800	599,998	4,409,812	15,197,110
Offices of physicians	184,754	15,862,499	641,454	666,921	230,501	1,552,601	8,193,618	164,212	15,278,200	584,522	623,372	201,492	1,456,765	8,340,994
Offices of dentists	83,657	9,683,746	459,198	470,420	241,731	1,826,226	3,261,233	77,444	9,370,831	401,834	442,373	169,410	1,764,347	3,308,586
Offices of osteopathic physicians	4,615	378,867	11,700	17,337	3,848	78,327	154,175	2,066	302,182	9,897	10,663	1,543	37,495	171,877
Offices of chiropractors	21,133	1,945,455	104,676	133,368	52,164	235,753	746,498	20,192	1,922,703	101,441	129,881	49,548	232,793	749,394
Offices of optometrists	16,288	1,374,453	49,562	66,198	53,245	189,506	243,358	12,640	1,216,895	36,054	48,264	50,736	169,302	284,309
Registered and practical nurses	51,686	433,734	7,084	*3,706	*4,776	*1,462	335,994	51,238	433,561	7,084	*3,696	*4,776	*1,462	336,126
Nursing and personal care facilities	37,672	2,164,199	101,835	95,311	91,489	565,809	194,290	31,517	1,781,781	73,671	90,686	62,381	369,830	253,701
Hospitals	3	*9,964	*161	—	*4	*4,207	*1,962	3	*9,964	*161	—	*4	*4,207	*1,962
Medical laboratories	3,759	184,253	12,732	*5,093	*2,601	*6,606	14,494	1,657	181,970	*11,917	*4,628	*2,556	*6,552	17,995
Dental laboratories	17,195	680,335	34,512	*37,891	*30,862	*92,433	216,727	14,809	659,362	*29,725	*37,891	*23,746	*92,433	222,140
Other medical and health services	119,569	3,348,827	131,763	225,928	38,163	294,543	1,478,594	107,526	3,135,244	117,767	209,344	33,806	274,627	1,510,026
Legal services	233,187	13,534,618	617,405	747,011	230,501	1,504,948	5,827,321	197,727	13,248,676	548,814	702,025	204,080	1,482,788	6,019,625
Educational services	174,011	1,320,084	100,969	57,403	32,231	101,030	342,770	124,555	998,621	44,468	37,463	5,538	33,926	463,156
Engineering and architectural services	143,117	3,803,349	204,728	128,467	59,644	433,613	1,447,388	113,805	3,437,413	136,322	93,348	50,513	367,538	1,585,862
Accounting, auditing, and bookkeeping services	223,759	4,186,364	317,498	255,060	164,156	540,243	1,473,554	189,026	3,743,215	235,961	218,661	99,366	483,511	1,609,648
Certified public accountants	15,232	690,102	35,309	50,396	21,026	147,737	251,319	14,030	690,059	35,301	50,387	21,023	147,730	252,063
Other accounting, auditing, and bookkeeping services	208,527	3,496,261	282,190	204,664	143,130	392,505	1,222,236	174,996	3,053,156	200,660	168,274	78,342	335,781	1,357,585
Other services	288,533	6,763,786	327,864	190,403	95,798	457,790	1,579,936	221,841	6,062,389	247,275	153,033	60,710	379,279	1,874,871
Nature of business not allocable	272,116	7,836,861	301,587	296,921	85,647	534,597	1,403,836	194,750	6,203,839	200,096	192,999	42,241	340,357	1,810,401

(1) Interest paid is the sum of mortgage interest and other interest. These items are shown separately in Table 2.

(2) Payroll is the sum of net wages paid plus cost of labor. These items are shown separately in Table 2.

(3) Less than \$500.

\* 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.

**Table 2.—Nonfarm Sole Proprietorship Businesses: Income Statement for Selected Industries, 1985**

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

Item	All nonfarm industries	Agricultural services, forestry, and fishing					Mining			Construction					
		Total	Livestock breeding	Animal services, except livestock breeding and veterinary	Landscape and horticultural services	Other agricultural services, forestry, and fishing	Total	Oil and gas extraction	Other mining	Total	General contractors and operative builders	Special trade contractors			
												Total	Plumbing, heating, and air-conditioning	Painting, paper hanging, and decorating	Electrical work
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
<b>Businesses with and without net income</b>															
<b>Number of returns</b> .....	<b>11,928,573</b>	<b>318,999</b>	<b>19,597</b>	<b>62,710</b>	<b>124,471</b>	<b>112,221</b>	<b>176,017</b>	<b>162,582</b>	<b>13,435</b>	<b>1,453,762</b>	<b>344,879</b>	<b>1,088,279</b>	<b>94,873</b>	<b>171,024</b>	<b>93,134</b>
<b>Business receipts, total</b> .....	<b>540,045,430</b>	<b>11,927,580</b>	<b>356,861</b>	<b>3,040,895</b>	<b>2,849,564</b>	<b>5,680,261</b>	<b>12,502,896</b>	<b>12,031,879</b>	<b>471,017</b>	<b>70,789,842</b>	<b>26,670,699</b>	<b>43,552,694</b>	<b>6,838,917</b>	<b>4,799,682</b>	<b>3,913,475</b>
Income from sales and operations .....	528,675,271	11,676,999	354,267	2,860,799	2,830,856	5,631,077	11,649,651	11,186,391	463,260	69,612,550	25,789,542	43,260,795	6,836,865	4,767,887	3,907,597
Other business income .....	11,327,069	250,581	2,594	180,095	18,707	49,184	835,530	827,782	7,747	1,172,386	881,143	287,008	*2,052	31,566	5,877
Windfall profit tax credit or refund .....	43,090	*1	*1	*1	—	—	17,715	17,706	*9	*4,905	*15	*4,890	*228	—	—
<b>Business deductions, total</b> .....	<b>461,272,852</b>	<b>11,012,554</b>	<b>503,355</b>	<b>3,080,860</b>	<b>2,498,271</b>	<b>4,930,068</b>	<b>11,969,919</b>	<b>11,510,795</b>	<b>459,124</b>	<b>59,733,039</b>	<b>23,800,282</b>	<b>35,448,050</b>	<b>6,030,581</b>	<b>3,658,265</b>	<b>3,252,175</b>
Cost of sales and operations, total .....	232,294,132	4,478,865	255,145	2,065,901	613,631	1,544,187	1,908,507	1,823,694	84,813	35,593,677	16,183,537	19,158,634	3,819,682	1,473,879	1,841,600
Cost of labor .....	14,504,201	327,346	*532	*9,260	130,864	186,690	51,793	37,866	13,927	6,241,951	2,444,884	3,731,550	472,116	341,589	99,417
Inventory, beginning of year .....	21,435,438	316,081	*5,379	65,221	69,912	175,569	28,593	24,312	*4,282	1,620,804	1,019,148	601,656	220,573	29,881	31,313
Inventory, end of year .....	24,969,895	357,104	*5,413	82,586	74,971	194,135	41,774	38,174	*3,600	1,579,672	858,525	721,148	207,574	24,215	52,887
Bad debts from sales or services .....	600,613	2,269	*703	*13	*465	1,088	40,347	39,735	612	30,978	14,578	16,340	*2,429	(*)	*5,137
Car and truck expenses .....	17,044,421	412,388	14,930	68,827	216,479	112,152	96,735	91,484	5,251	3,075,597	830,985	2,209,147	325,499	297,856	175,112
Depreciation .....	1,242,744	23,115	*280	*22,533	—	*302	1,145,658	1,140,239	5,419	8,229	7,186	*1,043	*158	*790	—
Dues and publications .....	26,291,389	1,151,622	71,273	159,895	292,464	627,990	1,345,639	1,288,017	57,622	2,820,002	937,108	1,831,249	210,111	136,950	154,684
Mortgage interest .....	1,677,613	21,459	826	4,476	2,781	13,376	16,484	16,268	216	90,012	29,625	58,910	12,466	5,535	7,772
Other interest .....	4,071,233	118,796	8,999	21,826	46,415	41,555	207,132	197,977	*9,155	247,057	148,486	98,571	9,940	19,006	*2,622
Office expenses .....	7,842,749	234,030	9,487	53,508	42,592	128,443	527,656	511,958	15,698	768,932	381,427	383,012	59,752	25,816	34,719
Pension and profit-sharing plans .....	4,065,530	83,138	421	10,293	21,641	50,784	152,811	152,205	606	293,157	71,616	216,377	30,257	41,226	21,825
Rent of business property .....	311,323	1,288	*27	*72	*13	*1,175	18,590	18,536	*54	6,608	2,285	4,322	*308	*7	*3,486
Net salaries and wages .....	15,258,690	176,867	1,981	41,483	35,864	97,538	172,580	169,445	3,135	675,114	141,542	516,354	53,835	39,868	35,196
Less: Jobs credit .....	38,265,691	1,095,115	6,117	101,725	245,412	741,861	264,502	244,066	20,437	4,728,750	1,234,245	3,480,023	561,348	745,856	340,923
Windfall profit tax withheld .....	38,425,245	1,096,196	6,117	102,801	245,417	741,861	265,062	244,622	20,440	4,742,373	1,234,280	3,493,612	561,351	745,856	341,375
Other business deductions .....	159,553	*1,081	—	*1,076	*5	—	559	*556	*3	13,624	*35	*13,589	*3	—	*452
Net income less deficit .....	165,703	*79	*79	—	—	—	115,461	115,547	*4	4,418	*140	*3,008	—	*1	—
Net income .....	112,141,021	3,213,522	133,085	530,306	980,514	1,569,617	5,957,817	5,701,714	256,103	11,390,508	3,816,251	7,471,059	944,797	871,474	629,099
Deficit .....	78,772,578	915,026	-146,494	-39,965	351,292	750,193	532,977	521,084	11,893	11,056,803	2,870,417	8,104,644	808,335	1,141,417	661,299
Businesses with net income	98,775,563	1,753,719	21,839	221,206	478,625	1,032,049	2,064,564	2,011,552	53,012	12,294,337	3,514,528	8,674,262	910,559	1,174,832	710,741
Businesses without net income	20,002,986	838,692	168,334	261,171	127,332	281,856	1,531,587	1,490,468	41,119	1,237,533	644,111	569,618	102,224	33,415	49,442
<b>Businesses with net income</b>															
<b>Number of returns</b> .....	<b>8,640,701</b>	<b>189,198</b>	<b>4,134</b>	<b>27,166</b>	<b>87,017</b>	<b>70,881</b>	<b>87,107</b>	<b>81,418</b>	<b>5,689</b>	<b>1,234,566</b>	<b>282,433</b>	<b>937,224</b>	<b>76,713</b>	<b>155,194</b>	<b>73,245</b>
<b>Business receipts, total</b> .....	<b>445,718,814</b>	<b>9,209,946</b>	<b>300,930</b>	<b>2,362,767</b>	<b>2,435,237</b>	<b>4,111,012</b>	<b>8,426,479</b>	<b>8,195,459</b>	<b>231,020</b>	<b>63,567,609</b>	<b>22,465,056</b>	<b>40,590,861</b>	<b>6,499,498</b>	<b>4,572,575</b>	<b>3,747,806</b>
Income from sales and operations .....	437,397,833	8,980,378	300,500	2,189,814	2,421,237	4,068,828	8,183,433	7,958,609	224,824	63,028,799	22,216,652	40,304,690	6,497,446	4,540,800	3,745,400
Other business income .....	8,286,910	229,567	*431	172,952	*13,999	42,185	233,394	227,202	6,192	533,920	248,404	281,280	*2,052	31,546	2,406
Windfall profit tax credit or refund .....	34,071	*1	—	*1	—	—	9,652	9,647	*5	*4,890	(*)	*4,890	—	*228	—
<b>Business deductions, total</b> .....	<b>346,943,251</b>	<b>7,456,227</b>	<b>279,091</b>	<b>2,141,561</b>	<b>1,956,612</b>	<b>3,078,964</b>	<b>6,361,915</b>	<b>6,183,907</b>	<b>178,008</b>	<b>51,273,273</b>	<b>18,950,528</b>	<b>31,916,599</b>	<b>5,588,939</b>	<b>3,397,743</b>	<b>3,037,065</b>
Cost of sales and operations, total .....	182,261,303	3,356,680	*248,590	1,602,193	530,412	975,485	959,216	923,704	35,512	30,696,841	12,915,478	17,542,805	3,597,777	1,399,403	1,749,406
Cost of labor .....	12,038,806	202,805	*8,005	119,214	75,587	191,416	51,460	34,340	*7,120	5,573,091	2,070,144	3,438,537	472,021	332,123	88,417
Inventory, beginning of year .....	13,814,218	201,309	*4,989	*46,690	*3,066	146,564	15,272	12,098	*3,174	897,759	341,791	555,968	208,716	26,806	22,650
Inventory, end of year .....	16,794,987	257,573	*4,937	*64,781	*3,162	184,693	27,676	24,825	*2,851	978,559	311,918	666,641	199,175	21,424	39,668
Bad debts from sales or services .....	357,670	*689	—	*1	—	*688	2,279	2,279	*11	22,095	12,004	10,031	*1,975	—	*1,387
Car and truck expenses .....	13,002,859	297,109	*6,479	45,817	165,818	78,996	59,801	57,427	2,373	2,673,960	698,921	1,949,879	305,731	278,935	137,350
Depreciation .....	935,194	22,678	*24	*22,447	—	*207	868,273	863,397	4,877	7,748	*6,911	*837	*790	—	—
Dues and publications .....	16,285,353	546,851	6,401	63,668	202,985	273,797	709,851	693,294	16,558	2,180,453	650,278	1,496,556	196,461	127,837	137,518
Mortgage interest .....	1,340,448	16,514	*104	2,651	1,845	11,914	6,363	6,336	28	71,901	20,092	51,086	10,819	5,308	7,143
Other interest .....	2,232,879	58,136	*4,673	*18,718	*12,696	22,049	104,799	104,761	*38	173,612	99,154	74,458	50,443	18,947	*1,825
Office expenses .....	4,405,050	110,930	*339	14,388	30,456	65,747	156,169	154,014	2,155	587,473	269,485	313,498	47,341	25,658	33,815
Pension and profit-sharing plans .....	3,162,267	70,302	*51	6,850	18,646	44,755	106,628	106,465	163	217,188	46,328	166,941	26,263	17,447	17,763
Rent on business property .....	274,512	*1,173	—	—	*13	*1,160	7,234	7,232	*9	6,249	2,285	3,964	*308	*7	*3,486
Net salaries and wages .....	11,276,994	150,480	*171	33,671	28,215	88,423	57,309	56,596	713	573,084	115,768	441,589	34,281	38,174	32,497
Less: Jobs credit .....	30,140,096	931,171	*1,829	64,378	201,985	662,980	120,780	108,215	12,565	4,177,250	1,031,589	3,131,180	519,034	663,294	332,534
Windfall profit tax withheld .....	30,270,292	931,172	*1,829	64,378	201,986	662,980	120,823	108,256	12,568	4,190,872	1,031,622	3,144,768	519,037	663,294	332,986
Other business deductions .....	130,196	*1	—	—	*1	*43	*40	*40	*3	*13,622	*34	*13,589	*3	—	*452
Net income .....	81,142,620	1,893,514	10,430	266,781	763,541	852,761	3,110,222	3,007,208	103,013	9,881,018	3,080,840	6,730,770	843,506	821,943	582,341

Footnotes at end of table.

Table 2.—Nonfarm Sole Proprietorship Businesses: Income Statement for Selected Industries, 1985—Continued

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

Item	Construction—Continued				Manufacturing					Transportation, communication, electric, gas, and sanitary services				
	Special trade contractors—Continued			Contractors not allocable	Total	Lumber and wood products, except furniture	Printing, publishing, and allied industries	Machinery, except electrical	Other manufacturing industries	Total	Local and interurban passenger transit	Trucking and warehousing	Other transportation	Communication, electric, gas, and sanitary services
	Masonry, stonework, tile setting and plastering	Carpentering and flooring	Miscellaneous special trade contractors											
(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	
<b>Businesses with and without net income</b>														
<b>Number of returns</b>	69,254	384,975	275,019	20,604	326,447	73,857	39,749	38,696	174,145	545,651	54,686	367,112	72,642	51,211
<b>Business receipts, total</b>	4,414,350	9,116,695	14,469,575	566,449	16,937,385	4,738,657	3,346,410	2,941,649	5,910,669	25,885,652	994,965	20,145,468	2,766,503	1,978,717
Income from sales and operations	4,401,816	9,011,728	14,334,901	562,213	16,370,484	4,291,512	3,332,061	2,910,020	5,836,891	25,385,556	973,429	19,902,901	2,535,109	1,974,117
Other business income	*12,534	100,305	134,674	*4,236	566,892	447,145	14,349	31,629	73,770	499,332	21,536	241,802	231,393	4,600
Windfall profit tax credit or refund	—	*4,662	—	—	*8	—	—	—	*8	*764	—	*764	(1)	—
<b>Business deductions, total</b>	3,733,405	6,431,012	12,342,612	484,707	15,662,966	4,407,050	3,009,927	2,744,932	5,501,057	23,475,607	809,044	18,201,182	2,679,962	1,785,420
Cost of sales and operations, total	2,264,194	3,679,921	6,079,358	251,506	7,055,728	1,384,153	1,397,144	1,463,676	2,810,754	5,376,791	*44,097	3,128,148	1,246,318	958,228
Cost of labor	596,877	822,877	1,398,674	*65,518	1,272,436	228,200	292,439	268,334	483,463	738,804	*6,819	364,626	116,393	250,965
Inventory, beginning of year	*8,463	33,322	278,104	—	743,704	130,621	118,001	103,949	391,133	76,857	*537	48,231	24,462	3,627
Inventory, end of year	*81,083	170,260	185,129	—	1,228,014	138,013	112,152	518,067	459,782	116,888	*537	78,051	32,695	5,606
Bad debts from sales or services	*1	*1,090	7,684	*60	25,757	*34	7,721	*12,663	5,339	7,073	*1,743	2,680	1,958	*691
Car and truck expenses	186,422	533,507	690,750	35,465	558,374	204,870	53,545	90,908	209,051	2,304,376	104,482	2,010,168	121,946	67,780
Depletion	—	*4	*92	—	*6,918	*507	—	—	*6,411	1,371	—	*1,236	*39	*97
Depreciation	158,091	348,760	822,653	51,645	1,187,091	350,989	189,173	204,745	442,184	2,447,164	89,150	1,985,070	202,729	170,216
Dues and publications	10,465	5,279	17,394	*1,477	21,111	791	7,379	6,186	6,754	44,624	2,592	30,959	6,027	5,046
Mortgage interest	*10,673	13,653	42,677	(1)	132,509	32,222	46,163	*14,378	39,746	196,682	*532	170,512	21,898	3,740
Other interest	24,462	82,103	156,159	*4,493	297,850	61,829	49,707	80,513	105,801	598,854	67,392	453,513	38,282	39,667
Office expenses	15,696	32,655	74,718	5,163	98,005	5,588	31,042	22,964	38,411	121,228	3,006	55,479	23,913	38,830
Pension and profit-sharing plans	*1	*358	*161	—	14,100	*82	*142	*8,921	4,955	9,533	*68	8,509	*521	*434
Rent of business property	55,000	106,658	225,798	*17,219	526,231	103,612	109,454	110,446	202,719	617,790	39,472	481,382	62,945	33,991
Net salaries and wages	348,643	460,346	1,022,907	*14,481	1,594,048	482,259	510,733	218,009	383,048	1,661,500	*22,525	1,287,510	279,095	72,371
Gross salaries and wages	360,200	460,346	1,024,484	*14,481	1,600,599	482,726	511,613	221,338	384,921	1,661,894	*22,525	1,287,904	279,095	72,371
Less: Jobs credit	—	—	*1,577	—	6,550	*467	*880	*3,330	*1,874	*394	—	*394	—	—
Windfall profit tax withheld	—	*2,792	*215	—	*68	*1	—	—	*67	1,014	—	*130	*3	*881
Other business deductions	659,759	1,163,885	3,202,045	103,199	4,145,176	1,780,113	607,724	511,522	1,245,817	10,087,608	433,984	8,585,886	674,289	393,449
<b>Net income less deficit</b>	680,945	2,794,496	2,387,436	105,547	1,994,641	401,886	435,442	320,471	836,841	3,570,877	233,845	2,693,570	354,719	288,743
Net income	696,197	2,794,496	2,387,436	105,547	1,994,641	401,886	435,442	320,471	836,841	3,570,877	233,845	2,693,570	354,719	288,743
Deficit	15,252	108,813	260,472	*23,805	720,222	70,279	98,959	123,754	427,229	1,160,832	47,924	749,284	268,178	95,446
<b>Businesses with net income</b>														
<b>Number of returns</b>	64,073	347,438	220,561	14,909	201,258	50,138	24,217	23,828	103,075	400,260	43,085	267,663	47,120	42,392
<b>Business receipts, total</b>	4,277,438	8,351,763	13,141,781	511,692	13,746,197	4,246,506	2,937,093	2,012,503	4,550,096	19,612,588	737,360	15,565,782	1,625,232	1,684,213
Income from sales and operations	4,265,002	8,247,600	13,008,442	507,457	13,192,078	3,800,013	2,922,784	1,982,024	4,487,256	19,222,260	715,894	15,367,708	1,457,887	1,680,771
Other business income	*12,436	99,501	133,339	*4,236	554,119	446,492	14,309	30,479	62,839	389,577	*21,465	197,324	167,345	3,443
Windfall profit tax credit or refund	—	*4,662	—	—	(1)	—	—	—	(1)	*751	—	*751	—	—
<b>Business deductions, total</b>	3,581,241	5,557,266	10,754,345	406,146	11,751,556	3,844,620	2,501,651	1,692,032	3,713,254	16,041,710	503,515	12,872,212	1,270,513	1,395,470
Cost of sales and operations, total	2,203,961	3,116,037	5,476,220	238,558	5,437,647	1,285,553	1,240,426	990,959	1,920,709	3,755,225	*15,746	2,314,507	611,824	813,148
Cost of labor	592,605	678,330	1,275,040	*64,411	954,010	216,128	223,230	73,560	441,092	608,676	*972	338,632	*92,965	176,107
Inventory, beginning of year	*7,758	20,140	269,898	—	515,812	115,252	101,750	59,357	239,453	72,163	*537	46,447	*22,013	3,166
Inventory, end of year	*80,500	152,187	173,687	—	995,261	120,581	89,680	480,554	304,445	76,521	*537	38,740	*32,028	*5,217
Bad debts from sales or services	(1)	*596	6,073	*60	15,655	*31	7,720	*3,403	4,502	3,391	*1,743	*1,438	*205	*5
Car and truck expenses	151,935	478,617	597,311	25,160	381,935	133,106	41,155	71,207	136,467	1,536,184	89,391	1,348,374	35,321	63,098
Depletion	—	*4	*43	—	*6,360	—	—	—	*6,360	90	—	*38	*33	*19
Depreciation	139,124	299,585	596,031	33,619	718,389	298,195	134,116	89,521	196,556	1,417,637	55,525	1,217,375	55,842	88,896
Dues and publications	10,256	4,802	12,759	*723	14,166	420	5,854	4,047	3,845	37,847	2,439	28,817	3,141	3,450
Mortgage interest	*8,824	11,075	28,344	(1)	98,901	27,004	39,623	*10,361	21,913	107,300	*378	98,523	*7,357	*1,043
Other interest	23,811	70,665	112,207	*4,491	160,553	50,402	30,149	24,246	55,756	329,270	*14,210	296,265	9,302	9,472
Office expenses	14,558	25,977	64,933	*3,918	64,302	3,889	20,447	12,899	27,066	92,144	1,448	40,621	13,156	36,919
Pension and profit-sharing plans	*1	—	*161	—	9,082	*68	*142	*6,398	2,474	9,374	—	8,424	*516	*434
Rent on business property	51,841	96,133	188,662	*15,728	381,265	100,573	86,394	47,663	146,635	508,481	38,428	425,726	16,848	27,479
Net salaries and wages	332,335	399,090	884,892	*14,481	1,241,873	408,309	426,477	171,304	235,783	1,195,326	*20,132	879,282	240,479	55,433
Gross salaries and wages	343,892	399,090	886,469	*14,481	1,248,325	408,776	427,258	174,634	237,656	1,195,356	*20,132	879,312	240,479	55,433
Less: Jobs credit	—	—	*1,577	—	6,452	*467	*782	*3,330	*1,874	*30	—	*30	—	—
Windfall profit tax withheld	—	*2,792	*214	—	*67	—	—	—	*67	*894	—	*11	*2	*881
Other business deductions	644,594	1,051,894	2,786,494	69,408	3,221,361	1,537,069	469,148	260,024	955,120	7,048,548	264,076	6,212,792	276,488	295,192
<b>Net income</b>	696,197	2,794,496	2,387,436	105,547	1,994,641	401,886	435,442	320,471	836,841	3,570,877	233,845	2,693,570	354,719	288,743

Footnotes at end of table.

**Table 2.—Nonfarm Sole Proprietorship Businesses: Income Statement for Selected Industries, 1985—Continued**

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

Item	Wholesale and retail trade													
	Total	Wholesale trade								Retail trade				
		Total	Motor vehicles and automotive equipment	Lumber and construction materials	Farm machinery and equipment	Other machinery, equipment, and supplies	Groceries and related products	Farm-products raw materials	Other wholesale trade	Total	Building materials, paint, hardware, garden supply, and mobile home dealers			
											Total	Lumber and other building materials dealers	Paint, glass, and wallpaper stores	Hardware stores
(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	
<b>Businesses with and without net income</b>														
Number of returns	2,289,196	280,961	5,840	8,830	3,229	23,692	23,888	3,610	211,872	1,956,258	57,663	21,845	*5,082	13,234
Business receipts, total	205,412,816	30,989,354	557,020	811,328	74,738	2,255,110	6,571,899	1,799,417	18,919,843	172,509,495	6,937,663	3,107,400	*1,024,787	1,885,527
Income from sales and operations	202,987,794	30,522,611	550,832	806,545	73,266	2,122,470	6,557,048	1,793,213	18,619,237	170,557,548	6,699,149	3,097,819	*1,024,740	1,685,100
Other business income	2,414,103	456,580	*6,187	*4,783	*1,472	132,622	4,779	6,203	300,533	1,951,191	238,514	9,582	*47	200,427
Windfall profit tax credit or refund	10,919	*10,163	—	—	—	*2,151	*10,072	*10,072	*63	*756	—	—	—	—
Business deductions, total	197,079,096	28,469,151	497,406	714,689	60,763	2,017,259	6,408,558	1,767,842	17,002,642	167,058,677	6,491,699	2,971,931	*926,402	1,731,303
Cost of sales and operations, total	143,779,152	22,100,681	384,801	581,424	24,992	1,385,494	5,410,589	1,591,610	12,721,771	120,695,962	4,727,365	2,336,868	*663,410	1,209,201
Cost of labor	2,749,324	133,162	*31	*1,054	—	*8,232	44,513	—	79,332	2,611,523	126,337	*100,349	—	*21,586
Inventory, beginning of year	15,846,911	1,587,696	*34,190	*6,245	17,436	261,242	81,769	97,039	1,089,775	14,171,979	811,121	216,349	*230,838	278,189
Inventory, end of year	18,657,977	1,966,138	47,795	*5,960	15,795	280,126	95,583	61,185	1,459,694	16,574,692	912,948	159,843	*242,946	443,720
Bad debts from sales or services	259,511	67,575	*19	*281	*226	*10,554	1,916	*1,877	52,703	190,515	18,411	11,922	*4	6,456
Car and truck expenses	3,146,389	808,030	10,641	22,788	7,008	69,096	140,774	12,074	545,648	2,250,426	144,903	84,683	*5,632	28,704
Depletion	7,332	2,675	—	—	—	*525	*651	*42	1,457	4,637	*1,022	*20	—	—
Depreciation	4,926,485	646,487	14,542	11,831	5,237	37,060	108,424	27,674	441,718	4,176,848	250,452	91,710	*12,055	110,956
Dues and publications	178,809	25,879	192	993	*6	2,870	2,799	218	18,801	149,455	4,281	1,139	*795	1,811
Mortgage interest	896,969	65,751	*676	*936	*1,431	24,945	2,705	*2,164	32,893	809,737	48,502	*6,838	*7,577	*26,836
Other interest	1,869,531	251,831	*7,333	*9,499	*6,289	6,295	47,767	14,239	160,410	1,603,295	93,593	63,521	*6,165	15,011
Office expenses	712,368	119,725	3,501	1,335	*206	14,072	10,398	3,406	86,806	584,352	18,160	7,027	*2,596	4,905
Pension and profit-sharing plans	44,642	6,818	*7	*5	*340	*135	*263	6,068	37,257	*2,531	*2,531	*2,531	—	—
Rent of business property	5,183,800	278,118	*2,589	*186	*135	16,331	34,265	1,473	223,139	4,880,842	71,095	13,438	*21,686	18,524
Net salaries and wages	11,630,124	1,094,924	*22,213	*16,377	1,283	160,249	159,340	45,889	689,573	10,453,743	329,714	104,400	*77,193	70,991
Gross salaries and wages	11,681,950	1,097,911	*22,986	*16,377	1,283	160,249	161,539	45,889	689,588	10,502,581	329,911	104,400	*77,193	70,991
Less: Jobs credit	51,825	*2,987	*774	—	—	—	*2,199	—	*15	48,838	*196	—	—	—
Windfall profit tax withheld	14,869	2,330	—	—	—	*51	*38	*22	*2,219	12,538	*695	*345	—	*351
Other business deductions	24,429,114	2,998,327	50,892	69,038	13,945	289,370	488,757	66,890	2,019,434	21,209,069	780,974	247,491	*129,290	237,557
Net income less deficit	8,333,720	2,520,203	59,614	96,639	13,975	237,859	163,341	31,575	1,917,201	5,450,818	445,964	135,469	*98,385	154,225
Net income	13,311,040	3,010,009	63,338	99,020	*18,702	266,918	255,259	47,696	2,259,076	9,854,908	579,307	191,558	*98,385	188,616
Deficit	4,977,320	489,807	*3,724	*2,381	4,727	29,059	91,919	16,121	341,876	4,404,090	133,343	56,089	—	34,391
<b>Businesses with net income</b>														
Number of returns	1,369,935	205,440	4,940	7,635	*3,006	17,679	17,204	2,397	152,579	1,121,684	47,636	18,030	*5,082	10,185
Business receipts, total	160,059,996	25,833,992	535,253	802,648	*50,980	2,017,602	5,890,254	1,345,012	15,192,242	132,873,650	5,853,552	2,417,230	*1,024,787	1,698,417
Income from sales and operations	158,107,492	25,439,239	529,392	798,116	*50,247	1,922,737	5,875,660	1,341,688	14,921,399	131,321,921	5,620,369	2,409,899	*1,024,740	1,500,050
Other business income	1,941,994	384,663	*5,861	*4,532	*733	94,847	4,522	3,324	270,844	1,551,309	233,184	*7,332	*47	198,367
Windfall profit tax credit or refund	*10,510	*10,090	—	—	—	*19	*10,072	—	—	*420	—	—	—	—
Business deductions, total	146,748,955	22,823,982	471,915	703,628	*32,278	1,750,684	5,634,995	1,297,316	12,933,166	123,018,742	5,274,245	2,225,672	*926,402	1,509,801
Cost of sales and operations, total	110,323,486	17,864,159	*363,668	576,506	*7,131	1,300,431	4,797,829	1,163,205	9,655,390	91,937,233	3,859,703	1,743,142	*663,410	1,066,776
Cost of labor	1,867,928	107,111	*31	*645	—	*8,054	*23,866	—	74,515	1,759,626	121,357	*97,218	—	*21,586
Inventory, beginning of year	10,455,927	1,039,277	*26,965	*5,734	*2,510	127,129	36,472	87,361	753,106	9,389,740	684,202	*146,897	*230,838	237,508
Inventory, end of year	12,631,932	1,472,892	*43,222	*4,558	*2,865	126,923	53,787	48,634	1,192,903	11,123,903	675,920	*140,128	*242,946	240,030
Bad debts from sales or services	179,425	43,388	*19	*1	—	*6,518	*841	*1,863	34,147	135,993	8,674	*3,249	*4	5,033
Car and truck expenses	2,188,771	619,130	*9,851	22,613	*6,111	46,704	117,549	8,225	408,077	1,490,570	132,334	76,313	*5,632	27,105
Depletion	4,607	2,648	—	—	—	*525	*651	*42	1,431	1,953	—	—	—	—
Depreciation	3,048,105	459,271	*14,256	10,545	*3,164	18,094	83,256	16,021	313,936	2,534,083	214,597	78,284	*12,055	99,678
Dues and publications	132,379	21,054	*23	*992	*1	2,510	2,481	213	14,833	109,993	3,737	1,091	*795	1,623
Mortgage interest	511,425	26,363	*676	*114	*344	*3,005	*1,931	537	19,753	476,406	39,311	*4,674	*7,577	*25,114
Other interest	1,173,593	165,474	*7,234	*9,115	*4,972	5,835	21,857	13,489	102,972	994,689	74,175	53,300	*6,165	10,340
Office expenses	472,970	99,774	3,444	1,313	*130	11,781	8,299	2,250	72,556	365,563	15,662	5,799	*2,596	4,777
Pension and profit-sharing plans	39,476	5,548	*7	—	*5	*340	*135	*263	4,798	33,361	*4	*4	—	—
Rent on business property	3,438,509	213,672	*2,579	*37	*8	9,899	20,009	944	181,106	3,214,367	53,789	7,567	*21,686	12,026
Net salaries and wages	8,367,256	880,436	*21,970	*15,803	*488	109,069	155,240	43,751	534,117	7,436,250	249,223	75,290	*77,193	47,288
Gross salaries and wages	8,394,199	883,424	*22,743	*15,803	*488	109,069	157,439	43,751	534,132	7,460,205	249,277	75,290	*77,193	47,288
Less: Jobs credit	26,942	*2,987	*774	—	—	—	*2,199	—	*15	23,955	*53	—	—	—
Windfall profit tax withheld	11,847	*124	—	—	—	*51	*38	*22	*13	11,723	(1)	(1)	—	—
Other business deductions	16,857,106	2,422,940	48,188	66,590	*9,922	236,833	424,876	46,491	1,590,039	14,276,558	623,037	176,960	*129,290	209,658
Net income	13,311,040	3,010,009	63,338	99,020	*18,702	266,918	255,259	47,696	2,259,076	9,854,908	579,307	191,558	*98,385	188,616

Sole Proprietorship Returns/1985

Footnotes at end of table.

**Table 2.—Nonfarm Sole Proprietorship Businesses: Income Statement for Selected Industries, 1985—Continued**

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

Item	Wholesale and retail trade—Continued													
	Retail trade—Continued													
	Building materials, paint, etc.—Continued	General merchandise stores	Food stores			Automotive dealers and service stations					Apparel and accessory stores	Furniture and home furnishings stores	Eating places	Drinking places
			Total	Grocery stores	Other food stores	Total	Motor vehicle dealers—new car dealers (franchised)	Used car dealers	Gasoline service stations	Other automotive dealers				
(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	
<b>Businesses with and without net income</b>														
<b>Number of returns</b> .....	17,502	29,403	167,322	105,919	61,403	158,185	6,631	58,156	52,715	40,683	67,905	106,218	161,534	83,002
<b>Business receipts, total</b> .....	919,949	2,521,250	29,444,897	22,028,831	7,416,065	52,033,993	2,553,472	10,725,773	31,154,341	7,600,407	7,444,088	9,706,499	17,783,454	6,930,851
Income from sales and operations .....	891,491	2,473,738	29,153,563	21,806,574	7,346,989	51,750,857	2,544,054	10,648,592	31,105,724	7,452,487	7,412,962	9,667,214	17,699,079	6,793,617
Other business income .....	28,458	47,512	290,919	222,147	68,772	283,120	9,401	77,181	48,617	147,921	31,126	39,285	84,369	137,234
Windfall profit tax credit or refund .....	—	—	*414	*110	*304	*17	*17	—	—	—	—	—	*6	—
<b>Business deductions, total</b> .....	862,063	2,479,852	28,802,530	21,666,737	7,135,794	50,767,782	2,530,415	10,368,709	30,521,020	7,347,638	7,024,892	9,207,123	17,538,816	6,630,552
Cost of sales and operations, total .....	517,887	1,975,158	23,074,889	17,684,187	5,390,702	42,803,978	2,256,702	8,687,911	26,506,356	5,353,009	4,464,408	6,099,846	8,682,668	3,758,034
Cost of labor .....	4,401	*67,670	73,375	57,990	15,385	501,918	5,204	156,438	176,074	164,202	*31,354	331,012	621,476	219,306
Inventory, beginning of year .....	85,745	519,359	1,697,817	1,517,824	179,993	2,690,034	279,379	733,680	704,020	972,956	931,485	1,428,121	264,237	146,124
Inventory, end of year .....	66,439	514,010	1,906,214	1,634,403	271,811	3,523,715	293,113	961,083	1,203,371	1,066,149	1,164,330	1,463,878	237,600	165,701
Bad debts from sales or services .....	*29	*1,010	15,172	13,523	1,650	72,795	2,888	37,167	22,678	10,062	4,691	17,050	3,497	5,076
Car and truck expenses .....	25,884	23,737	219,821	103,241	116,580	320,459	6,686	114,380	98,831	100,561	73,852	192,032	163,945	39,259
Depreciation .....	*1,002	—	*330	*330	—	*126	*126	—	(*)	—	*410	*1,138	*319	*1
Dues and publications .....	35,731	29,641	585,963	390,768	195,195	587,418	11,186	75,743	340,024	160,465	137,116	319,089	732,051	261,293
Mortgage interest .....	537	1,652	15,613	3,777	11,835	19,013	511	6,109	8,966	4,586	17,398	10,284	3,022	3,766
Other interest .....	7,252	*890	102,895	74,467	28,428	147,413	8,821	16,516	81,289	40,787	38,213	59,700	185,705	57,766
Office expenses .....	8,897	21,862	185,976	151,128	34,848	347,115	18,945	89,370	133,283	105,518	87,995	132,888	226,291	90,393
Pension and profit-sharing plans .....	3,632	4,520	41,453	19,444	22,009	92,993	3,020	44,679	23,426	21,869	40,171	55,999	53,423	7,890
Rent of business property .....	—	—	*485	*256	*229	17,508	*108	*11	*16,681	*708	*2,258	*2,311	1,377	*15
Net salaries and wages .....	17,446	40,925	599,654	354,793	244,861	766,443	11,454	176,603	421,600	156,785	356,763	320,092	1,014,565	238,345
Gross salaries and wages .....	77,131	149,317	1,259,710	904,973	354,737	2,040,686	71,569	181,121	1,260,279	527,717	664,121	436,717	2,660,706	577,824
Less: Jobs credit .....	77,327	149,317	1,265,101	910,144	354,957	2,042,770	71,569	181,144	1,262,340	527,717	664,130	449,486	2,666,388	594,558
Windfall profit tax withheld .....	*196	—	*5,390	*5,171	*219	*2,085	*23	*2,061	*9	*12,770	*9	*12,770	5,681	*16,734
Other business deductions .....	166,636	231,139	2,700,569	1,965,850	734,719	3,550,128	138,400	939,101	1,607,058	865,569	1,135,946	1,552,859	3,803,983	1,591,635
<b>Net income less deficit</b> .....	57,886	41,398	642,366	362,095	280,272	1,266,211	23,057	357,604	633,322	252,769	419,196	499,375	244,637	300,299
Net income .....	100,747	88,256	1,154,188	738,846	415,342	1,644,372	48,649	494,526	731,007	370,190	652,643	776,322	981,624	522,863
Deficit .....	42,862	46,858	511,822	376,751	135,071	378,161	25,593	137,462	97,685	117,421	233,447	276,947	736,987	222,563
<b>Businesses with net income</b>														
<b>Number of returns</b> .....	14,339	13,796	105,213	62,717	42,496	117,228	2,212	45,152	43,123	26,741	44,037	67,853	84,358	51,365
<b>Business receipts, total</b> .....	713,118	1,800,948	20,337,055	15,023,513	5,313,542	43,616,579	1,151,915	9,019,402	26,793,736	6,651,527	5,930,957	8,003,233	11,875,784	5,004,580
Income from sales and operations .....	685,680	1,753,643	20,082,600	14,830,005	5,252,595	43,373,716	1,145,769	8,968,906	26,751,437	6,507,604	5,903,072	7,981,000	11,827,648	4,903,891
Other business income .....	27,438	*47,305	254,040	193,398	60,643	242,864	6,145	50,496	42,299	143,924	27,885	22,233	48,131	100,689
Windfall profit tax credit or refund .....	—	—	*414	*110	*304	*17	*17	—	—	—	—	—	*6	—
<b>Business deductions, total</b> .....	612,371	1,712,692	19,182,867	14,284,667	4,898,200	41,972,207	1,103,265	8,524,876	26,062,729	6,281,338	5,278,314	7,226,911	10,894,160	4,481,718
Cost of sales and operations, total .....	386,375	1,392,078	15,759,092	11,938,647	3,820,445	35,615,428	979,631	7,319,358	22,673,734	4,642,705	3,604,412	4,949,836	5,451,235	2,744,764
Cost of labor .....	*2,552	*40,126	57,525	*47,017	*10,509	438,765	*5,106	110,112	159,993	*164,054	*31,079	275,388	482,035	*165,361
Inventory, beginning of year .....	68,959	373,482	1,089,392	944,903	144,490	1,853,585	63,515	472,983	566,315	750,772	726,871	765,404	115,302	92,711
Inventory, end of year .....	52,816	384,491	1,172,661	1,024,407	148,254	2,659,517	58,596	702,368	1,077,629	820,924	878,223	807,912	122,222	99,589
Bad debts from sales or services .....	*8	*1,004	7,459	7,423	*36	63,158	*2,162	37,030	13,907	10,059	3,440	13,726	446	*4,491
Car and truck expenses .....	23,283	10,958	114,485	37,886	76,599	268,306	1,104	101,916	80,797	84,488	58,361	143,356	106,317	21,408
Depreciation .....	—	—	*320	*320	—	*15	*15	—	—	—	*19	*1,138	*22	—
Dues and publications .....	24,580	15,543	284,740	179,034	105,706	434,783	6,062	52,614	246,927	129,180	93,350	241,158	403,027	121,389
Mortgage interest .....	228	1,175	13,272	1,925	11,347	15,132	247	4,403	6,606	3,876	7,565	12,981	6,608	1,344
Other interest .....	*1,946	*691	45,346	33,609	*11,737	89,894	4,243	16,395	50,268	18,988	5,787	25,449	103,015	40,392
Office expenses .....	4,370	*10,813	98,224	70,848	27,376	233,993	5,287	41,631	108,981	78,094	78,566	97,195	95,449	40,511
Pension and profit-sharing plans .....	2,490	2,947	24,488	9,730	14,758	74,702	950	35,767	19,356	18,629	29,028	39,578	26,681	3,192
Rent on business property .....	—	—	*480	*251	*229	17,508	*108	*11	*16,681	*708	*2,258	*2,311	180	*15
Net salaries and wages .....	*12,509	17,887	404,174	218,239	185,935	631,500	2,245	129,795	373,116	126,344	252,849	239,234	657,345	169,213
Gross salaries and wages .....	49,452	*111,762	708,609	539,646	168,963	1,681,052	30,226	96,878	1,080,230	473,718	338,218	378,940	1,749,716	368,939
Less: Jobs credit .....	49,505	*111,762	713,780	544,817	168,963	1,683,137	30,226	96,902	1,082,291	473,718	338,226	391,537	1,751,400	368,939
Windfall profit tax withheld .....	—	—	*5,171	*5,171	—	*2,085	*23	*2,061	*9	*12,597	*9	*12,597	1,684	—
Other business deductions .....	107,129	147,833	1,722,179	1,247,111	475,068	2,845,032	70,986	689,077	1,390,421	694,548	794,481	1,082,002	2,294,121	966,059
<b>Net income</b> .....	100,747	88,256	1,154,188	738,846	415,342	1,644,372	48,649	494,526	731,007	370,190	652,643	776,322	981,624	522,863

Footnotes at end of table.

**Table 2.—Nonfarm Sole Proprietorship Businesses: Income Statement for Selected Industries, 1985—Continued**

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

Item	Wholesale and retail trade—Continued								Finance, insurance, and real estate						
	Retail trade—Continued							Wholesale and retail trade not allocable	Total	Finance			Insurance agents, brokers, and service	Real estate	
	Drug stores and proprietary stores	Liquor stores	Used merchandise stores	Sporting goods and bicycle shops	Gift, novelty, and souvenir shops	Direct selling organizations	Other retail stores			Total	Security, commodity brokers, and services	Other finance		Total	Operators and lessors of buildings
(58)	(59)	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)	(71)	(72)	
<b>Businesses with and without net income</b>															
<b>Number of returns</b> .....	9,160	20,574	85,290	34,824	43,531	618,574	313,073	51,977	1,014,153	54,231	46,201	8,030	273,241	686,681	27,275
<b>Business receipts, total</b> .....	4,323,358	4,452,756	2,660,173	2,085,112	2,244,898	6,749,822	17,190,682	1,913,967	31,417,997	2,846,233	2,520,417	325,815	9,608,444	16,963,313	1,524,470
Income from sales and operations .....	4,299,751	4,421,387	2,522,438	2,052,379	2,216,230	6,461,468	16,933,717	1,907,635	29,595,146	2,710,231	2,387,770	322,462	9,265,467	17,619,448	1,305,528
Other business income .....	23,607	31,369	137,734	32,733	28,669	288,035	256,964	6,332	1,819,121	135,996	132,642	3,354	342,978	1,340,147	218,942
Windfall profit tax credit or refund .....	—	—	—	—	—	*319	*1	—	3,725	*5	*5	—	(*)	3,719	(*)
<b>Business deductions, total</b> .....	3,914,693	4,362,797	2,797,936	2,062,931	2,287,982	6,225,059	16,464,032	1,551,267	21,621,544	2,236,407	1,931,786	304,621	6,235,265	13,149,872	1,625,697
Cost of sales and operations, total .....	2,991,256	3,442,981	1,772,383	1,465,484	1,305,205	3,508,032	10,624,274	982,509	3,823,409	835,448	747,477	87,971	591,611	2,396,350	71,679
Cost of labor .....	*42,978	*1,854	55,676	*330,775	*53,255	24,634	129,904	*4,639	53,600	*298	*283	*15	11,385	41,916	*599
Inventory, beginning of year .....	445,987	529,363	861,185	385,960	596,336	345,591	2,519,259	87,237	588,846	5,656	5,437	*218	83,495	499,696	40,904
Inventory, end of year .....	486,480	560,105	895,457	674,273	645,919	347,278	3,076,782	117,147	590,933	9,011	8,993	*18	25,163	556,760	43,195
Bad debts from sales or services .....	11,066	4,482	*2,789	*1,042	3,356	8,627	21,448	*1,421	100,189	26,875	16,989	*9,886	34,162	39,152	3,585
Car and truck expenses .....	16,187	12,291	91,548	41,778	31,313	524,003	355,297	87,933	1,824,073	87,564	74,519	13,045	603,793	1,132,716	49,604
Depreciation .....	—	*1	*81	*297	*525	*385	*20	*11,650	1,160	1,011	*149	6,354	4,135	382	
Dues and publications .....	81,935	91,600	117,390	41,090	84,187	237,593	620,029	103,150	1,834,610	106,076	84,430	21,645	463,371	1,265,164	228,091
Mortgage interest .....	4,818	1,795	5,396	2,008	2,916	12,450	39,843	3,476	306,369	25,273	21,934	3,339	52,065	229,030	5,877
Other interest .....	*24,798	*35,576	*4,036	*9,206	*31,626	12,797	50,614	21,480	621,464	10,282	8,686	*1,596	70,434	540,748	223,607
Office expenses .....	63,315	47,311	19,666	18,669	33,261	55,659	179,305	14,405	1,134,954	202,396	186,751	15,645	169,475	763,083	154,913
Pension and profit-sharing plans .....	21,743	3,712	20,234	9,321	13,059	63,841	137,834	8,291	522,695	34,023	28,032	5,992	214,604	274,067	19,907
Rent of business property .....	*45	*146	—	*8	—	*8,794	1,780	*566	32,911	2,386	2,267	*120	7,711	22,813	*173
Net salaries and wages .....	72,622	117,506	161,156	47,323	300,328	109,389	664,638	24,840	844,066	125,049	74,619	50,430	403,137	315,880	51,390
Gross salaries and wages .....	287,110	174,600	45,238	90,616	169,430	383,308	1,184,646	81,457	1,497,733	142,264	140,872	1,392	759,291	596,178	66,856
Less: Jobs credit .....	—	—	*1,126	—	*408	*3,208	*1,231	—	4,025	—	—	—	*1,258	2,767	*1,213
Windfall profit tax withheld .....	—	*2	*114	—	*29	(*)	*1	(*)	4,870	203	202	(*)	165	4,503	11
Other business deductions .....	339,798	430,794	557,905	336,386	312,974	1,300,041	2,583,936	221,718	9,062,551	637,407	543,997	93,410	2,859,091	5,566,053	749,622
<b>Net income less deficit</b> .....	408,665	89,959	-137,764	22,181	-43,083	524,763	726,550	362,700	9,796,447	609,825	588,631	21,195	3,373,180	5,813,442	-101,227
Net income .....	410,370	159,927	120,351	181,843	157,292	995,616	1,429,934	446,123	12,272,675	854,918	795,308	59,610	3,864,012	7,553,745	270,281
Deficit .....	*1,705	69,968	258,115	159,662	200,375	470,853	703,284	83,423	2,476,229	245,093	206,677	38,416	490,833	1,740,303	371,508
<b>Businesses with net income</b>															
<b>Number of returns</b> .....	8,711	14,342	37,488	15,513	19,802	325,196	169,146	42,811	733,795	38,112	33,250	4,862	215,151	480,532	12,247
<b>Business receipts, total</b> .....	4,146,711	3,419,338	1,791,420	1,206,202	1,567,216	4,767,743	13,552,333	1,352,354	26,742,402	2,171,793	2,036,945	134,848	8,592,842	15,977,767	790,408
Income from sales and operations .....	4,126,349	3,390,597	1,690,471	1,176,837	1,544,925	4,519,569	13,427,235	1,346,332	25,362,688	2,053,889	1,922,240	131,649	8,282,211	15,026,587	750,207
Other business income .....	20,362	28,741	100,949	*29,365	22,291	248,174	125,098	6,022	1,376,003	117,898	114,699	*3,199	310,631	947,475	40,201
Windfall profit tax credit or refund .....	—	—	—	—	—	—	—	—	3,711	*5	*5	—	(*)	*3,705	(*)
<b>Business deductions, total</b> .....	3,736,340	3,259,410	1,671,068	1,024,358	1,409,925	3,772,127	12,122,399	906,231	14,469,727	1,316,875	1,241,637	75,238	4,728,830	8,424,022	520,128
Cost of sales and operations, total .....	2,862,264	2,605,042	1,197,268	715,625	845,854	2,116,012	8,218,619	522,094	2,773,080	547,456	530,059	*17,397	344,612	1,881,012	32,294
Cost of labor .....	*42,978	*1,854	*2,831	*3,953	*16,101	14,523	65,749	*1,192	50,005	*40	*40	—	*11,313	38,652	*25
Inventory, beginning of year .....	423,291	373,259	483,803	113,993	429,663	151,974	1,712,809	26,910	141,239	*3,092	*3,092	—	1,342	136,805	*995
Inventory, end of year .....	463,414	412,782	505,418	155,092	456,042	117,683	2,212,743	35,330	207,305	*6,235	*6,235	—	4,219	196,851	*1,562
Bad debts from sales or services .....	5,276	*3,954	*2,705	*431	*2,767	5,445	13,018	*44	56,471	*9,132	*428	*8,704	27,200	20,138	*438
Car and truck expenses .....	14,105	9,257	50,293	15,786	6,894	296,322	242,389	79,072	1,462,897	66,052	56,786	9,266	483,753	913,092	25,550
Depreciation .....	—	—	—	*297	*125	*18	*6	9,800	1,039	907	*133	6,023	2,738	*92	
Dues and publications .....	80,207	69,745	27,487	27,278	46,774	127,784	346,222	54,750	1,064,333	65,331	61,619	3,712	353,768	645,234	53,480
Mortgage interest .....	4,239	1,418	1,688	1,481	2,064	7,057	30,232	1,332	235,173	16,944	15,872	1,072	39,304	178,925	2,521
Other interest .....	*10,136	*35,552	*42	*9,206	*27,618	5,881	38,085	*8,656	176,029	5,476	4,193	*1,283	47,705	122,847	29,198
Office expenses .....	63,315	23,483	4,768	*12,232	*25,660	26,561	109,746	13,430	461,218	107,627	97,567	10,060	139,667	213,924	31,710
Pension and profit-sharing plans .....	19,121	2,821	12,903	3,959	4,901	27,960	77,621	7,633	408,566	26,921	25,984	937	169,450	212,195	10,531
Rent of business property .....	*45	—	*8	—	*8,794	*1,760	*566	29,325	2,253	2,161	*92	7,711	19,361	*154	
Net salaries and wages .....	72,622	80,515	71,573	*8,966	148,371	63,801	342,528	10,470	553,699	37,467	35,412	2,054	296,072	220,161	23,399
Gross salaries and wages .....	278,619	115,638	24,684	*44,497	108,471	338,959	938,922	50,570	1,116,107	45,517	44,647	870	675,843	394,746	27,846
Less: Jobs credit .....	—	—	25,810	*44,497	108,879	338,959	939,745	50,570	1,118,593	45,517	44,647	870	677,101	395,975	27,850
Windfall profit tax withheld .....	—	—	*1,126	—	*408	—	*823	—	2,487	—	—	—	*1,258	*1,229	*3
Other business deductions .....	326,391	311,984	277,658	184,892	190,225	747,425	1,763,240	157,607	6,118,611	385,632	365,974	19,657	2,137,633	3,595,346	282,906
<b>Net income</b> .....	410,370	159,927	120,351	181,843	157,292	995,616	1,429,934	446,123	12,272,675	854,918	795,308	59,610	3,864,012	7,553,745	270,281

Footnotes at end of table.

Sole Proprietorship Returns/1985

Table 2.—Nonfarm Sole Proprietorship Businesses: Income Statement for Selected Industries, 1985—Continued

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

Item	Finance, insurance, and real estate—Continued				Total	Hotels and other lodging places			Services							
	Real estate—Continued					Total	Total	Motels, motor hotels, and tourist courts	Other lodging places	Total	Coin-operated laundries and dry cleaning	Other laundry, cleaning, and garment services	Photographic portrait studios	Beauty shops	Barber shops	Other personal services
	Lessors, other than buildings	Real estate agents, brokers, and managers	Subdividers and developers, except cemeteries	Other real estate												
(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	(82)	(83)	(84)	(85)	(86)	(87)		
<b>Businesses with and without net income</b>																
<b>Number of returns</b> .....	7,314	586,066	13,068	52,958	5,532,232	69,543	42,456	27,087	1,165,770	19,651	29,997	58,795	269,168	67,947	720,212	
<b>Business receipts, total</b> .....	216,988	14,078,607	1,598,567	1,544,682	157,334,406	4,383,714	3,607,090	776,624	17,397,046	1,020,954	906,163	1,281,320	5,021,511	996,397	8,170,702	
Income from sales and operations .....	201,760	13,140,082	1,491,328	1,480,751	154,066,650	4,298,421	3,569,123	729,298	17,005,193	1,020,106	879,615	1,257,905	4,950,218	994,354	7,902,996	
Other business income .....	15,228	935,290	106,763	63,924	3,262,886	85,293	387,784	47,326	387,784	*848	*26,548	*23,415	71,293	*2,043	263,637	
Windfall profit tax credit or refund .....	(*)	*3,235	*476	*8	4,870	—	—	—	*4,069	—	—	—	—	—	*4,069	
<b>Business deductions, total</b> .....	202,323	8,750,742	1,530,934	1,040,176	114,285,102	4,524,989	3,639,489	885,500	13,341,804	959,990	757,704	1,116,872	3,866,748	496,119	6,144,370	
Cost of sales and operations, total .....	10,964	1,110,600	962,155	240,953	27,411,379	629,983	516,861	113,122	2,980,126	61,231	232,428	304,141	864,738	19,249	1,498,338	
Cost of labor .....	*750	25,777	2,693	*12,097	2,935,913	49,476	8,049	41,427	678,644	*646	*73,041	*11,534	365,868	—	227,555	
Inventory, beginning of year .....	*5,394	95,904	193,789	163,705	2,005,011	31,222	26,117	5,105	238,741	*340	*11,116	*7,689	43,558	*105	175,933	
Inventory, end of year .....	4,493	158,258	186,299	164,514	2,205,245	31,505	26,980	4,524	264,585	*518	*3,713	*20,413	50,812	*105	189,023	
Bad debts from sales or services .....	*1,232	23,873	3,663	6,800	118,903	1,640	537	1,103	18,143	*191	(*)	*3,907	3,451	—	10,593	
Car and truck expenses .....	3,581	971,347	18,805	89,378	5,242,298	64,691	46,637	18,054	605,405	12,048	33,180	54,269	59,323	17,234	429,351	
Depletion .....	*305	2,620	411	416	37,671	208	*29	*178	*123	—	*2	—	*109	—	*12	
Depreciation .....	35,220	877,713	53,104	71,036	10,277,188	751,311	579,593	171,717	1,029,941	127,233	32,934	124,522	215,774	16,529	512,949	
Dues and publications .....	549	211,378	1,724	9,501	973,096	12,073	46,515	1,527	64,803	*241	*347	7,982	16,024	5,758	24,451	
Mortgage interest .....	17,115	208,945	66,451	24,631	1,624,439	376,386	305,467	70,919	179,199	28,880	*968	*21,501	48,691	*934	78,225	
Other interest .....	38,768	372,039	108,214	89,149	2,351,479	262,693	238,894	23,799	191,262	25,107	*6,336	15,784	50,748	*1,787	91,499	
Office expenses .....	1,711	223,203	5,887	23,359	2,018,297	19,981	15,796	4,184	139,058	1,966	8,209	13,822	28,838	1,903	84,319	
Pension and profit-sharing plans .....	—	20,292	927	*1,421	179,592	5,899	*5,261	*638	*3,482	—	—	—	*302	—	*3,181	
Rent of business property .....	9,748	204,027	12,994	37,720	6,765,322	70,399	46,515	23,884	1,370,608	154,711	76,922	82,012	528,237	117,043	411,684	
Net salaries and wages .....	8,019	411,539	40,301	69,462	15,392,357	436,229	374,463	61,766	1,567,954	133,561	117,929	120,307	588,826	*86,988	520,343	
Gross salaries and wages .....	8,019	413,904	40,301	69,462	15,472,102	436,916	374,575	62,341	1,595,381	133,589	117,929	120,307	615,928	*87,135	520,493	
Less: Jobs credit .....	—	*1,555	—	—	79,744	*686	*112	*574	*27,427	*28	—	—	*27,102	*148	*150	
Windfall profit tax withheld .....	*198	4,116	50	128	24,901	*20	*3	*17	*78	—	*77	—	—	—	(*)	
Other business deductions .....	74,912	4,109,049	256,248	376,222	41,868,180	1,893,476	1,498,887	394,589	5,191,621	414,820	248,370	368,624	1,461,687	228,695	2,469,425	
<b>Net income less deficit</b> .....	14,665	5,327,865	67,633	504,506	43,049,304	-141,275	-32,399	-108,875	4,055,242	60,963	148,459	164,448	1,154,762	500,277	2,026,332	
Net income .....	57,766	6,293,982	271,322	660,394	49,703,310	332,783	239,491	93,292	4,872,269	132,142	175,411	244,462	1,275,855	507,942	2,536,456	
Deficit .....	43,100	966,117	203,690	155,888	6,654,005	474,058	271,890	202,168	817,027	71,179	*26,952	80,014	121,093	*7,665	510,125	
<b>Businesses with net income</b>																
<b>Number of returns</b> .....	4,429	415,166	8,535	40,155	4,229,832	36,420	21,223	15,197	911,037	9,749	25,950	27,417	222,232	59,250	566,439	
<b>Business receipts, total</b> .....	132,930	12,516,013	1,199,520	1,338,895	138,149,758	2,206,514	1,906,636	299,878	14,531,893	702,946	676,602	991,656	4,197,779	944,586	7,018,324	
Income from sales and operations .....	129,110	11,707,427	1,150,179	1,289,664	135,421,761	2,135,394	1,877,508	257,886	14,183,692	702,503	650,054	987,240	4,132,010	942,549	6,769,335	
Other business income .....	3,820	805,358	48,865	49,231	2,723,560	71,120	29,128	41,992	344,132	*442	*26,548	*4,416	65,769	*2,037	244,919	
Windfall profit tax credit or refund .....	—	*3,229	*476	—	4,436	—	—	—	*4,069	—	—	—	—	—	*4,069	
<b>Business deductions, total</b> .....	75,165	6,222,031	928,198	678,501	88,446,448	1,873,730	1,667,145	206,586	9,659,623	570,804	501,191	747,194	2,921,924	436,644	4,481,867	
Cost of sales and operations, total .....	*8,093	956,380	712,053	172,192	22,814,100	176,280	163,868	12,412	2,461,513	*48,978	164,982	248,127	718,872	19,249	1,261,305	
Cost of labor .....	*376	25,351	*1,146	*11,754	2,653,186	*1,216	*751	*465	667,973	—	*73,013	*11,473	359,841	—	223,645	
Inventory, beginning of year .....	*1,111	66,380	67,368	*951	1,362,800	18,702	*15,989	*2,713	164,315	—	*7,217	*6,244	19,555	*105	131,194	
Inventory, end of year .....	*1,185	105,535	85,384	*3,185	1,489,253	19,071	*17,470	*1,601	167,801	—	*650	*7,149	26,654	*105	133,243	
Bad debts from sales or services .....	*9	17,335	*291	*2,066	77,004	239	192	*47	13,319	*120	(*)	*3,898	1,401	—	*7,900	
Car and truck expenses .....	2,471	798,298	14,660	72,114	4,195,389	43,015	31,791	11,223	446,116	*2,318	24,655	37,734	48,879	11,777	320,753	
Depletion .....	*269	1,977	*134	266	14,932	*145	*145	*36	—	—	*2	—	*22	—	*12	
Depreciation .....	6,066	530,009	19,941	35,738	6,399,638	295,368	269,330	26,038	603,575	44,992	18,085	75,806	159,400	15,169	290,123	
Dues and publications .....	415	168,513	656	6,820	808,160	7,465	7,299	166	51,909	—	*327	6,472	13,842	5,438	25,829	
Mortgage interest .....	*2,220	58,154	26,762	6,512	993,205	155,118	144,320	*10,797	131,467	*18,031	*968	*20,326	45,736	*934	45,473	
Other interest .....	5,038	127,534	28,889	20,754	1,393,076	93,246	92,249	997	123,996	*7,675	*322	*8,669	40,899	*1,782	64,650	
Office expenses .....	1,492	179,464	2,834	17,874	1,679,163	10,142	9,403	739	92,585	*1,423	6,673	8,667	22,374	1,698	51,750	
Pension and profit-sharing plans .....	—	17,620	*177	*1,410	168,583	*186	*33	*153	*1,313	—	—	—	*302	—	*1,011	
Rent on business property .....	*9,335	161,216	2,908	23,302	5,421,168	23,948	11,474	12,474	990,061	90,037	49,968	45,281	386,852	113,528	304,394	
Net salaries and wages .....	4,360	289,763	17,533	55,244	12,737,621	172,863	164,013	8,850	1,029,262	102,464	39,381	*30,996	441,777	*66,224	348,421	
Gross salaries and wages .....	4,360	290,989	17,533	55,244	12,816,488	172,863	164,013	8,850	1,056,690	102,492	39,381	*30,996	468,879	*66,372	348,571	
Less: Jobs credit .....	—	*1,226	—	—	78,868	—	—	—	*27,427	*28	—	—	*27,102	*148	*150	
Windfall profit tax withheld .....	*198	4,094	*2	*3	11,368	(*)	—	(*)	(*)	—	(*)	—	—	—	(*)	
Other business deductions .....	35,199	2,911,674	101,359	264,208	31,733,043	895,716	773,171	122,545	3,714,471	254,765	195,828	261,219	1,041,568	200,844	1,760,248	
<b>Net income</b> .....	57,766	6,293,982	271,322	660,394	49,703,310	332,783	239,491	93,292	4,872,269	132,142	175,411	244,462	1,275,855	507,942	2,536,456	

Footnotes at end of table.

**Table 2.—Nonfarm Sole Proprietorship Businesses: Income Statement for Selected Industries, 1985—Continued**

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

Item	Services—Continued												
	Business services					Automobile repair and services					Miscellaneous repair services	Amusement and recreation services, including motion pictures	
	Total	Advertising	Services to buildings	Management and public relations	Other business services	Total	Automobile repair shops			Automobile parking and other services		Total	Producers, orchestras, and entertainers
							Total	General automobile repair shops	Other automobile repair				
(88)	(89)	(90)	(91)	(92)	(93)	(94)	(95)	(96)	(97)	(98)	(99)	(100)	
<b>Businesses with and without net income</b>													
<b>Number of returns</b> .....	1,688,022	60,597	224,655	401,641	1,001,129	319,530	255,451	154,011	101,440	64,079	236,577	449,852	201,453
<b>Business receipts, total</b> .....	37,954,790	2,074,341	3,777,643	9,195,863	22,906,943	16,990,100	13,356,246	7,544,546	5,811,700	3,633,854	6,511,839	8,422,384	2,202,265
Income from sales and operations .....	37,081,006	2,040,891	3,678,869	8,794,618	22,566,628	16,724,234	13,212,414	7,410,862	5,801,550	3,511,822	6,463,675	8,182,191	2,119,168
Other business income .....	873,490	33,540	98,774	400,961	340,306	265,866	143,832	133,684	10,150	122,033	48,164	239,829	82,769
Windfall profit tax credit or refund .....	294	—	—	284	*10	*(1)	—	—	—	*(1)	—	364	*327
<b>Business deductions, total</b> .....	27,289,524	1,490,790	2,781,080	5,108,714	17,908,941	15,497,064	11,901,102	6,755,896	5,145,206	3,595,962	5,414,926	8,054,174	1,749,411
Cost of sales and operations, total .....	7,144,159	560,874	699,557	493,698	5,390,031	7,565,476	6,403,210	3,807,466	2,595,744	1,162,266	2,607,405	1,406,177	121,252
Cost of labor .....	670,780	*27,109	372,614	51,089	219,968	670,768	601,096	365,575	235,522	69,672	165,603	83,555	24,224
Inventory, beginning of year .....	444,317	*2,703	*3,798	18,369	419,447	471,011	391,888	289,254	102,634	79,123	418,346	102,556	4,244
Inventory, end of year .....	471,016	*2,689	15,117	20,870	432,340	509,935	413,565	266,193	147,371	96,370	406,253	152,816	4,583
Bad debts from sales or services .....	25,317	*822	*934	13,934	9,626	22,153	21,447	14,526	6,921	706	*17,137	2,138	*538
Car and truck expenses .....	1,777,828	86,327	251,921	396,680	1,042,900	521,532	384,455	217,360	167,095	137,077	325,385	336,897	170,556
Depletion .....	30,199	*64	—	26,194	3,941	*25	—	—	—	—	*25	2,889	*172
Depreciation .....	2,877,779	111,920	175,102	539,238	2,051,519	1,096,846	516,859	262,354	254,505	579,987	322,699	1,075,472	233,255
Dues and publications .....	178,998	12,132	3,954	70,344	92,568	20,228	16,284	9,840	6,444	3,944	11,810	57,470	18,024
Mortgage interest .....	188,460	*17,800	8,242	54,119	108,299	136,195	63,352	28,027	35,324	72,843	36,627	154,002	14,542
Other interest .....	660,593	11,182	53,919	164,870	430,622	263,744	129,637	68,593	61,044	134,108	65,138	129,904	26,560
Office expenses .....	433,692	19,858	13,101	133,515	89,026	77,188	45,152	32,036	11,838	53,747	57,012	19,403	436
Pension and profit-sharing plans .....	45,364	*1,213	*129	36,657	7,366	*16,634	*16,610	*326	*16,284	*24	*894	651	73,521
Rent of business property .....	915,197	30,255	46,826	237,567	600,548	687,073	555,642	266,489	289,154	131,431	171,482	450,044	70,795
Net salaries and wages .....	3,129,872	52,719	618,563	583,301	1,875,289	1,782,945	1,466,149	804,777	661,373	316,795	493,783	713,566	70,796
Gross salaries and wages .....	3,135,972	52,722	622,314	585,646	1,875,289	1,782,945	1,466,149	804,777	661,373	316,795	493,783	721,232	*2
Less: Jobs credit .....	6,100	*3	*3,751	*2,345	—	—	—	—	—	—	—	*7,666	*50
Windfall profit tax withheld .....	1,025	*3	—	271	752	*13,025	—	—	—	—	*13,025	*63	7,771
Other business deductions .....	9,881,041	585,621	908,832	2,358,328	6,028,261	3,282,163	2,250,269	1,230,986	1,019,283	1,031,894	1,308,722	3,660,181	1,000,308
<b>Net income less deficit</b> .....	10,665,266	583,551	996,563	4,087,149	4,998,003	1,493,036	1,455,144	788,650	666,494	37,892	1,096,913	368,209	452,853
Net income .....	12,698,086	636,640	1,081,386	4,622,633	6,357,427	2,042,702	1,732,955	977,927	755,028	309,747	1,234,076	1,773,122	751,179
Deficit .....	2,032,821	53,089	84,823	535,484	1,359,425	549,666	277,811	189,277	88,534	271,855	137,163	1,404,912	298,325
<b>Businesses with net income</b>													
<b>Number of returns</b> .....	1,295,311	52,422	199,489	311,232	732,168	231,642	197,700	116,451	81,249	33,942	169,870	255,294	130,585
<b>Business receipts, total</b> .....	32,585,236	1,956,211	3,365,033	8,519,760	18,744,232	14,306,373	12,379,189	6,911,666	5,467,523	1,927,183	6,084,423	6,652,312	1,741,282
Income from sales and operations .....	32,009,052	1,929,682	3,341,194	8,295,978	18,442,198	14,043,987	12,235,834	6,778,017	5,457,817	1,808,153	6,038,841	6,507,071	1,664,248
Other business income .....	575,902	26,530	23,839	223,500	302,034	262,386	143,355	133,650	9,706	119,031	45,581	145,241	77,034
Windfall profit tax credit or refund .....	282	—	—	282	*(1)	—	—	—	—	—	—	*(1)	—
<b>Business deductions, total</b> .....	19,887,150	1,319,572	2,283,646	3,897,127	12,386,805	12,263,670	10,646,234	5,933,739	4,712,495	1,617,436	4,850,346	4,879,191	990,103
Cost of sales and operations, total .....	5,716,235	505,075	624,630	454,970	4,131,560	6,490,190	5,835,028	3,371,003	2,464,025	655,162	2,413,040	1,128,850	97,438
Cost of labor .....	624,860	*22,229	369,027	47,834	185,771	536,196	484,330	259,141	225,189	*51,866	158,591	68,479	19,909
Inventory, beginning of year .....	153,524	*2,665	*3,798	14,449	132,612	371,939	339,313	222,437	76,876	32,626	357,977	54,959	3,528
Inventory, end of year .....	174,482	*2,650	*4,177	19,457	148,197	404,609	362,562	243,126	119,436	42,046	343,079	98,093	4,065
Bad debts from sales or services .....	10,682	*435	*934	3,947	5,366	19,865	19,795	*13,722	*6,073	*70	*16,095	1,707	*538
Car and truck expenses .....	1,405,107	78,624	219,961	311,959	794,563	414,763	314,765	193,443	121,322	99,998	275,108	205,731	104,997
Depletion .....	10,307	*16	—	7,637	2,655	—	—	—	—	—	*35	337	*106
Depreciation .....	1,583,412	84,324	113,805	354,320	1,030,962	589,520	427,496	218,376	209,120	162,024	250,760	490,090	104,961
Dues and publications .....	134,133	11,617	2,507	53,788	66,221	14,909	13,569	7,276	6,294	1,340	10,137	24,050	8,193
Mortgage interest .....	98,976	*4,508	*4,123	31,948	58,396	70,997	60,533	26,025	*34,508	10,464	30,569	89,513	4,655
Other interest .....	315,409	27,652	215,786	127,210	371,939	100,402	54,923	45,478	36,809	56,238	63,337	15,641	10,331
Office expenses .....	331,284	15,553	108,366	196,245	68,642	64,581	39,706	24,875	4,061	46,293	29,759	58,093	406
Pension and profit-sharing plans .....	45,082	*1,213	*129	36,616	7,125	*16,287	*16,284	—	*16,284	*3	*894	587	406
Rent on business property .....	668,990	25,755	38,628	165,417	439,190	522,469	448,550	187,180	261,370	73,919	137,342	273,027	39,404
Net salaries and wages .....	2,356,600	51,553	550,237	526,919	1,227,891	1,568,080	1,437,856	790,276	647,581	130,223	461,384	588,449	51,649
Gross salaries and wages .....	2,362,627	51,556	553,989	529,192	1,227,891	1,568,080	1,437,856	790,276	647,581	130,223	461,384	596,099	51,651
Less: Jobs credit .....	6,027	*2	*3,751	*2,273	—	—	—	—	—	—	—	*7,650	*2
Windfall profit tax withheld .....	693	*2	—	223	467	—	—	—	—	—	*63	7,700	*13
Other business deductions .....	7,210,240	530,134	689,922	1,779,808	4,210,376	2,350,739	1,907,377	1,031,811	875,566	443,362	1,152,387	1,976,055	551,769
<b>Net income</b> .....	12,698,086	636,640	1,081,386	4,622,633	6,357,427	2,042,702	1,732,955	977,927	755,028	309,747	1,234,076	1,773,122	751,179

Footnotes at end of table.

Table 2.—Nonfarm Sole Proprietorship Businesses: Income Statement for Selected Industries, 1985—Continued

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

Item	Services—Continued														Nature of business not allocable
	Amusement and recreation services, including motion pictures—Continued			Medical and health services				Legal services	Educational services	Engineering and architectural services	Accounting, auditing, and bookkeeping services			Other services	
	Professional sports clubs and promoters	Racing, including track operation	Other amusement and recreation services	Total	Offices of physicians	Offices of dentists	Other medical and health services				Total	Certified public accountants	Other accounting, auditing, and bookkeeping services		
(101)	(102)	(103)	(104)	(105)	(106)	(107)	(108)	(109)	(110)	(111)	(112)	(113)	(114)	(115)	
<b>Businesses with and without net income</b>															
Number of returns	3,667	60,000	184,732	540,331	184,754	83,657	271,920	233,187	174,011	143,117	223,759	15,232	208,527	288,533	272,116
Business receipts, total	100,553	1,006,809	5,112,757	36,066,332	15,862,499	9,683,746	10,520,087	13,534,618	1,320,084	3,803,349	4,186,364	690,102	3,496,261	6,763,786	7,836,861
Income from sales and operations	98,478	915,718	5,048,826	35,306,889	15,497,802	9,533,009	10,276,079	13,215,116	1,291,478	3,742,615	4,100,272	656,545	3,443,726	6,655,562	7,330,440
Other business income	2,075	91,076	63,910	759,383	364,695	150,713	319,996	319,996	28,606	60,729	86,090	33,557	52,533	108,153	506,239
Windfall profit tax credit or refund	—	*16	*22	*60	*2	*24	*33	*6	—	*5	*2	—	*2	*71	*183
Business deductions, total	52,448	1,400,371	4,851,944	21,225,388	7,668,881	6,422,513	7,133,995	7,707,298	977,314	2,355,961	2,712,809	438,783	2,274,026	5,183,850	6,433,026
Cost of sales and operations, total	*285	101,005	1,183,635	2,102,138	216,606	873,493	1,012,039	396,482	161,662	470,413	168,926	*45,785	123,141	1,778,431	2,866,625
Cost of labor	—	*10,673	48,657	259,707	10,325	129,592	119,790	22,792	*4,916	176,589	58,565	*24,304	*34,261	94,518	133,035
Inventory, beginning of year	—	*5,784	92,528	154,440	2,741	*1,032	150,668	2,904	*15,411	13,331	*392	—	*392	112,338	208,631
Inventory, end of year	—	*9,089	139,145	164,923	11,622	*2,088	151,213	3,446	16,297	25,960	*11,513	*10,139	*1,373	146,996	192,286
Bad debts from sales or services	*205	*319	1,076	8,419	1,671	336	6,412	3,231	*9,287	*1,856	*3,579	*1,603	*1,976	6,004	15,586
Car and truck expenses	3,628	33,575	129,137	567,981	240,920	77,747	249,314	357,346	70,589	163,653	169,710	22,568	147,142	281,280	384,192
Depreciation	*41	2,553	*123	2,221	2,136	*62	*24	1,015	*60	800	*84	*24	*60	*12	*800
Dues and publications	1,149	239,732	601,336	1,554,677	641,454	459,198	454,025	617,405	100,969	204,728	317,498	35,309	282,190	327,864	301,587
Mortgage interest	*168	3,551	135,741	314,105	77,634	107,850	128,620	119,453	6,681	33,230	51,604	*11,582	40,022	28,498	26,185
Other interest	*740	28,795	73,809	435,280	152,866	133,881	148,533	111,048	25,550	26,414	112,552	9,444	103,108	67,300	59,462
Office expenses	516	3,884	33,209	610,071	274,527	175,316	160,229	310,583	17,589	82,604	108,021	17,689	90,332	96,911	63,831
Pension and profit-sharing plans	*30	*34	*151	68,665	35,319	23,848	9,498	29,399	*1,176	2,394	*2,344	*576	*1,769	2,689	4,061
Rent on business property	5,815	38,848	331,860	1,722,174	666,921	470,420	584,833	747,011	57,403	128,467	255,060	50,396	204,664	190,403	296,921
Net salaries and wages	*5,710	57,232	579,829	4,587,765	1,542,276	1,696,634	1,348,855	1,482,155	96,114	257,024	481,678	123,433	358,244	363,273	401,562
Gross salaries and wages	*5,710	64,894	579,831	4,612,065	1,543,945	1,710,484	1,357,636	1,486,234	105,597	257,024	481,681	123,433	358,247	363,273	403,312
Less: Jobs credit	—	*7,662	*2	24,300	*1,669	*13,850	8,781	4,078	*9,483	—	*3	—	*3	—	*1,750
Windfall profit tax withheld	(*)	7,701	*20	1,511	55	(*)	*1,456	1,296	*54	*58	—	—	—	(*)	20
Other business deductions	32,974	866,721	1,760,178	8,923,304	3,635,168	2,336,747	2,951,389	3,369,111	414,833	957,832	982,933	110,593	872,340	2,002,962	1,986,545
Net income less deficit	48,104	-393,562	260,813	14,840,944	8,193,618	3,261,233	3,386,092	5,827,321	342,770	1,447,388	1,473,554	251,319	1,222,236	1,579,936	1,403,836
Net income	52,766	194,166	775,011	15,197,110	8,340,994	3,308,586	3,547,530	6,019,625	463,156	1,585,862	1,609,648	252,063	1,357,585	1,874,871	1,810,401
Deficit	4,661	587,728	154,198	356,166	147,376	47,352	161,437	192,304	120,386	138,474	136,094	*744	135,350	294,935	406,565
<b>Businesses with net income</b>															
Number of returns	2,445	14,053	108,211	483,304	164,212	77,444	241,646	197,727	124,555	113,805	189,026	14,030	174,996	221,841	194,750
Business receipts, total	96,897	610,768	4,203,365	34,292,692	15,278,200	9,370,831	9,643,661	13,248,676	998,621	3,437,413	3,743,215	690,059	3,053,156	6,062,389	6,203,839
Income from sales and operations	95,021	585,605	4,162,197	33,591,246	14,949,310	9,234,438	9,407,498	12,937,549	976,209	3,380,031	3,661,180	656,510	3,004,671	5,957,511	5,898,943
Other business income	*1,876	25,163	41,169	701,387	328,888	136,369	236,130	311,121	22,412	57,378	82,033	33,550	48,884	104,866	304,776
Windfall profit tax credit or refund	—	(*)	*60	*24	*2	*24	*33	*6	—	*5	*2	—	*2	*12	*120
Business deductions, total	44,131	416,602	3,428,354	19,095,583	6,937,206	6,062,245	6,096,131	7,229,052	535,465	1,851,552	2,133,567	437,996	1,695,571	4,187,518	4,393,439
Cost of sales and operations, total	*6	*48,723	982,683	1,791,242	212,820	836,137	742,285	393,381	141,407	442,747	138,351	*45,780	92,571	1,520,864	2,145,028
Cost of labor	—	*5,596	42,974	253,492	10,230	129,592	113,669	22,732	*4,915	168,581	*51,850	*24,304	*27,546	94,303	87,644
Inventory, beginning of year	—	*1,328	50,103	137,423	2,741	*1,028	133,654	2,904	*7,416	10,806	*201	—	*201	82,634	151,936
Inventory, end of year	—	*5,256	88,772	142,606	11,602	*2,020	128,984	3,446	*2,833	13,026	*11,513	*10,139	*1,373	108,696	130,907
Bad debts from sales or services	*183	*111	*874	7,778	1,056	336	6,386	3,210	*33	*847	*2,486	*950	*1,536	743	*663
Car and truck expenses	3,595	13,761	83,377	519,112	222,938	69,040	227,134	325,675	41,468	130,722	145,151	22,564	122,586	243,423	206,813
Depreciation	*41	*82	*108	2,202	2,130	*58	*14	957	*60	758	*84	*24	*60	*10	*707
Dues and publications	425	35,230	349,474	1,374,073	584,522	401,834	387,718	548,814	44,468	136,322	235,961	35,301	200,660	247,275	200,096
Mortgage interest	*7	*128	84,723	221,260	68,446	59,404	93,410	115,330	*2,928	30,179	24,292	*11,582	12,710	22,577	9,473
Other interest	*403	5,037	42,255	378,738	133,046	110,006	135,686	88,750	*2,610	20,334	75,074	9,441	65,633	38,132	32,768
Office expenses	*486	2,585	16,357	566,540	255,200	160,603	150,737	292,441	10,342	57,805	91,671	17,647	74,024	81,658	51,006
Pension and profit-sharing plans	*30	—	*151	67,862	34,572	23,848	9,443	29,333	*22	1,983	*2,344	*576	*2,689	4,016	
Rent on business property	*5,581	22,232	205,809	1,600,800	623,372	442,373	535,054	702,025	37,463	93,348	218,661	50,387	168,274	153,033	192,999
Net salaries and wages	*5,345	23,292	508,163	4,156,321	1,446,535	1,634,755	1,075,031	1,460,056	29,011	198,957	431,661	123,426	308,235	284,976	252,713
Gross salaries and wages	*5,345	30,937	508,165	4,180,520	1,448,203	1,648,605	1,083,711	1,464,134	38,494	198,957	431,664	123,426	308,238	284,976	254,463
Less: Jobs credit	—	*7,646	*2	24,199	*1,669	*13,850	8,680	4,078	*9,483	—	*3	—	*3	—	*1,750
Windfall profit tax withheld	(*)	*7,686	(*)	1,507	51	(*)	*1,456	1,296	*54	*55	—	—	—	—	*15
Other business deductions	27,365	252,367	1,144,554	8,106,123	3,186,127	2,258,655	2,661,340	3,116,506	217,281	716,354	714,628	110,567	604,061	1,562,545	1,279,198
Net income	52,766	194,166	775,011	15,197,110	8,340,994	3,308,586	3,547,530	6,019,625	463,156	1,585,862	1,609,648	252,063	1,357,585	1,874,871	1,810,401

\* This estimate should be used with caution because of the small number of sample returns on which it was based.

(\*) Less than \$500.

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

# Partnership Returns, 1985

By Alan Zempel\*

Partnerships generated losses of \$ 8.9 billion for 1985, which is the largest loss ever reported in this series which dates back to 1957 [1,2]. This also is a continuation of losses that have dominated these businesses since 1981. The biggest losers were real estate partnerships (primarily operators and lessors of buildings), which reported a loss approaching \$30.0 billion. The oil and gas extraction industry, which until 1984 had reported losses for almost a decade, had positive income of over \$2 billion in 1985.

## DATA HIGHLIGHTS

The number of returns filed by active partnerships for 1985 rose to more than 1.7 million [3]. This was a 4.3 percent increase over the number filed for 1984. The increase was in line with those experienced for other recent years. The reported loss (or deficit) of \$8.9 billion, was almost \$5.4 billion more than the loss posted for 1984.

Figure A shows, by industrial division, a comparison of the number of partnerships and the net income (less deficit) for 1984 and 1985. Once again for 1985, partnerships operating in the finance, insurance and real estate industry dwarfed those for all other industrial groups. This division accounted for more than 843 thousand partnerships, nearly half of all partnerships. Within this division, one industry, operators and lessors of buildings, accounted for more than 582 thousand returns, which was more than a third of all partnership returns.

The net income (less deficit) in finance, insurance and real estate once again dominated the statistics for 1985. The \$19 billion net loss for this industrial division for 1984 grew by nearly \$7 billion to almost \$26 billion for 1985. Partnerships in the services division, on the other hand, showed almost \$17 billion in net income (less deficit). This was the largest amount of profit reported for any industrial division. Within this division, the largest profit amount was reported by partnerships operating as legal services (\$11 billion). Other service industries showing significant amounts of net income were medical and health services (\$4 billion) and accounting, auditing, and bookkeeping services (\$3 billion).

For only the second time in recent years, partnerships in mining had an overall positive net income. Before 1984, partnerships in this industrial division had not reported positive net income since 1968 [4]. The positive income probably resulted from the depressed prices in this industry which have discouraged investment in new properties, thereby reducing the large start-up expenses that are usually required to bring properties into production. For most of the other divisions, there were very few changes from one year to the next.

Figure B shows partnership income and loss, separately, by industrial division for 1985. Finance, insurance, and real estate shows the largest amount of net income (\$30 billion), while services is a close second (\$26 billion). Together, these divisions accounted for 73 percent of net income of all partnerships.

**Figure A.—Number of Partnerships and Net Income Less Deficit, by Industrial Division, 1984 and 1985**

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

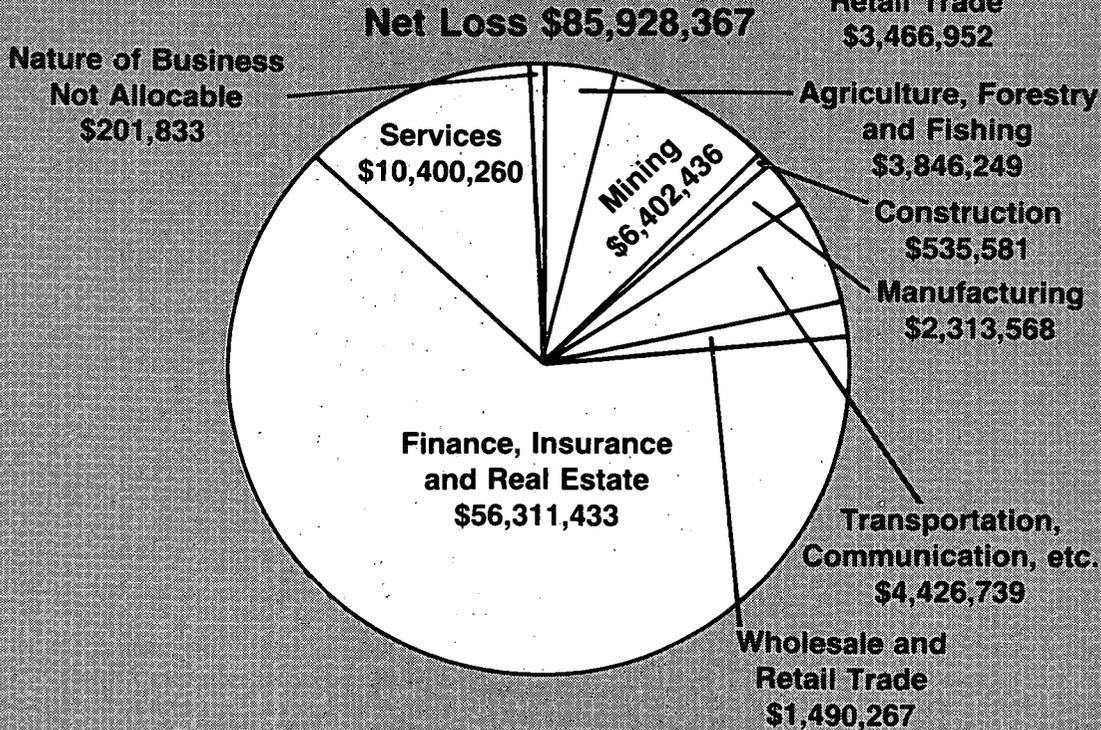
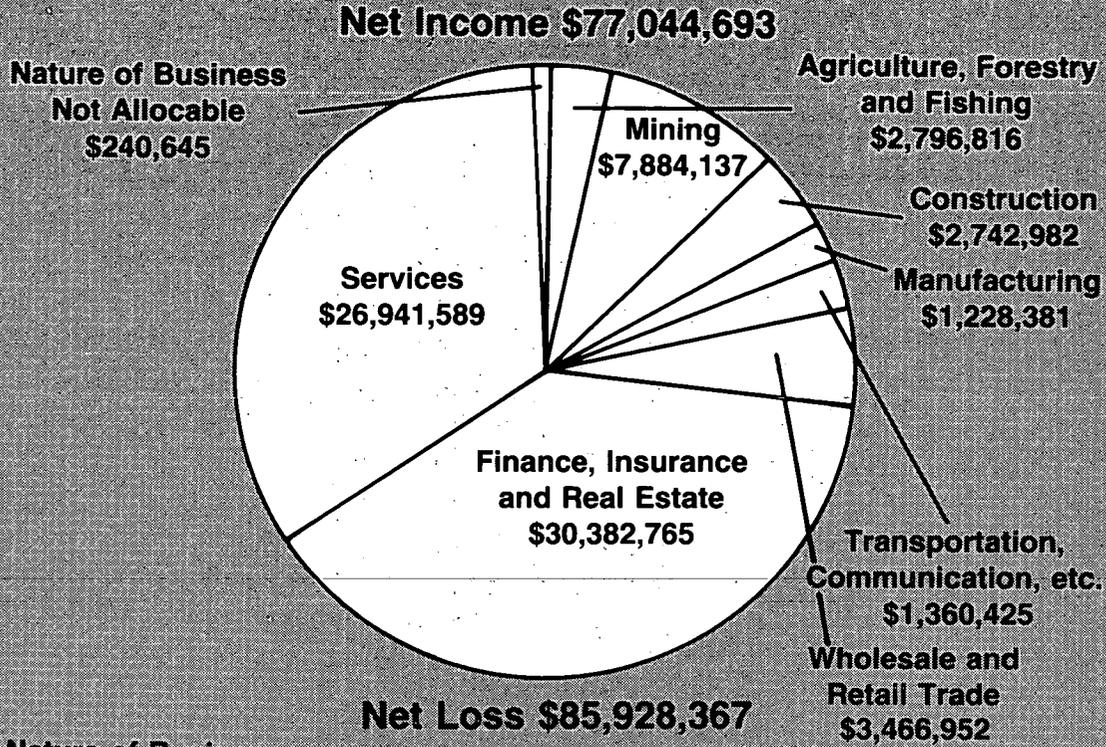
Industrial division	Number of partnerships				Net income less deficit		
	1984	1985	Change		1984	1985	Change
			Number	Percentage			
All industries <sup>1</sup>	1,643,581	1,713,603	70,022	4.3%	\$ - 3,500,024	\$ - 8,883,674	\$ - 5,383,650
Agriculture, forestry, and fishing	136,306	135,909	- 3,397	- 2.4	- 749,030	- 1,049,434	- 300,404
Mining	56,548	62,363	5,815	10.2	69,112	1,481,701	1,412,589
Construction	64,607	56,665	- 7,942	- 12.3	2,193,322	2,207,401	14,079
Manufacturing	29,606	29,980	374	1.3	- 1,100,943	- 1,085,187	15,756
Transportation and public utilities	20,578	24,970	4,392	21.3	- 2,007,032	- 3,066,313	- 1,059,281
Wholesale and retail trade	184,841	200,532	15,691	8.5	1,666,476	1,976,685	310,209
Finance, insurance, and real estate	790,902	843,867	52,965	6.7	- 19,243,718	- 25,928,669	- 6,684,951
Services	331,103	341,295	10,192	3.1	15,583,256	16,541,329	958,073

<sup>1</sup> Includes Nature of business not allocable, which is not shown separately.

Figure B.

**Net Income and Net Loss, By Industrial Division — 1985**

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



The overall net loss of partnerships is dominated by the finance, insurance, and real estate industrial division. The net loss of this division (\$56 billion) accounts for over 65 percent of total partnership losses (\$85 billion). Within this division, losses incurred by operators and lessors of buildings totalled more than \$43 billion, which was more than 50 percent of all partnership losses. Only about 41 percent of the returns in this industry had positive net income, amounting to slightly more than \$17 billion.

The services division shows a loss of \$10 billion, which is the second largest among the industrial divisions. However, this loss is more than offset by the nearly \$27 billion in net income, which results in a net income (less deficit) of almost \$17 billion.

### Impact of Tax Shelters on Partnership Data

The Tax Reform Act of 1986 will have a profound impact on the activities of partnerships established for tax shelter purposes. However, the data presented in this article are for a year prior to the enactment of this major piece of legislation.

Prior to the 1986 Act, tax shelter activity had a major impact on profits reported by partnerships. Tax shelters provide investors with a means of realizing an economic profit, while minimizing the taxable income they must report on their tax returns [5]. Partnerships were an effective vehicle for accomplishing these goals, because partners' investment resources can be pooled for a particular activity, and business income (or losses) can be passed through to the partners. Partnership income is not taxed directly [6].

A tax shelter created a mismatching of income and deductions to create tax losses and, at least in the past, converted ordinary income (which is fully taxed) into tax-favored capital gains income [7]. For example, oil and gas partnerships initially produced deductions (and resulting losses) mainly through the expensing of dry hole and intangible drilling costs; only later (if at all) did the oil or gas production result in income. In addition, once wells became productive, they were often sold by the partnership, and the resulting profit received favorable long-term capital gains treatment.

Two of the most common means by which a tax shelter, partnership generated deductions (and thereby losses) were through borrowing, which created a deduction for interest paid, and through acquiring property, for which a deduction for accelerated depreciation could be taken. Because real estate is usually acquired by means of a mortgage and buildings are entitled to accelerated depreciation deductions, this industry was well-suited to generating these deductions. When property was held for more than a year, there was a further tax advantage because any gain

on the sale of that property was a long-term capital gain which was effectively taxed at lower rates.

There were other reasons why real estate tax shelters were attractive to investors. One reason was that real estate activities were exempt from the "at risk" rules. These rules limited the amount of losses most investors could deduct to the amount the investors had "at risk" in the activity [8]. For partnerships in general, the "at risk" amount was equal to the amount of cash or value of property contributed to the partnership by the partner, plus any amounts borrowed by the partnership for which the partner was personally liable.

Exemption of real estate from the "at risk" rules made this industry particularly attractive since the partner could be entitled to deduct losses far in excess of actual investment in the activity. In fact, losses deducted for the first year of operation could be 10 (or more) times the size of investment required to become a partner. A high ratio of losses-deducted-to-investment could subject the activity to scrutiny by the Internal Revenue Service to determine if it was "economically viable." If it was not, the losses were disallowed.

Figure C shows the impact of limited partnerships on the overall data, limited partnerships being those in which the liability of some of the partners was limited to the amount of their investment. General partners are liable for all of the obligations of the partnership. Although there is no limit on the number of limited partners, a partnership must have at least one general partner. While partnership losses had consistently been in the \$3 billion to \$8 billion range in the 1981-85 period, the distribution between limited and general partnerships shows significantly different circumstances. For limited partnerships, losses exceeded \$15 billion in each year starting with 1981, while for general partnerships, the amount of income was at least \$10 billion each year. Losses for limited partnerships for 1985 exceeded \$26 billion. Income for general partnerships was slightly more than \$18 billion. Since the limited partnership form of organization was the most attractive to a potential tax shelter investor, the overall magnitude of the losses attributable to limited partnerships may have been indicative of tax shelter losses.

**Figure C.—Net Income (Less Deficit) By Type of Partnership, Income Years 1981-1985**

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

Income Year	Total	Limited partnerships	General partnerships
1981 .....	\$ -2.7	\$ -15.7	\$13.0
1982 .....	-7.3	-17.5	10.2
1983 .....	-2.6	-18.7	16.1
1984 .....	-3.5	-22.6	19.1
1985 .....	-8.9	-26.9	18.0

Note: Data for 1981-83 published in Dworin [4].

Net income (less deficit) for limited partnerships is shown by industrial division for 1985 in Figure D. Although only about 16 percent of all partnerships were limited partner-

ships — even in finance, insurance, and real estate only slightly more than 23 percent were limited partnerships — these partnerships accounted for virtually all partnership losses. Within this industrial division, one industry group, real estate, accounted for \$23.6 billion in partnership losses. Operators and lessors of buildings within the real estate industry showed a \$21.5 billion loss.

**Figure D.—Net Income (Less Deficit) by Type of Partnership and Industrial Division, 1985**

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

Industrial division	Total	Limited partnerships	General partnerships
All industries	\$-8,883.7	\$-26,893.3	\$18,009.6
Agriculture, forestry, and fishing	-1,049.4	-881.2	-168.3
Mining	1,481.7	1,310.0	171.7
Construction	2,207.4	31.7	2,175.7
Manufacturing	-1,085.2	-245.4	-839.8
Transportation and public utilities	-3,066.3	-1,134.8	-1,931.5
Wholesale and retail trade	1,976.7	177.9	1,798.8
Finance, insurance, and real estate	-25,928.7	-22,961.0	-2,967.7
Services	16,541.3	-3,159.1	19,700.4

Note: Detail may not add to total because of rounding and exclusion of returns with nature of business not allocable.

The impact of real estate tax shelters in producing losses is clearly shown in the statistics: For 1985, all partnerships in the real estate industry produced an overall net loss of \$29.8 billion. Of this, \$26.2 billion was reported by partnerships that were operators or lessors of buildings. Over 59 percent of the partnerships in this industry reported a loss, while only 42 percent of the partnerships outside the real estate industry realized overall losses.

## SUMMARY

As was the case for 1981 through 1984, partnerships reported an overall net loss for 1985. Losses climbed to \$8.8 billion for 1985, up from \$3.5 billion for 1984. The dominant industry in the statistics, operators and lessors of buildings, accounted for almost 34 percent of the total number of partnerships and almost 50 percent of the assets reported by all partnerships.

## DATA SOURCES AND LIMITATIONS

### Sample Selection

Tax Year 1985 statistics were estimated from a probability sample stratified by combinations of receipts, total assets, net income (or deficit) and industry. More than 33,000 returns were selected from a total population of about 1.7 million returns filed during Calendar Year 1986. All partnerships engaging in business or having income from sources within the United States were required to file Form 1065, Partnership Return of Income, to report the income or loss, deductions, credits, and other tax-related items generated by the partnership. Strata sample rates ranged from 0.1 percent to 100 percent.

### Data Limitations

Because the data presented in this article are based on a sample of returns, they are subject to sampling error. To insure proper use of the estimates, the magnitude of the sampling error should be known.

Figure E presents approximate coefficients of variation (CV's) for frequency estimates. The approximate CV's shown here are intended only as a general indication of data reliability and are not applicable to money amounts. For numbers of partnerships other than those shown, the corresponding CV's can be estimated by interpolation.

**Figure E.—Approximated Coefficient of Variation**

Estimated Number of Returns	Approximated Coefficient of Variation
4,000	0.50
8,000	0.35
25,000	0.20
98,000	0.10
390,000	0.05
1,100,000	0.03

The reliability of estimates based on samples and the use of CV's for evaluating the precision of sample estimates are discussed in the general Appendix to this publication.

Data reported for deductions in the Table 1 are understated in both the farming industry and operators and lessors of buildings in the real estate industries. This understatement results from the requirement to report only the net farm profit, or loss and net rental income, or loss in the income statement shown on the partnership (Form 1065) return. Details for the specific deductions applicable to these two activities are reported on supplemental schedules that were not used for this study. To the extent that amounts are shown for the detailed deduction items for these two industries in Table 1, they are from business activities other than the primary business activity of farming and real estate.

Thus, the depreciation amount shown in Table 1 differs from that in Table 2 to the extent that not all depreciation is reflected in the depreciation deduction reported on the Form 1065, Partnership Return of Income, mostly for two reasons. Depreciation for partnerships engaged in farming is reported on a separate schedule and only net farm profit or loss is entered on the income statement of the partnership income form. Likewise, for partnerships in real estate, the detail of deductions against gross rents was reported in a separate schedule.

Hypothetically, the depreciation reported on the Form 4562, the depreciation computation form, should be the upper limit of depreciation available to be used as a deduction, since it is supposed to include all depreciation claimed. However, as Figure F shows, for some industrial divisions

the Form 4562 depreciation deduction is less than the depreciation deduction. Although in most cases the understatement is small, in one case the sum of the depreciation deduction exceeds the amount computed by 29 percent.

This was probably caused by partnerships which failed to file a depreciation computation form to support the amount claimed as a deduction.

**Figure F.—Reconciliation of Depreciation Reported on the Partnership Form 1065 and Attached Schedules with Depreciation Reported on the Form 4562, by Industrial Division, 1985.**

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

Industrial Division	Source of Depreciation Components				Depreciation Reported on Form 4562	Depreciation Components as a Percent of Depreciation Reported on Form 4562
	Form 1065	Farm Depreciation (Schedule F)	Real Estate Expense Schedule	Total of Depreciation Components Claimed as a Deduction		
All industries	\$22,575,913	\$2,208,159	\$27,072,531	\$51,856,603	\$53,650,790	97%
Agriculture, forestry and fishing	486,141	2,146,320	62,312	2,694,773	2,652,655	102
Mining	3,314,882	3,509	34,679	3,353,070	3,774,129	89
Construction	427,186	39	47,236	474,461	536,547	88
Manufacturing	934,692	2,547	24,001	961,240	1,745,660	55
Transportation and public utilities	2,631,234	—	124,370	2,755,604	2,865,803	96
Wholesale and retail trade	1,130,463	5,403	58,751	1,194,617	1,172,399	102
Finance, insurance and real estate	5,961,683	47,101	24,428,777	30,437,561	30,258,504	101
Services	7,565,877	3,056	2,287,192	9,856,125	10,544,359	93
Nature of business not allocable	123,755	185	5,213	129,153	100,734	128

## NOTES AND REFERENCES

- [1] Zempel, Alan, "Partnership Returns, 1984," *Statistics of Income Bulletin*, Summer 1986, Volume 6, Number 1, and Piet, Patrick, "Partnership Returns, 1983," *Statistics of Income Bulletin*, Summer 1985, Volume 5, Number 1.
- [2] U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income, 1978–82, *Partnership Returns*, June 1985.
- [3] The statistics include data only for active partnerships, which are defined as those that reported any items of income or deductions. Thus, a partnership reporting assets but no income and deductions is not included.
- [4] More detailed analyses of trends in this industry are available in recently published articles such as [1] above and Dworin, Lowell, "An Analysis of Partnership Activity, 1981–83," *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4. The latter article also contains a detailed discussion of the nature of reporting particular income and deduction amounts in certain industries.
- [5] Tax shelter partnerships have been shown to be the largest source of offsets by which high-income individuals reduce their tax liabilities. See Nelson, Susan, "Taxes Paid by High-Income Taxpayers and the Growth of Partnerships, 1983", *Statistics of Income Bulletin*, Fall 1985, Volume 5, Number 2.
- [6] The partnership (Form 1065) income "bottom line" is not reflective of the total net income or loss from partnerships that must be reported on the tax returns of partners. For a discussion of this issue and an analysis of the difference between these two measures, see Dworin, Lowell, "An Analysis of Partnership Activity, 1981–83," *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4.
- [7] For more detailed information on tax shelters, see, for example, Skiba, Jonathan W. and Sullivan, Joseph P., *The Tax Shelter Answer Book*, Panel Publishers, Inc., Greenvale, NY, 1984.
- [8] The "at risk" rules are detailed, for example, in Skiba and Sullivan, *op. cit.*, pp. 71–77, and Willis, Arthur B., Rennell, John S., and Postlewaite, Philip F., *Partnership Taxation*, McGraw-Hill Book Company, New York, 1983.

Table 1.—Total Assets and Income Statement for Selected Industries

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

Item	All industries	Agriculture, forestry, and fishing								
		Total	Farms							
			Total	Field crop	Vegetable and melon	Fruit and tree nut	Beef cattle feedlots	Beef cattle, except feedlots	Hogs, sheep, and goats	Dairy farms
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
<b>Partnerships With and Without Net Income</b>										
Number of partnerships	1,713,603	135,909	109,544	44,982	2,497	10,409	1,813	15,925	4,179	17,940
Number of partners	13,244,824	584,789	490,873	159,343	6,204	94,126	82,004	60,947	11,763	43,195
Total assets	1,269,434,302	27,026,795	22,357,076	8,310,489	593,671	4,224,062	657,063	4,270,004	221,337	1,860,783
Total receipts	367,117,315	9,445,646	6,025,038	2,628,225	170,688	441,779	473,609	711,470	248,987	628,263
Business receipts	302,733,374	6,528,606	3,344,233	1,345,465	52,861	212,007	288,162	545,091	169,560	184,769
Income from other partnerships and fiduciaries	4,894,652	38,881	38,069	4,478	4,464	14,630	11,671	2,716	—	56
Nonqualifying dividends and interest received	20,558,966	311,497	258,335	114,206	4,210	38,941	4,860	61,292	1,912	10,909
Rents received	22,011,177	325,966	308,142	246,366	5,754	24,269	2,444	11,292	7,014	7,119
Royalties	1,227,808	59,645	47,201	30,761	2,354	322	214	12,386	—	579
Farm net profit	1,856,781	1,796,664	1,778,123	817,464	99,718	97,413	161,415	43,327	68,301	371,947
Net gain, noncapital assets	2,226,999	232,596	162,579	27,684	25	50,487	919	26,815	464	36,873
Other receipts	11,607,558	151,792	88,356	41,802	1,302	3,710	3,923	8,552	1,736	16,011
Total deductions	376,000,991	10,495,080	6,879,407	2,246,728	183,806	827,204	353,665	1,552,769	186,855	405,478
Cost of sales and operations	146,315,315	3,730,812	2,227,781	808,815	40,451	120,778	238,628	412,756	124,332	107,765
Inventory, beginning of year	25,442,509	841,482	686,431	323,388	7,655	20,462	38,563	253,249	10,274	5,632
Purchases	91,925,923	2,254,305	1,410,407	558,013	12,287	44,249	238,768	222,310	28,683	96,378
Cost of labor	8,845,106	239,617	83,650	49,390	6,242	13,048	1,640	1,680	—	3,305
Other costs	47,380,973	1,115,143	611,178	166,877	23,976	70,896	15,449	83,781	94,288	7,954
Less: Inventory, end of year	27,279,196	719,735	563,886	288,853	9,709	27,876	55,792	148,263	8,913	5,504
Salaries and wages	33,884,204	544,623	180,763	103,808	5,344	11,630	5,611	9,159	796	18,166
Less: Jobs credit	16,511	44	7	2	—	6	—	—	—	—
Guaranteed payments to partners	7,694,236	327,549	250,952	129,980	4,752	16,185	1,192	37,591	7,078	42,825
Rent paid	8,537,160	70,525	36,075	22,461	101	2,325	844	2,775	30	4,243
Interest paid	28,674,933	369,296	207,233	69,015	3,118	51,597	7,678	35,824	1,326	8,650
Taxes paid	7,745,756	101,883	44,962	27,675	591	6,604	674	2,854	359	1,078
Bad debts	798,293	16,035	10,254	8,571	—	37	76	—	—	1,045
Repairs	2,498,020	145,669	61,674	43,417	213	3,865	1,418	5,830	26	1,917
Depreciation <sup>1</sup>	22,575,913	486,141	222,661	75,649	2,089	40,295	1,786	20,487	205	12,832
Depletion	242,097	31,241	84	62	—	2	20	—	—	—
Pension, profit sharing, annuity and bond purchase plans	703,297	3,387	2,478	1,730	—	76	75	147	—	—
Employee benefit plans	1,019,335	5,439	4,497	3,435	273	39	176	213	7	32
Net loss from other partnerships and fiduciaries	13,227,029	352,151	283,338	14,733	48	14,909	2	245,892	—	536
Rent net loss	32,473,197	34,811	31,377	18,926	—	11,245	263	326	—	618
Royalty net loss	12,431	—	—	—	—	—	—	—	—	—
Farm net loss	2,895,554	2,785,399	2,497,005	635,736	100,647	483,056	50,671	632,927	34,289	169,269
Net loss, noncapital assets	290,604	85,725	81,718	8,938	13	5,890	2,031	5,495	16,102	7,036
Other deductions	66,430,129	1,404,439	736,560	273,779	26,164	58,676	42,345	140,417	2,305	29,465
<b>Net income (less deficit)</b>	<b>-8,883,674</b>	<b>-1,049,434</b>	<b>-854,369</b>	<b>381,496</b>	<b>-13,118</b>	<b>-385,424</b>	<b>119,944</b>	<b>-841,298</b>	<b>62,132</b>	<b>222,785</b>
Net income	77,044,693	2,796,816	2,339,960	1,120,850	110,542	201,534	172,928	74,584	120,216	395,888
Deficit	85,928,367	3,846,249	3,194,330	739,354	123,660	586,959	52,984	915,882	58,084	173,103
<b>Partnerships With Net Income</b>										
Number of partnerships	875,846	76,204	59,543	29,560	2,260	2,906	653	5,325	2,999	11,214
Number of partners	6,644,942	297,953	256,988	110,352	5,324	44,935	40,025	11,811	6,135	27,095
Total assets	493,550,274	9,875,797	8,431,588	4,051,638	318,406	1,559,741	272,895	722,442	82,114	838,874
Total receipts	265,309,862	6,579,083	4,369,251	1,933,371	160,483	367,531	374,129	227,190	204,941	562,657
Business receipts	214,523,078	4,108,355	2,033,891	789,896	44,188	154,550	201,403	148,263	127,266	153,655
Income from other partnerships and fiduciaries	4,672,660	26,830	26,575	3,144	4,464	14,538	4,223	206	—	—
Nonqualifying dividends and interest received	15,562,613	179,235	145,129	75,132	2,851	27,480	1,506	29,187	1,895	3,698
Rents received	17,275,826	274,504	270,256	228,087	5,754	22,281	2,270	2,388	7,014	1,740
Royalties	1,010,449	51,200	40,099	30,557	2,354	280	214	6,420	—	274
Farm net profit	1,789,208	1,731,757	1,713,216	769,829	99,718	96,326	161,415	36,731	68,301	362,387
Net gain, noncapital assets	1,694,752	123,229	94,536	15,070	22	50,434	43	1,665	464	26,140
Other receipts	8,781,276	83,972	45,550	21,656	1,131	1,642	3,414	2,330	1	14,762
Total deductions	188,265,171	3,782,267	2,029,291	812,520	49,941	165,996	201,201	152,606	84,725	166,770
Cost of sales and operations	93,657,333	2,132,956	1,266,859	410,465	31,953	87,219	168,917	93,457	83,206	85,721
Inventory, beginning of year	13,648,071	197,603	175,542	104,582	7,655	9,638	23,518	2,794	—	4,124
Purchases	59,490,856	1,379,346	833,036	311,389	12,287	33,554	167,639	44,701	11,789	80,350
Cost of labor	5,571,316	106,700	45,362	27,277	5,060	4,946	1,640	6	—	1,853
Other costs	28,408,151	682,119	417,293	96,626	16,660	49,181	9,102	49,353	71,432	3,883
Less: Inventory, end of year	13,461,061	232,813	204,374	129,408	9,709	10,101	32,982	3,397	14	4,489
Salaries and wages	24,802,820	263,095	93,330	51,409	4,551	6,776	4,821	1,434	221	10,830
Less: Jobs credit	9,814	42	6	—	—	6	—	—	—	—
Guaranteed payments to partners	4,005,864	133,689	80,481	50,350	1,718	4,871	706	2,878	—	10,674
Rent paid	5,808,600	40,552	17,311	10,569	—	342	829	226	1	3,808
Interest paid	9,082,223	101,543	59,232	27,066	1,773	9,957	6,853	5,244	14	4,698
Taxes paid	4,552,830	48,822	24,798	17,406	561	3,172	541	989	18	471
Bad debts	322,746	3,050	798	415	—	18	241	12	—	12
Repairs	1,403,977	98,113	35,950	22,939	213	2,961	1,137	4,468	19	1,502
Depreciation <sup>1</sup>	1,537,960	154,898	69,817	42,870	620	4,389	1,482	6,394	124	9,071
Depletion	217,843	27,179	20	—	—	—	20	—	—	—
Pension, profit sharing, annuity and bond purchase plans	635,396	1,401	600	—	—	76	75	—	—	—
Employee benefit plans	645,073	1,335	893	146	227	27	132	28	7	—
Net loss from other partnerships and fiduciaries	433,070	7,747	7,403	2,669	48	4,465	2	208	—	—
Rent net loss	692,735	5,372	2,498	1,822	—	8	—	279	—	388
Royalty net loss	1,454	—	—	—	—	—	—	—	—	—
Farm net loss	107,254	87,739	71,808	31,886	3,866	11,405	1,266	9,613	—	13,629
Net loss, noncapital assets	46,638	4,870	4,811	1,205	8	—	—	369	489	2,443
Other deductions	34,321,167	669,947	292,686	141,304	4,403	30,317	14,158	27,007	626	23,524
<b>Net income</b>	<b>77,044,693</b>	<b>2,796,816</b>	<b>2,339,960</b>	<b>1,120,850</b>	<b>110,542</b>	<b>201,534</b>	<b>172,928</b>	<b>74,584</b>	<b>120,216</b>	<b>395,888</b>

Footnote at end of table.

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Agriculture, forestry, and fishing—continued				Mining			Construction		
	Farms—continued			Agri- cultural services, forestry, and fishing	Total	Oil and gas extraction	Other mining	Total	General contractors	Special trade contractors
	Poultry and eggs	General livestock including animal specialty	Other farms							Total
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
<b>Partnerships With and Without Net Income</b>										
Number of partnerships	732	7,479	3,590	26,365	62,363	55,816	6,548	56,665	20,999	35,666
Number of partners	1,951	22,105	9,236	93,917	2,207,066	2,130,764	76,302	134,034	50,928	83,106
Total assets	498,649	1,412,822	308,197	4,669,719	66,929,582	55,759,888	11,169,694	15,007,950	12,433,682	2,574,268
Total receipts	309,060	299,680	113,277	3,420,608	23,401,721	18,752,076	4,649,645	22,287,233	14,193,418	8,093,815
Business receipts	266,575	199,812	79,932	3,184,373	19,922,394	15,577,355	4,345,039	21,476,357	13,482,530	7,993,828
Income from other partnerships and fiduciaries	—	54	—	812	957,189	937,112	20,077	236,736	225,882	10,854
Nonqualifying dividends and interest received	1,060	15,072	5,873	53,162	388,181	359,487	28,694	221,600	197,943	23,658
Rents received	529	2,183	1,172	17,824	35,452	30,723	4,729	78,727	50,159	28,568
Royalties	—	586	—	12,443	693,022	683,894	9,128	814	243	572
Farm net profit	39,945	52,593	26,000	18,541	1,298	1,258	40	33	31	2
Net gain, noncapital assets	343	18,874	94	70,017	160,977	154,297	6,681	34,474	22,209	12,265
Other receipts	607	10,507	207	63,436	1,243,208	1,007,951	235,257	238,492	214,422	24,069
<b>Total deductions</b>	<b>285,104</b>	<b>665,458</b>	<b>172,340</b>	<b>3,615,673</b>	<b>21,920,021</b>	<b>16,479,295</b>	<b>5,440,726</b>	<b>20,079,832</b>	<b>12,979,477</b>	<b>7,100,355</b>
Cost of sales and operations	176,933	154,050	43,272	1,503,031	6,141,962	3,550,030	2,591,931	15,785,948	10,992,364	4,793,584
Inventory, beginning of year	3,734	19,248	4,226	155,051	393,411	143,957	249,453	2,926,861	2,572,675	354,186
Purchases	71,411	112,665	25,643	843,898	1,912,037	1,435,239	476,798	5,324,405	2,739,461	2,584,944
Cost of labor	804	3,325	4,215	155,967	518,733	50,847	467,885	2,065,763	1,174,096	891,667
Other costs	107,042	28,551	12,364	503,965	3,647,079	2,014,707	1,632,373	8,853,640	7,374,555	1,479,084
Less: Inventory, end of year	6,059	9,739	3,177	155,849	329,297	94,720	234,577	3,384,721	2,868,423	516,297
Salaries and wages	7,877	5,663	12,710	363,860	483,190	351,359	131,832	772,393	283,381	489,012
Less: Jobs credit	—	—	—	37	3	—	3	890	13	876
Guaranteed payments to partners	3,780	5,670	1,900	76,597	96,651	84,367	12,283	370,549	196,793	173,756
Rent paid	1,409	842	1,044	34,450	119,000	86,186	32,815	139,605	60,448	79,157
Interest paid	3,936	9,713	16,377	162,062	1,197,096	904,948	292,149	372,977	265,564	107,413
Taxes paid	1,164	1,194	2,768	56,922	742,756	590,405	152,351	215,055	80,478	134,576
Bad debts	45	76	152	5,780	45,666	20,397	25,268	16,203	9,089	7,115
Repairs	2,716	1,092	1,180	83,995	101,563	66,472	35,091	128,004	74,944	53,061
Depreciation <sup>1</sup>	11,002	30,410	27,907	263,480	3,314,882	2,685,691	629,190	4,227,186	146,842	280,344
Depletion	—	—	—	31,156	179,795	2,892	176,903	356	87	269
Pension, profit sharing, annuity and bond purchase plans	133	289	28	909	17,045	4,270	12,775	9,214	3,949	5,265
Employee benefit plans	224	97	—	942	42,946	14,288	28,658	12,565	4,661	7,905
Net loss from other partnerships and fiduciaries	5,342	1,877	—	68,813	542,297	522,590	19,706	34,547	16,323	18,223
Rent net loss	—	—	—	3,433	36,742	13,825	22,917	66,734	66,300	434
Royalty net loss	—	—	—	—	3,940	3,940	—	2	2	—
Farm net loss	24,385	360,467	5,557	288,394	8,449	7,258	1,191	455	412	43
Net loss, noncapital assets	1	36,212	—	4,006	20,418	19,192	1,226	723	432	291
Other deductions	46,157	57,806	59,445	667,879	8,825,628	7,551,184	1,274,444	1,728,206	777,422	950,784
<b>Net income (less deficit)</b>	<b>23,955</b>	<b>-365,778</b>	<b>-59,063</b>	<b>-195,064</b>	<b>1,481,701</b>	<b>2,272,783</b>	<b>-791,082</b>	<b>2,207,401</b>	<b>1,213,941</b>	<b>993,460</b>
Net income	55,630	58,814	28,974	456,855	7,884,137	7,280,664	603,473	7,242,982	1,581,483	1,161,499
Deficit	31,675	424,592	88,038	651,920	6,402,436	5,007,882	1,394,555	535,581	367,542	168,039
<b>Partnerships With Net Income</b>										
Number of partnerships	549	1,471	2,606	16,661	32,585	30,005	2,580	40,885	12,225	28,660
Number of partners	1,347	4,722	5,241	40,966	1,514,585	1,477,779	36,805	95,382	28,329	67,053
Total assets	355,498	186,522	43,459	1,444,208	41,645,913	38,013,038	3,632,875	9,081,760	7,421,549	1,660,210
Total receipts	254,756	214,170	70,024	2,209,832	18,788,982	15,370,905	3,418,077	17,564,462	11,186,760	6,377,702
Business receipts	213,208	158,119	43,703	2,074,464	15,664,946	12,499,639	3,165,307	16,883,970	10,564,627	6,319,342
Income from other partnerships and fiduciaries	—	—	—	255	933,093	913,103	19,989	222,419	221,945	474
Nonqualifying dividends and interest received	908	2,292	181	34,106	264,828	249,701	15,127	172,541	159,314	13,226
Rents received	307	323	90	4,248	19,257	17,006	2,251	46,993	24,560	22,432
Royalties	—	—	—	11,101	636,131	635,961	170	811	239	572
Farm net profit	39,945	52,564	26,000	18,541	78	50	28	33	31	2
Net gain, noncapital assets	187	461	51	28,693	143,462	142,382	1,079	21,667	18,867	2,800
Other receipts	201	412	—	38,423	1,127,189	913,062	214,126	216,030	197,177	18,853
<b>Total deductions</b>	<b>199,126</b>	<b>155,356</b>	<b>41,049</b>	<b>1,752,976</b>	<b>10,904,845</b>	<b>8,090,241</b>	<b>2,814,604</b>	<b>14,821,480</b>	<b>9,605,277</b>	<b>5,216,203</b>
Cost of sales and operations	147,885	139,063	18,975	866,096	4,477,229	2,769,245	1,707,984	12,146,235	8,507,156	3,639,078
Inventory, beginning of year	3,714	19,015	503	22,062	152,626	18,652	133,974	1,973,087	1,806,792	166,295
Purchases	47,686	112,665	10,976	546,311	1,703,874	1,374,934	328,940	3,878,975	1,960,772	1,918,202
Cost of labor	804	2,129	1,647	61,338	375,115	36,543	338,572	1,647,710	1,004,178	643,532
Other costs	100,031	14,802	6,224	264,826	2,398,113	1,352,884	1,045,230	6,913,193	5,795,127	1,118,066
Less: Inventory, end of year	4,350	9,549	375	28,439	152,499	13,767	138,732	2,266,731	2,059,713	207,018
Salaries and wages	4,863	3,023	5,401	169,765	188,063	88,548	99,515	574,169	183,250	390,918
Less: Jobs credit	—	—	—	37	—	—	—	890	13	876
Guaranteed payments to partners	3,728	3,806	1,752	53,208	47,957	44,247	3,710	128,767	37,189	91,577
Rent paid	200	441	895	23,241	62,348	46,437	15,912	95,153	35,796	59,357
Interest paid	1,176	534	1,918	42,312	304,813	273,545	31,268	175,180	128,140	47,040
Taxes paid	674	306	660	24,024	571,531	477,553	93,978	162,920	48,020	114,900
Bad debts	45	44	11	2,252	21,405	6,306	15,100	12,094	5,803	6,290
Repairs	1,468	478	764	62,163	44,908	28,736	16,172	105,880	63,926	41,953
Depreciation <sup>1</sup>	2,709	957	1,201	85,081	1,334,642	1,146,454	188,188	236,684	90,266	146,418
Depletion	—	—	—	27,159	165,325	2,159	163,166	356	87	269
Pension, profit sharing, annuity and bond purchase plans	132	289	28	801	14,353	2,626	11,726	8,115	3,035	5,080
Employee benefit plans	224	82	—	442	10,002	3,366	6,636	11,316	3,559	7,757
Net loss from other partnerships and fiduciaries	—	10	—	344	20,721	20,719	2	9,497	1,346	8,152
Rent net loss	—	—	—	2,874	23,865	1,812	22,054	12,180	11,849	332
Royalty net loss	—	—	—	—	1,424	1,424	—	2	2	—
Farm net loss	—	144	—	15,931	3,124	3,124	—	265	222	43
Net loss, noncapital assets	1	297	—	59	7,755	6,797	958	372	89	283
Other deductions	36,022	5,882	9,443	377,261	3,605,378	3,167,144	438,234	1,143,186	485,554	657,632
<b>Net income</b>	<b>55,630</b>	<b>58,814</b>	<b>28,974</b>	<b>456,855</b>	<b>7,884,137</b>	<b>7,280,664</b>	<b>603,473</b>	<b>7,242,982</b>	<b>1,581,483</b>	<b>1,161,499</b>

Footnote at end of table.

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Construction—continued					Manufacturing				
	Special trade contractors—continued					Total	Lumber and wood products, except furniture	Printing, publishing, and allied industries	Machinery, except electrical	Other manufacturing industries
	Plumbing, heating, and air conditioning	Painting, paper hanging and decorating	Masonry, stonework, tile setting and plastering	Contractors, not elsewhere classified	Contractors not allocable					
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
<b>Partnerships With and Without Net Income</b>										
Number of partnerships	3,762	6,515	2,218	23,171	—	29,980	1,324	5,634	317	22,705
Number of partners	8,281	15,564	5,012	54,250	—	105,007	7,080	27,677	1,364	68,886
Total assets	329,124	137,242	85,635	2,022,267	—	24,837,834	3,918,992	1,692,079	779,782	18,446,981
Total receipts	1,422,554	773,099	672,533	5,225,629	—	23,139,935	2,355,062	2,448,342	517,839	17,818,692
Business receipts	1,393,351	772,851	671,074	5,156,551	—	22,587,694	2,312,351	2,327,646	508,661	17,439,037
Income from other partnerships and fiduciaries	9	—	—	10,844	—	6,134	473	—	—	5,661
Nonqualifying dividends and interest received	3,891	49	660	19,057	—	186,265	22,434	12,487	7,485	143,859
Rents received	18,460	77	688	9,343	—	26,814	3,038	3,406	10	20,360
Royalties	—	—	—	572	—	71,096	1,535	53,792	126	15,644
Farm net profit	—	—	—	2	—	38	35	—	—	3
Net gain, noncapital assets	397	6	—	11,861	—	67,663	1,208	5,256	143	61,057
Other receipts	6,445	116	110	17,398	—	194,230	13,988	45,757	1,414	133,071
Total deductions	1,215,315	603,045	622,130	4,659,865	—	24,225,121	2,506,435	2,329,946	595,187	18,793,554
Cost of sales and operations	954,483	309,579	342,727	3,186,795	—	16,965,616	1,838,378	945,419	352,000	13,829,819
Inventory, beginning of year	75,852	290	8,981	269,063	—	2,399,370	195,491	71,346	102,344	2,030,189
Purchases	590,139	128,725	184,426	1,681,654	—	10,799,627	765,692	404,654	280,113	9,349,168
Cost of labor	164,297	105,687	95,309	526,375	—	1,981,561	345,774	178,234	45,666	1,411,887
Other costs	233,181	75,263	88,587	1,082,054	—	4,512,415	751,350	387,699	36,566	3,336,801
Less: Inventory, end of year	108,985	386	34,576	372,351	—	2,727,359	219,929	96,514	112,690	2,298,226
Salaries and wages	62,032	81,742	80,855	264,384	—	1,318,913	80,629	330,376	35,594	872,314
Less: Jobs credit	625	—	—	251	—	2,376	295	660	—	1,421
Guaranteed payments to partners	8,540	1,074	48,301	115,841	—	154,209	18,994	34,597	12,451	88,167
Rent paid	19,557	2,615	9,232	47,753	—	360,403	21,170	67,822	6,824	264,587
Interest paid	10,216	4,061	6,434	86,702	—	842,224	145,947	57,970	41,005	597,311
Taxes paid	28,808	14,505	9,590	81,674	—	250,427	27,943	47,020	6,555	168,910
Bad debts	554	28	670	5,862	—	44,331	2,036	12,263	1,347	28,685
Repairs	4,075	759	15,716	32,510	—	142,579	24,173	11,233	2,895	104,278
Depreciation <sup>1</sup>	24,532	34,964	16,397	204,451	—	934,692	118,729	55,356	61,179	699,428
Depletion	—	—	235	34	—	7,329	1,316	—	—	6,012
Pension, profit sharing, annuity and bond purchase plans	158	1,772	1,340	1,994	—	41,251	2,713	7,006	1,557	29,975
Employee benefit plans	1,962	—	1,726	4,217	—	98,489	6,815	18,076	2,548	71,050
Net loss from other partnerships and fiduciaries	26	—	10,072	8,125	—	38,427	23,742	1,807	—	12,877
Rent net loss	59	16	—	358	—	18,022	138	12	—	17,871
Royalty net loss	—	—	—	—	—	174	—	—	—	174
Farm net loss	—	—	—	43	—	6,910	959	3,202	—	2,749
Net loss, noncapital assets	19	—	—	272	—	10,328	4,011	394	—	5,923
Other deductions	100,918	151,930	78,834	619,102	—	2,993,175	189,034	738,062	71,232	1,994,847
Net income (less deficit)	207,239	170,053	50,404	565,764	—	-1,085,187	-151,373	118,396	-77,348	-974,862
Net income	212,834	176,838	59,136	712,690	—	1,228,381	75,328	277,436	31,233	844,385
Deficit	5,595	6,785	8,732	146,926	—	2,313,568	226,701	159,039	108,581	1,819,246
<b>Partnerships With Net Income</b>										
Number of partnerships	3,099	5,446	1,732	18,384	—	12,193	1,081	1,698	260	9,153
Number of partners	6,949	13,426	3,906	42,772	—	33,404	3,069	5,306	576	24,453
Total assets	279,072	37,992	57,004	1,286,143	—	7,673,207	432,590	1,071,139	172,355	5,997,124
Total receipts	1,328,349	569,357	442,209	4,037,788	—	13,686,013	1,003,783	1,838,380	337,331	10,506,519
Business receipts	1,301,240	569,109	442,019	4,006,975	—	13,429,421	995,422	1,799,517	334,940	10,299,542
Income from other partnerships and fiduciaries	9	—	—	464	—	3,017	422	—	—	2,595
Nonqualifying dividends and interest received	3,715	49	160	9,302	—	93,410	4,245	10,532	1,453	77,179
Rents received	16,682	77	—	5,673	—	11,004	227	3,296	6	7,475
Royalties	—	—	—	572	—	7,634	—	155	126	7,353
Farm net profit	—	—	—	2	—	36	33	—	—	3
Net gain, noncapital assets	379	6	—	2,415	—	56,313	514	90	47	55,662
Other receipts	6,323	116	30	12,384	—	85,178	2,920	24,790	759	56,710
Total deductions	1,115,514	392,518	383,073	3,325,098	—	12,457,632	928,455	1,560,944	306,098	9,662,135
Cost of sales and operations	890,598	204,739	218,800	2,324,941	—	9,136,317	724,313	685,378	242,464	7,484,161
Inventory, beginning of year	74,917	290	4,105	86,983	—	1,248,527	53,908	65,503	87,198	1,041,918
Purchases	553,487	93,237	137,542	1,133,936	—	6,095,238	383,085	343,693	167,435	5,201,025
Cost of labor	147,748	81,460	49,785	364,539	—	1,085,709	97,449	110,522	29,524	848,215
Other costs	223,106	30,139	61,944	802,877	—	2,095,195	257,547	251,599	24,305	1,561,743
Less: Inventory, end of year	108,659	386	34,576	63,394	—	1,388,352	67,676	85,939	65,998	1,168,739
Salaries and wages	58,842	81,742	48,190	202,144	—	840,263	48,200	285,249	8,776	498,038
Less: Jobs credit	625	—	—	251	—	1,786	27	648	—	1,111
Guaranteed payments to partners	1,755	1,074	15,110	73,637	—	101,082	13,718	32,164	12,451	42,749
Rent paid	19,278	2,615	9,032	28,433	—	118,281	10,915	20,511	3,831	83,024
Interest paid	7,783	638	2,416	36,204	—	232,217	19,533	23,005	1,248	188,425
Taxes paid	25,938	9,225	7,065	72,673	—	151,411	7,918	39,532	3,539	100,421
Bad debts	291	28	670	5,301	—	23,888	712	7,327	1,107	14,743
Repairs	3,872	759	14,969	22,352	—	79,090	15,239	8,503	1,270	54,079
Depreciation <sup>1</sup>	18,801	10,000	8,033	109,584	—	272,907	24,040	38,677	6,570	203,619
Depletion	—	—	235	34	—	5,716	973	—	—	4,743
Pension, profit sharing, annuity and bond purchase plans	158	1,772	1,340	1,810	—	32,052	780	6,845	973	23,455
Employee benefit plans	1,961	—	1,715	4,081	—	50,149	564	17,054	1,701	30,830
Net loss from other partnerships and fiduciaries	26	—	—	8,125	—	3,035	8	1,757	—	1,270
Rent net loss	59	16	—	256	—	1,023	99	12	—	911
Royalty net loss	—	—	—	—	—	—	—	—	—	—
Farm net loss	—	—	—	43	—	1,243	942	—	—	301
Net loss, noncapital assets	19	—	—	264	—	1,612	5	247	—	1,360
Other deductions	86,759	79,910	55,497	435,466	—	1,409,133	60,517	395,331	22,169	931,116
Net income	212,834	176,838	59,136	712,690	—	1,228,381	75,328	277,436	31,233	844,385

Footnote at end of table.

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Transportation, communication, electric, gas, and sanitary services					Wholesale and retail trade				
	Total	Transportation			Communication, electric, gas, and sanitary services	Total	Wholesale trade	Retail trade		
		Total	Trucking and warehousing	Other transportation				Total	Building materials, hardware, garden supply and mobile home dealers	General merchandise stores
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Partnerships With and Without Net Income</b>										
Number of partnerships	24,970	17,406	12,992	4,414	7,564	200,532	26,796	172,725	8,567	5,669
Number of partners	186,326	61,722	41,750	19,973	124,803	492,511	72,486	418,002	20,836	12,038
Total assets	26,467,744	6,932,879	1,610,405	5,322,474	19,534,865	20,568,181	7,024,498	13,543,683	1,155,860	501,138
Total receipts	11,747,519	6,135,591	1,906,560	4,229,031	5,611,928	70,095,779	23,882,056	46,152,001	3,042,189	1,417,448
Business receipts	11,252,973	5,924,007	1,844,432	4,079,574	5,328,967	69,079,237	23,531,460	45,486,151	2,998,538	1,373,713
Income from other partnerships and fiduciaries	29,356	19,644	16,822	2,822	9,712	55,634	1,601	54,033	76	523
Nonqualifying dividends and interest received	137,904	46,583	4,732	41,851	91,322	229,964	113,530	116,338	17,997	14,049
Rents received	124,830	114,844	33,032	81,813	9,986	110,722	38,902	71,820	3,588	776
Royalties	10	—	—	—	10	6,741	2,126	4,615	—	—
Farm net profit	10	10	—	10	—	27,931	27,637	295	—	30
Net gain, noncapital assets	59,033	13,449	3,433	10,016	45,584	94,436	9,299	85,137	2,843	16
Other receipts	143,403	17,054	4,109	12,945	126,349	491,113	157,502	333,611	19,149	28,341
Total deductions	14,813,833	5,710,894	1,758,286	3,952,609	9,102,939	68,119,094	23,414,663	44,642,810	2,949,892	1,376,787
Cost of sales and operations	4,290,900	2,576,362	437,995	2,138,367	1,714,538	50,880,944	19,990,747	30,832,740	2,128,188	962,065
Inventory, beginning of year	70,261	15,748	3,477	12,271	54,513	5,871,168	1,576,906	4,294,261	525,916	159,501
Purchases	1,968,849	1,392,565	107,810	1,284,755	576,284	48,186,251	18,571,253	29,591,872	2,090,486	987,927
Cost of labor	261,241	207,571	132,417	75,154	53,670	821,969	148,611	673,358	36,543	6,077
Other costs	2,068,146	982,800	203,095	779,706	1,085,346	2,573,074	1,377,373	1,158,809	35,668	20,685
Less: Inventory, end of year	77,598	22,322	8,803	13,519	55,276	6,571,519	1,683,404	4,885,553	560,425	212,116
Salaries and wages	800,008	273,696	137,557	136,139	526,312	4,704,773	747,470	3,956,989	226,134	103,768
Less: Jobs credit	165	162	160	2	3	3,844	54	3,790	34	61
Guaranteed payments to partners	157,175	99,407	62,854	36,554	57,767	938,473	203,863	734,610	77,009	25,071
Rent paid	243,365	83,446	54,998	28,448	159,919	1,616,405	141,962	1,473,760	43,237	52,295
Interest paid	1,308,508	384,839	88,776	296,062	923,670	838,254	271,789	566,465	47,682	12,529
Taxes paid	237,567	89,873	47,316	42,557	147,695	993,650	131,681	861,904	51,371	28,144
Bad debts	88,689	3,326	1,009	2,317	85,363	110,385	51,690	58,695	8,272	1,579
Repairs	211,784	140,777	88,303	52,474	71,008	365,825	78,931	286,875	27,104	3,228
Depreciation <sup>1</sup>	2,631,234	826,879	293,295	533,584	1,804,355	1,130,463	208,761	921,702	53,065	28,377
Depletion	—	—	—	—	—	3,798	2,939	860	—	—
Pension, profit sharing, annuity and bond purchase plans	15,205	8,320	875	7,446	6,885	35,694	13,089	22,605	2,308	679
Employee benefit plans	39,515	13,799	9,670	4,129	25,716	77,797	23,863	53,934	3,526	1,121
Net loss from other partnerships and fiduciaries	258,887	226	196	30	258,661	24,563	19,238	5,325	11	—
Rent net loss	75,397	71,047	9,812	61,235	4,350	26,649	4,561	22,088	3,169	3,356
Royalty net loss	—	—	—	—	—	6	6	—	—	—
Farm net loss	358	2	—	2	357	5,724	2,580	3,144	—	—
Net loss, noncapital assets	6,821	1,157	2	1,155	5,664	48,449	2,082	46,367	263	—
Other deductions	4,448,583	1,137,900	525,787	612,113	3,310,683	6,321,086	1,519,465	4,798,536	278,588	154,636
Net income (less deficit)	3,066,313	424,697	148,275	276,422	3,491,010	1,976,685	467,393	1,509,191	92,297	40,661
Net income	1,360,425	998,164	194,280	803,884	362,261	3,466,952	857,136	2,607,636	159,409	64,883
Deficit	4,426,739	573,467	46,006	527,462	3,853,271	1,490,267	389,742	1,098,445	67,111	24,221
<b>Partnerships With Net Income</b>										
Number of partnerships	14,744	10,445	8,028	2,417	4,299	113,172	18,082	94,585	3,911	3,336
Number of partners	45,423	26,087	19,085	7,002	19,336	273,802	45,746	227,044	9,358	7,188
Total assets	5,857,966	3,287,940	985,662	2,302,278	2,570,026	11,769,980	3,711,114	8,058,866	714,942	306,922
Total receipts	6,388,561	4,340,849	1,352,626	2,988,223	2,047,712	47,461,234	14,065,531	33,336,868	1,974,843	1,073,173
Business receipts	6,180,408	4,236,067	1,313,532	2,922,535	1,944,341	46,658,817	13,806,425	32,793,653	1,941,748	1,031,481
Income from other partnerships and fiduciaries	7,202	1,809	244	1,565	5,393	55,212	1,498	53,714	1	523
Nonqualifying dividends and interest received	51,232	29,074	2,660	26,414	22,159	181,439	86,752	94,591	16,342	13,669
Rents received	57,540	53,407	31,934	21,473	4,133	84,358	28,548	55,809	1,737	693
Royalties	10	—	—	—	1	1,030	742	288	—	—
Farm net profit	10	10	—	10	—	27,574	27,279	295	—	30
Net gain, noncapital assets	54,666	10,441	2,071	8,370	44,225	88,049	7,607	80,442	1,423	15
Other receipts	37,502	10,040	2,184	7,856	27,461	364,755	106,679	258,075	13,591	26,762
Total deductions	5,028,136	3,342,684	1,158,346	2,184,339	1,685,451	43,994,282	13,208,396	30,729,232	1,815,434	1,008,290
Cost of sales and operations	2,474,475	1,715,945	315,346	1,400,599	758,530	33,086,227	10,996,113	22,034,915	1,343,477	739,015
Inventory, beginning of year	20,348	8,352	672	7,680	11,996	3,649,231	868,010	2,781,222	282,800	85,005
Purchases	1,234,197	963,364	52,469	910,895	270,833	31,460,886	10,320,861	21,120,232	1,292,289	769,011
Cost of labor	180,124	164,084	115,129	48,955	16,040	573,301	123,640	449,661	28,532	4,364
Other costs	1,060,870	589,158	147,638	441,521	471,711	1,528,705	662,733	830,566	39,446	2,380
Less: Inventory, end of year	21,066	9,014	562	8,452	12,052	4,125,908	979,140	3,146,768	299,590	121,745
Salaries and wages	260,994	150,415	79,180	71,235	110,579	3,204,837	534,330	2,670,507	146,401	64,576
Less: Jobs credit	160	160	160	—	—	2,836	43	2,793	34	61
Guaranteed payments to partners	86,901	53,208	18,498	34,710	33,693	465,589	102,957	362,633	38,017	6,367
Rent paid	77,570	57,960	45,980	11,981	19,610	1,042,650	102,775	939,876	25,181	29,723
Interest paid	223,481	139,170	56,758	82,412	84,311	388,746	101,161	287,586	19,272	10,115
Taxes paid	75,811	49,796	28,889	20,907	26,015	682,793	101,566	581,210	31,887	14,650
Bad debts	8,986	1,203	166	1,037	7,783	60,336	23,185	37,151	5,168	606
Repairs	104,112	88,047	66,485	21,562	16,066	252,879	63,378	189,482	11,661	2,681
Depreciation <sup>1</sup>	545,578	371,336	209,992	161,344	174,242	559,380	94,519	464,861	21,636	11,708
Depletion	—	—	—	—	—	2,551	2,514	37	—	—
Pension, profit sharing, annuity and bond purchase plans	7,845	7,536	487	7,049	309	31,699	10,973	20,726	2,269	679
Employee benefit plans	5,569	1,682	486	1,196	3,887	50,589	14,900	35,690	3,230	741
Net loss from other partnerships and fiduciaries	2,396	—	—	—	2,396	5,283	737	4,546	11	—
Rent net loss	26	26	—	26	—	8,315	4,504	3,812	2,013	—
Royalty net loss	—	—	—	—	—	6	6	—	—	—
Farm net loss	357	—	—	—	357	3,106	2,560	547	—	—
Net loss, noncapital assets	123	123	—	123	—	2,531	217	2,314	88	—
Other deductions	1,154,071	706,398	336,239	370,159	447,673	4,149,599	1,052,045	3,096,135	165,158	127,489
Net income	1,360,425	998,164	194,280	803,884	362,261	3,466,952	857,136	2,607,636	159,409	64,883

Footnote at end of table

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Wholesale and retail trade—continued									
	Retail trade—continued									
	Food stores			Automotive dealers and service stations				Apparel and accessory stores	Furniture and home furnishings stores	Eating places
	Total	Grocery stores	Other food stores	Total	Motor vehicle dealers	Gasoline service stations	Other automotive dealers			
(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	
<b>Partnerships With and Without Net Income</b>										
Number of partnerships	18,802	11,299	7,503	17,305	4,920	6,486	5,899	12,575	10,807	32,787
Number of partners	41,327	24,175	17,152	41,192	12,256	14,193	14,744	29,381	25,531	92,362
Total assets	1,216,342	930,223	286,119	2,184,034	934,953	591,308	657,774	806,850	993,778	2,915,936
Total receipts	8,108,464	6,120,109	1,988,355	10,602,768	3,856,766	5,091,773	1,654,228	1,773,124	2,543,401	8,892,511
Business receipts	8,017,754	6,034,095	1,983,658	10,456,608	3,756,262	5,067,053	1,633,293	1,749,204	2,491,062	8,753,696
Income from other partnerships and fiduciaries	118	88	30	50,553	50,495	27	31	315	545	533
Nonqualifying dividends and interest received	9,599	8,083	1,516	17,983	4,078	8,691	5,215	5,781	13,067	15,341
Rents received	16,321	16,221	100	7,677	1,493	3,758	2,426	8,016	3,875	13,450
Royalties	261	7	254	4	—	4	—	—	1,270	—
Farm net profit	—	—	—	—	—	—	—	—	—	—
Net gain, noncapital assets	1,242	732	510	3,146	1,294	593	1,259	360	1,519	67,371
Other receipts	63,169	60,884	2,285	66,796	43,144	11,648	12,004	9,448	32,062	42,119
Total deductions	7,919,053	5,963,530	1,955,522	10,327,284	3,730,063	4,968,958	1,628,263	1,726,267	2,370,459	8,548,951
Cost of sales and operations	6,249,965	4,849,282	1,400,682	8,749,965	3,274,460	4,333,698	1,141,807	1,090,798	1,600,612	3,820,772
Inventory, beginning of year	423,676	352,977	70,699	878,747	382,136	121,348	375,263	431,909	387,030	131,396
Purchases	5,983,527	4,789,011	1,194,516	8,595,584	3,228,452	4,284,975	1,082,157	1,138,694	1,611,397	3,248,126
Cost of labor	84,796	30,214	54,583	83,052	27,699	10,284	45,070	2,690	29,044	329,403
Other costs	194,916	47,892	147,025	179,209	113,915	44,751	20,544	18,734	35,798	251,115
Less: Inventory, end of year	436,953	370,813	66,140	986,629	477,744	127,659	381,226	501,229	462,658	139,268
Salaries and wages	500,195	376,037	124,159	429,689	137,983	171,209	120,496	154,314	168,230	1,595,882
Less: Jobs credit	670	624	46	244	15	84	146	—	28	1,789
Guaranteed payments to partners	96,880	35,025	61,854	131,373	24,487	40,457	66,429	47,744	50,161	124,661
Rent paid	152,171	70,861	81,310	129,640	26,169	68,697	34,774	106,039	79,149	553,053
Interest paid	60,005	42,461	17,544	90,661	34,654	25,485	30,521	16,089	28,846	146,084
Taxes paid	102,460	72,874	29,586	103,247	26,214	54,851	22,182	47,145	39,247	295,912
Bad debts	9,820	9,592	229	7,570	3,514	2,099	1,957	1,598	5,674	3,168
Repairs	40,157	29,561	10,596	33,206	14,301	12,973	5,932	8,292	10,536	103,652
Depreciation <sup>1</sup>	112,440	78,252	34,188	96,185	20,755	48,250	27,180	26,950	34,278	310,127
Depletion	860	823	37	—	—	—	—	—	—	—
Pension, profit sharing, annuity and bond purchase plans	3,476	3,301	176	1,634	946	125	563	967	7,778	1,172
Employee benefit plans	11,454	10,341	1,113	8,512	6,054	353	2,105	5,976	2,235	10,271
Net loss from other partnerships and fiduciaries	2,529	2,529	—	514	66	18	430	56	—	2,155
Rent net loss	697	681	16	2,964	1,393	1,288	282	3,151	1,118	1,618
Royalty net loss	—	—	—	—	—	—	—	—	—	—
Farm net loss	618	618	—	1,980	—	1,980	—	—	—	527
Net loss, noncapital assets	292	28	264	350	49	213	88	43	33	37,509
Other deductions	575,703	381,888	193,815	540,041	159,033	207,347	173,661	217,124	342,591	1,544,177
Net income (less deficit)	189,411	156,579	32,833	275,483	126,703	122,815	25,965	46,837	172,942	343,560
Net income	292,759	223,775	68,985	376,289	153,831	160,419	62,038	99,919	202,659	718,052
Deficit	103,348	67,196	36,152	100,806	27,128	37,604	36,074	53,082	29,717	374,491
<b>Partnerships With Net Income</b>										
Number of partnerships	13,591	8,759	4,832	9,494	2,545	4,395	2,555	6,159	7,593	20,125
Number of partners	28,796	18,752	10,044	21,865	5,954	9,740	6,170	14,203	18,590	54,257
Total assets	725,107	620,826	104,280	1,337,036	617,368	443,946	275,722	518,224	702,178	1,600,344
Total receipts	5,662,600	4,237,200	1,425,400	7,907,617	3,088,025	3,833,370	986,223	1,239,039	1,985,216	6,424,077
Business receipts	5,584,436	4,161,985	1,422,452	7,787,597	2,999,186	3,816,734	971,677	1,222,012	1,937,563	6,301,986
Income from other partnerships and fiduciaries	114	84	30	50,547	50,489	27	31	306	545	532
Nonqualifying dividends and interest received	6,427	6,049	378	12,895	3,453	7,894	1,549	4,181	12,481	13,078
Rents received	14,302	14,207	95	6,778	1,016	3,700	2,063	7,921	2,521	11,247
Royalties	258	3	254	4	—	4	—	—	26	—
Farm net profit	—	—	—	—	—	—	—	—	—	—
Net gain, noncapital assets	1,129	662	467	2,864	1,122	483	1,259	57	968	66,902
Other receipts	55,934	54,210	1,723	46,933	32,759	4,529	9,644	4,562	31,111	30,333
Total deductions	5,369,840	4,013,425	1,356,415	7,531,328	2,934,194	3,672,950	924,184	1,139,120	1,782,557	5,706,026
Cost of sales and operations	4,312,156	3,296,054	1,016,101	6,537,008	2,611,319	3,243,725	681,965	751,321	1,224,277	2,744,407
Inventory, beginning of year	287,586	236,485	51,101	561,640	302,830	93,846	164,965	299,308	277,808	94,781
Purchases	4,179,257	3,246,937	932,320	6,379,615	2,540,051	3,194,081	645,484	763,356	1,215,285	2,331,958
Cost of labor	64,879	26,553	38,327	70,731	22,341	6,479	41,911	2,285	19,277	217,192
Other costs	70,802	31,137	39,664	153,934	92,827	51,691	9,415	17,027	33,049	196,442
Less: Inventory, end of year	290,369	245,059	45,310	628,913	346,731	102,372	179,810	330,656	321,143	95,967
Salaries and wages	323,645	234,196	89,448	291,720	106,307	130,436	54,977	109,549	128,072	1,046,137
Less: Jobs credit	52	51	1	244	15	84	146	—	28	1,423
Guaranteed payments to partners	34,052	18,059	15,993	53,506	12,272	22,272	18,962	35,457	18,007	95,446
Rent paid	106,935	50,980	55,955	84,363	18,593	45,169	20,601	51,748	54,462	357,304
Interest paid	33,871	27,449	6,423	53,061	22,458	15,714	14,888	6,705	19,039	64,489
Taxes paid	69,132	46,933	22,199	64,544	19,749	33,158	11,638	29,381	33,061	211,840
Bad debts	5,928	5,732	196	4,837	2,516	1,444	877	1,066	4,578	1,510
Repairs	24,848	17,188	7,659	27,735	13,093	10,128	4,514	4,986	7,317	68,229
Depreciation <sup>1</sup>	68,234	52,332	15,902	57,922	12,787	32,246	12,890	12,963	25,681	138,936
Depletion	37	—	37	—	—	—	—	—	—	—
Pension, profit sharing, annuity and bond purchase plans	2,640	2,531	110	1,258	768	65	426	684	7,738	919
Employee benefit plans	7,440	6,364	1,076	6,506	4,671	274	1,561	895	1,597	6,111
Net loss from other partnerships and fiduciaries	2,360	2,360	—	84	66	18	—	11	—	2,020
Rent net loss	505	489	16	40	10	30	—	335	405	312
Royalty net loss	—	—	—	—	—	—	—	—	—	—
Farm net loss	—	—	—	—	—	—	—	—	—	527
Net loss, noncapital assets	110	19	91	121	49	2	71	26	31	113
Other deductions	378,000	252,788	125,212	348,867	109,551	138,355	100,961	133,994	258,320	969,147
Net income	292,759	223,775	68,985	376,289	153,831	160,419	62,038	99,919	202,659	718,052

Footnote at end of table.

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Wholesale and retail trade—continued				Total	Finance, insurance, and real estate				Insurance agents, brokers, and service
	Retail trade—continued			Wholesale and retail trade not allocable		Total	Finance			
	Drinking places	Liquor stores	Other retail stores				Total	Banking and credit agencies other than banks	Security and commodity brokers and service	
(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	
<b>Partnerships With and Without Net Income</b>										
<b>Number of partnerships</b>	<b>4,778</b>	<b>3,024</b>	<b>58,412</b>	<b>1,011</b>	<b>843,867</b>	<b>141,481</b>	<b>4,066</b>	<b>2,398</b>	<b>135,017</b>	<b>8,360</b>
<b>Number of partners</b>	<b>10,055</b>	<b>6,728</b>	<b>138,552</b>	<b>2,022</b>	<b>7,754,557</b>	<b>1,733,001</b>	<b>40,391</b>	<b>104,582</b>	<b>1,588,028</b>	<b>29,080</b>
<b>Total assets</b>	<b>233,381</b>	<b>299,838</b>	<b>3,236,526</b>	<b>—</b>	<b>979,786,543</b>	<b>252,087,705</b>	<b>6,385,594</b>	<b>79,912,690</b>	<b>165,789,422</b>	<b>3,356,758</b>
<b>Total receipts</b>	<b>714,287</b>	<b>1,100,109</b>	<b>7,957,701</b>	<b>61,722</b>	<b>92,308,655</b>	<b>29,630,759</b>	<b>1,202,222</b>	<b>15,186,258</b>	<b>13,242,280</b>	<b>2,931,813</b>
Business receipts	700,431	1,091,206	7,853,942	61,626	45,873,102	15,244,569	632,300	11,158,778	3,453,490	2,019,801
Income from other partnerships and fiduciaries	87	—	1,283	—	3,302,055	2,014,170	40,153	287,866	1,686,151	92
Nonqualifying dividends and interest received	1,162	604	20,754	96	17,423,117	9,524,983	469,322	2,613,270	6,442,391	92,052
Rents received	1,707	1,305	15,106	—	18,749,692	332,813	10,020	4,120	318,673	34,907
Royalties	—	—	3,079	—	297,013	164,579	2	56,412	108,166	455
Farm net profit	—	—	265	—	30,482	319	—	—	319	—
Net gain, noncapital assets	28	1,926	6,685	—	1,214,241	216,834	468	2,250	214,116	680
Other receipts	10,872	5,068	56,586	—	5,418,953	2,132,492	49,956	1,063,563	1,018,973	783,826
<b>Total deductions</b>	<b>653,746</b>	<b>1,064,156</b>	<b>7,706,197</b>	<b>61,621</b>	<b>118,237,323</b>	<b>26,168,664</b>	<b>1,082,157</b>	<b>13,847,511</b>	<b>11,238,996</b>	<b>2,564,009</b>
Cost of sales and operations	332,757	870,878	5,026,742	57,456	28,284,922	10,163,521	462,042	7,963,459	1,738,020	284,695
Inventory, beginning of year	19,267	144,290	1,192,528	—	12,128,991	1,167,940	13,655	708,470	445,815	1,567
Purchases	278,001	858,172	4,799,958	23,127	14,933,151	7,953,952	102,005	6,682,659	1,169,288	48,416
Cost of labor	10,251	7,766	83,736	—	325,346	63,091	—	36,796	26,296	4,354
Other costs	46,143	6,468	370,073	36,892	13,357,880	1,456,109	367,120	642,825	446,164	231,922
Less: Inventory, end of year	20,904	145,819	1,419,553	2,562	12,460,445	477,571	20,738	107,291	349,543	1,563
Salaries and wages	87,361	45,106	646,310	313	3,704,828	1,678,331	71,391	1,092,617	514,323	254,166
Less: Jobs credit	37	—	927	—	1,734	568	95	24	449	111
Guaranteed payments to partners	4,723	6,895	170,091	—	1,557,468	553,798	6,301	230,627	316,870	73,841
Rent paid	30,340	21,935	305,902	683	805,432	174,211	12,018	93,252	68,942	42,775
Interest paid	8,442	13,175	142,951	—	17,772,393	5,676,961	389,031	2,457,175	2,830,755	38,266
Taxes paid	29,798	24,748	139,832	65	2,187,992	345,857	3,696	93,092	249,069	35,370
Bad debts	12	249	20,754	—	232,559	51,736	14,749	6,854	30,133	32,618
Repairs	12,063	5,817	42,820	19	460,933	51,604	2,311	6,092	43,202	6,025
Depreciation <sup>1</sup>	32,486	14,153	213,640	—	5,961,683	576,767	10,385	37,342	529,040	38,796
Depletion	—	—	—	—	10,542	511	—	131	380	—
Pension, profit sharing, annuity and bond purchase plans	—	—	4,591	—	113,262	93,835	1,676	25,789	66,370	5,270
Employee benefit plans	1,081	183	9,575	—	120,440	40,958	3,094	27,901	9,963	3,696
Net loss from other partnerships and fiduciaries	—	46	14	—	11,208,500	2,581,288	5,663	135,015	2,440,610	9,747
Rent net loss	—	—	6,016	—	30,828,392	442,445	1,102	1,899	439,444	11,082
Royalty net loss	—	—	—	—	5,396	1,748	—	—	1,748	—
Farm net loss	—	—	20	—	80,859	32,876	788	196	31,893	—
Net loss, noncapital assets	1,810	—	6,068	—	76,504	3,949	353	169	3,427	437
Other deductions	112,907	60,970	971,798	3,084	14,826,953	3,698,835	97,651	1,675,925	1,925,259	1,727,335
<b>Net income (less deficit)</b>	<b>60,541</b>	<b>35,953</b>	<b>251,504</b>	<b>101</b>	<b>-25,928,669</b>	<b>3,462,095</b>	<b>120,065</b>	<b>1,338,747</b>	<b>2,003,284</b>	<b>367,804</b>
Net income	79,515	48,302	565,848	2,181	30,382,765	8,809,057	155,182	2,093,442	6,560,433	566,367
Deficit	18,975	12,349	314,344	2,080	56,311,433	5,346,962	35,117	754,696	4,557,150	198,563
<b>Partnerships With Net Income</b>										
<b>Number of partnerships</b>	<b>3,141</b>	<b>1,193</b>	<b>26,042</b>	<b>506</b>	<b>369,113</b>	<b>80,203</b>	<b>3,873</b>	<b>1,589</b>	<b>74,741</b>	<b>3,998</b>
<b>Number of partners</b>	<b>6,448</b>	<b>2,898</b>	<b>63,442</b>	<b>1,011</b>	<b>3,459,656</b>	<b>1,078,105</b>	<b>38,579</b>	<b>93,236</b>	<b>946,290</b>	<b>17,316</b>
<b>Total assets</b>	<b>89,339</b>	<b>214,021</b>	<b>1,850,753</b>	<b>—</b>	<b>367,511,700</b>	<b>141,238,586</b>	<b>3,403,789</b>	<b>46,649,091</b>	<b>91,185,707</b>	<b>2,812,482</b>
<b>Total receipts</b>	<b>541,755</b>	<b>773,771</b>	<b>5,754,778</b>	<b>58,834</b>	<b>67,003,700</b>	<b>24,291,592</b>	<b>802,818</b>	<b>12,855,120</b>	<b>10,633,654</b>	<b>2,422,863</b>
Business receipts	529,244	766,592	5,690,994	58,739	30,236,525	11,955,096	489,439	9,818,444	1,647,212	1,532,368
Income from other partnerships and fiduciaries	—	—	1,146	—	3,184,786	1,966,971	39,886	283,603	1,643,482	65
Nonqualifying dividends and interest received	1,142	565	13,812	96	13,362,817	7,962,150	230,183	1,852,003	5,879,965	80,288
Rents received	576	923	9,112	—	14,949,429	264,197	6,339	4,064	253,794	33,348
Royalties	—	—	—	—	238,554	111,378	—	6,928	104,540	455
Farm net profit	—	—	265	—	29,512	279	—	—	279	—
Net gain, noncapital assets	—	1,926	5,158	—	924,642	191,376	468	1,071	189,837	680
Other receipts	10,794	3,765	34,291	—	4,077,434	1,840,145	36,503	889,006	914,635	775,659
<b>Total deductions</b>	<b>462,239</b>	<b>725,468</b>	<b>5,188,930</b>	<b>56,653</b>	<b>36,620,935</b>	<b>15,482,534</b>	<b>647,637</b>	<b>10,761,677</b>	<b>4,073,220</b>	<b>1,856,496</b>
Cost of sales and operations	269,599	599,573	3,514,082	55,198	18,182,990	7,771,015	323,205	7,024,670	423,140	163,135
Inventory, beginning of year	16,891	77,729	797,674	—	5,911,913	786,170	11,367	635,211	139,592	1,567
Purchases	231,854	611,040	3,346,566	19,792	9,423,470	6,103,487	101,270	5,843,793	158,425	48,416
Cost of labor	10,204	2,275	29,920	—	146,284	44,331	—	36,796	7,536	4,354
Other costs	28,769	5,252	283,465	35,406	7,376,078	1,059,591	229,697	582,023	247,871	110,362
Less: Inventory, end of year	18,120	96,723	943,542	—	4,674,755	222,564	19,129	73,151	102,881	1,563
Salaries and wages	46,400	28,368	485,639	—	1,996,393	1,190,944	64,662	735,801	390,481	223,338
Less: Jobs credit	37	—	914	—	706	518	95	—	423	111
Guaranteed payments to partners	2,112	3,770	75,899	—	609,639	289,717	5,541	153,705	130,472	56,598
Rent paid	21,783	15,819	192,558	—	341,287	114,046	9,597	64,288	40,162	30,866
Interest paid	5,439	11,666	63,929	—	6,123,536	3,697,419	140,397	1,727,123	1,829,899	24,581
Taxes paid	22,538	12,590	91,585	17	733,515	169,148	2,788	63,778	102,581	30,349
Bad debts	2	221	13,235	—	59,535	24,106	6,486	3,596	14,024	9,116
Repairs	7,845	4,384	29,797	19	162,944	36,380	1,758	4,716	29,906	4,223
Depreciation <sup>1</sup>	17,829	11,484	98,468	—	1,488,383	268,391	5,130	23,091	240,170	18,078
Depletion	—	—	—	—	7,780	511	—	131	380	—
Pension, profit sharing, annuity and bond purchase plans	—	—	4,538	—	98,980	87,631	1,650	20,272	65,709	5,183
Employee benefit plans	1,001	183	7,986	—	58,352	26,977	2,950	21,987	2,040	3,334
Net loss from other partnerships and fiduciaries	—	46	14	—	314,287	83,738	93	20,098	63,547	6,726
Rent net loss	—	—	201	—	612,124	32,151	212	78	31,861	3,936
Royalty net loss	—	—	—	—	23	9	—	—	9	—
Farm net loss	—	—	20	—	6,951	1,126	—	196	930	—
Net loss, noncapital assets	1,785	—	40	—	10,146	3,408	353	10	3,045	297
Other deductions	65,943	37,364	611,853	1,419	5,814,775	1,686,335	82,910	898,137	705,289	1,276,847
<b>Net income</b>	<b>79,515</b>	<b>48,302</b>	<b>565,848</b>	<b>2,181</b>	<b>30,382,765</b>	<b>8,809,057</b>	<b>155,182</b>	<b>2,093,442</b>	<b>6,560,433</b>	<b>566,367</b>

Footnote at end of table.

## Partnership Returns/1985

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Finance, insurance, and real estate—continued					Total	Services				
	Total	Real estate					Total	Hotels and other lodging places			Personal services
		Operators and lessors of buildings	Lessors, other than buildings	Real estate agents, brokers, and managers	Other real estate			Total	Motels, motor hotels, and tourist courts	Other lodging places	
(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)		
<b>Partnerships With and Without Net Income</b>											
Number of partnerships	694,027	582,487	37,589	17,707	56,244	341,295	21,794	9,954	11,840	34,967	
Number of partners	5,992,476	5,185,721	253,820	166,541	386,393	1,713,060	189,576	70,494	119,082	86,106	
Total assets	724,342,079	610,701,790	14,408,993	10,364,584	88,866,711	106,596,624	44,547,559	11,640,068	32,907,491	1,194,960	
Total receipts	59,746,083	35,844,585	1,197,928	2,857,058	19,846,512	112,742,962	18,310,017	4,845,298	13,464,719	2,564,222	
Business receipts	28,608,732	8,986,289	326,234	2,046,049	17,250,160	104,196,609	16,946,223	4,517,161	12,429,062	2,481,308	
Income from other partnerships and fiduciaries	1,287,793	1,031,381	56,292	79,220	120,900	230,250	29,902	8,944	20,958	395	
Nonqualifying dividends and interest received	7,806,082	6,228,665	179,209	224,430	1,173,778	1,624,874	329,338	108,228	221,110	8,238	
Rents received	18,381,972	17,292,165	507,836	178,913	403,059	2,518,553	604,613	124,860	479,753	7,909	
Royalties	131,979	80,148	50,810	9	1,013	97,788	237	29	208	3,385	
Farm net profit	30,162	2,101	27,093	126	843	318	116	—	116	—	
Net gain, noncapital assets	996,272	829,294	18,695	8,364	140,374	358,605	42,081	10,249	31,832	1,264	
Other receipts	2,502,635	1,394,543	31,760	319,946	756,386	3,715,965	357,507	75,827	281,680	61,723	
Total deductions	89,504,651	62,048,823	1,813,910	3,204,256	22,437,662	96,201,633	21,693,480	5,315,441	16,378,038	2,303,147	
Cost of sales and operations	17,836,706	3,880,724	96,346	545,113	13,314,522	19,258,556	6,811,549	903,258	5,908,291	537,694	
Inventory, beginning of year	10,959,484	1,218,634	64,811	274,023	9,402,017	774,929	149,975	27,950	122,025	17,468	
Purchases	6,930,783	1,819,653	98,253	116,286	4,896,591	5,955,702	1,345,616	355,404	990,212	206,963	
Cost of labor	257,901	125,432	74	33,436	98,958	2,593,129	891,494	196,378	695,117	150,400	
Other costs	11,669,849	2,563,435	21,729	353,124	8,731,561	10,876,940	4,606,480	359,964	4,246,516	254,485	
Less: Inventory, end of year	11,981,311	1,846,430	88,521	231,756	9,814,605	942,144	182,016	36,437	145,579	91,261	
Salaries and wages	1,772,331	1,064,943	37,367	325,759	344,262	21,412,158	2,150,537	703,544	1,446,992	366,162	
Less: Jobs credit	1,056	775	—	98	182	7,394	4,437	1,015	3,422	74	
Guaranteed payments to partners	929,829	701,846	8,439	36,768	182,775	4,074,008	116,418	53,920	62,497	88,220	
Rent paid	588,446	362,503	6,218	119,531	100,193	5,103,106	263,368	77,481	185,887	290,477	
Interest paid	12,057,165	8,348,764	271,419	358,554	3,078,439	5,887,018	3,205,772	876,320	2,329,452	59,478	
Taxes paid	1,806,764	1,373,908	40,275	64,215	328,366	2,992,718	824,752	239,593	585,159	73,764	
Bad debts	148,205	104,094	3,895	3,795	36,422	235,404	36,908	9,862	27,045	3,204	
Repairs	403,303	313,357	19,248	25,231	45,467	921,292	354,750	129,687	225,053	47,670	
Depreciation <sup>1</sup>	5,346,121	4,573,779	225,067	152,532	394,743	7,565,877	2,403,880	744,025	1,659,885	177,301	
Depletion	10,031	7,132	2,713	12	174	9,036	288	288	—	54	
Pension, profit sharing, annuity and bond purchase plans	14,156	9,000	2,591	1,069	1,497	465,798	9,219	1,061	8,158	1,063	
Employee benefit plans	75,786	49,376	1,976	12,075	12,359	618,512	113,184	17,531	95,653	3,420	
Net loss from other partnerships and fiduciaries	8,617,465	7,201,572	246,621	390,112	779,161	754,471	299,672	13,280	286,392	698	
Rent net loss	30,374,865	28,358,703	660,522	174,951	1,180,690	1,381,859	309,395	37,605	271,790	3,946	
Royalty net loss	3,648	14	3,633	—	—	2,914	—	—	—	—	
Farm net loss	47,983	25,152	17,272	—	5,559	6,735	202	202	—	157	
Net loss, noncapital assets	72,118	42,277	3,315	393	26,133	41,483	10,887	6,555	4,332	17	
Other deductions	9,400,783	5,632,455	166,993	994,253	2,607,082	25,478,083	4,787,137	1,502,234	3,284,903	649,896	
Net income (less deficit)	-29,758,568	-26,204,238	-615,982	-347,198	-2,591,150	16,541,329	-3,383,463	-470,144	-2,913,319	261,075	
Net income	21,007,341	17,000,587	620,152	494,884	2,891,717	26,941,589	854,783	355,154	499,629	436,093	
Deficit	50,765,909	43,204,825	1,236,134	842,082	5,482,868	10,400,260	4,238,246	825,298	3,412,948	175,018	
<b>Partnerships With Net Income</b>											
Number of partnerships	284,911	236,714	18,083	8,864	21,250	207,341	7,863	3,139	4,724	23,116	
Number of partners	2,364,235	2,000,024	123,203	68,630	172,378	886,670	47,797	22,582	25,214	54,875	
Total assets	223,460,633	189,847,924	5,599,584	3,964,430	24,048,694	39,281,378	8,239,038	3,693,752	4,545,286	731,517	
Total receipts	40,289,246	24,947,306	861,736	1,791,393	12,688,810	86,528,967	6,538,196	2,024,781	4,513,415	1,745,200	
Business receipts	16,749,062	4,331,133	163,429	1,200,775	11,053,725	80,163,337	5,791,330	1,851,386	3,939,944	1,720,628	
Income from other partnerships and fiduciaries	1,217,750	971,830	56,292	75,304	114,325	201,685	23,096	6,143	16,952	395	
Nonqualifying dividends and interest received	5,320,379	4,260,645	156,814	125,709	777,210	1,233,325	166,906	71,213	95,692	5,467	
Rents received	14,651,884	13,977,567	386,943	108,093	179,280	1,796,275	347,090	63,125	283,965	3,994	
Royalties	126,721	76,454	49,377	9	882	73,919	4	—	4	3,385	
Farm net profit	29,233	1,280	27,093	126	734	202	—	—	—	—	
Net gain, noncapital assets	732,586	607,748	11,634	8,092	105,113	279,471	23,004	4,821	18,183	1,193	
Other receipts	1,461,630	720,649	10,154	273,289	457,541	2,780,752	186,766	28,092	158,674	10,138	
Total deductions	19,281,905	7,946,719	241,584	1,296,509	9,797,093	59,587,377	5,683,412	1,669,627	4,013,786	1,309,107	
Cost of sales and operations	10,248,840	2,103,596	32,384	337,573	7,775,286	11,305,613	2,351,505	275,080	2,076,425	343,690	
Inventory, beginning of year	5,124,176	474,933	1,986	130,951	4,516,307	464,102	30,406	6,768	23,638	13,874	
Purchases	3,271,567	658,447	43,519	94,866	2,474,735	3,894,352	390,815	115,994	274,821	131,036	
Cost of labor	97,599	24,068	14	32,782	40,735	1,425,221	151,678	43,277	108,401	82,694	
Other costs	6,206,126	1,371,928	1,670	198,227	4,634,301	6,078,324	1,815,304	116,890	1,698,414	194,161	
Less: Inventory, end of year	4,450,628	425,780	14,805	119,252	3,890,792	556,368	36,698	7,850	28,848	78,076	
Salaries and wages	582,112	251,706	27,581	175,283	127,541	17,407,915	652,814	259,252	393,562	159,231	
Less: Jobs credit	77	65	—	—	12	3,333	1,033	622	411	74	
Guaranteed payments to partners	263,324	176,935	6,395	22,777	57,218	2,431,791	49,294	32,877	16,417	62,529	
Rent paid	196,375	96,274	5,386	74,057	20,659	4,005,801	96,765	39,673	57,092	132,100	
Interest paid	2,401,535	1,625,347	51,118	87,267	637,804	1,511,247	384,868	193,811	191,057	27,007	
Taxes paid	534,019	399,851	14,381	24,991	94,795	2,112,773	279,187	91,041	188,146	41,993	
Bad debts	26,313	14,512	2,090	2,063	7,648	131,501	8,980	2,259	6,721	2,970	
Repairs	122,340	95,659	3,986	7,372	15,324	549,657	129,784	55,564	74,220	28,903	
Depreciation <sup>1</sup>	1,201,915	1,071,787	42,292	36,738	51,098	2,897,478	375,965	191,810	184,156	91,693	
Depletion	7,270	4,535	2,708	12	15	8,936	288	288	—	54	
Pension, profit sharing, annuity and bond purchase plans	6,165	2,889	2,591	653	31	440,400	4,682	645	4,037	1,063	
Employee benefit plans	28,042	10,814	1,854	10,040	5,333	457,395	30,277	7,603	22,674	3,222	
Net loss from other partnerships and fiduciaries	223,824	170,253	986	5,662	46,923	69,054	2,949	2,175	774	34	
Rent net loss	576,037	516,073	6,331	7,169	46,464	29,808	2,954	807	2,147	1,096	
Royalty net loss	14	14	—	—	—	—	—	—	—	—	
Farm net loss	5,825	4,466	1,232	—	127	3,804	129	129	—	157	
Net loss, noncapital assets	6,441	4,911	1,175	106	248	19,075	496	435	62	—	
Other deductions	2,851,592	1,397,161	39,094	504,746	910,590	16,208,461	1,313,508	516,800	796,707	413,438	
Net income	21,007,341	17,000,587	620,152	494,884	2,891,717	26,941,589	854,783	355,154	499,629	436,093	

Footnote at end of table.

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Services—continued											
	Personal services—continued				Business services	Total	Automobile repair and services				Miscellaneous repair services	
	Laundries dry cleaning and garment services	Beauty shops	Barber shops	Other personal services			Total	Automobile repair shops				Automobile parking and other services
								General automotive repair shops	Other automotive repair			
(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)		
<b>Partnerships With and Without Net Income</b>												
<b>Number of partnerships</b> . . . . .	8,854	9,357	4,234	12,522	81,289	30,188	20,561	9,949	10,612	9,627	7,778	
<b>Number of partners</b> . . . . .	20,298	20,486	13,813	31,510	564,856	67,760	45,051	23,509	21,542	22,709	15,879	
<b>Total assets</b> . . . . .	347,652	343,352	21,472	482,483	25,041,323	1,634,041	513,923	302,365	211,558	1,120,118	217,083	
<b>Total receipts</b> . . . . .	747,706	533,840	280,882	1,001,794	11,137,829	4,269,509	2,981,279	1,554,297	1,426,982	1,288,230	995,426	
Business receipts . . . . .	741,506	516,785	280,826	942,191	8,192,931	4,171,445	2,968,998	1,546,039	1,422,959	1,202,448	954,065	
Income from other partnerships and fiduciaries . . . . .	—	—	—	395	77,224	62	1	—	1	62	—	
Nonqualifying dividends and interest received . . . . .	2,068	313	—	5,856	460,168	18,189	6,158	4,624	1,534	12,030	2,144	
Rents received . . . . .	3,140	3,598	—	1,171	1,458,975	41,795	1,736	1,704	31	40,059	—	
Royalties . . . . .	—	—	—	3,385	8,639	—	—	—	—	—	—	
Farm net profit . . . . .	—	—	—	—	16	186	186	186	—	—	—	
Net gain, noncapital assets . . . . .	457	—	—	807	219,710	28,345	2,874	1,650	1,224	25,471	287	
Other receipts . . . . .	534	13,144	56	47,990	720,166	9,486	1,326	93	1,233	8,160	38,930	
<b>Total deductions</b> . . . . .	708,836	517,579	164,424	912,307	10,863,617	3,869,901	2,643,069	1,397,061	1,246,008	1,226,832	892,211	
Cost of sales and operations . . . . .	122,248	154,559	76,414	184,473	2,512,612	2,252,815	1,664,471	848,553	815,918	588,344	536,664	
Inventory, beginning of year . . . . .	1,034	2,265	128	14,040	82,064	152,642	110,268	38,876	71,392	42,374	114,834	
Purchases . . . . .	25,962	35,835	—	145,167	1,146,987	1,559,033	1,219,845	709,946	509,900	339,188	386,298	
Cost of labor . . . . .	14,056	76,085	44,387	15,511	250,912	210,849	174,838	73,965	100,873	36,011	103,806	
Other costs . . . . .	83,907	107,476	32,027	31,075	1,161,393	484,564	265,868	63,605	202,263	218,696	65,209	
Less: Inventory, end of year . . . . .	2,710	67,103	128	21,320	128,744	154,273	106,348	37,839	68,510	47,925	133,483	
Salaries and wages . . . . .	124,135	98,083	—	143,944	902,536	318,938	242,173	120,235	121,938	76,764	46,719	
Less: Jobs credit . . . . .	74	—	—	—	320	—	—	—	—	—	—	
Guaranteed payments to partners . . . . .	5,972	36,493	1,014	44,741	210,242	101,276	66,970	46,174	20,796	34,307	34,695	
Rent paid . . . . .	91,776	78,886	26,578	93,236	509,382	151,372	113,447	66,956	46,491	37,925	17,134	
Interest paid . . . . .	21,791	10,560	2,621	24,506	963,978	131,169	35,499	17,237	18,261	95,671	16,517	
Taxes paid . . . . .	29,292	14,061	8,369	22,043	141,309	74,827	54,917	27,198	27,720	19,910	16,647	
Bad debts . . . . .	596	65	—	2,543	98,541	6,579	4,354	3,316	1,037	2,225	1,195	
Repairs . . . . .	20,692	6,232	394	20,352	96,951	26,238	10,594	4,259	6,335	15,644	5,885	
Depreciation <sup>1</sup> . . . . .	84,347	19,948	7,574	65,431	1,705,585	235,772	54,759	26,303	28,456	181,012	59,776	
Depletion . . . . .	—	—	—	54	614	1	—	—	—	1	—	
Pension, profit sharing, annuity and bond purchase plans . . . . .	453	—	—	610	17,629	49	—	—	—	49	29	
Employee benefit plans . . . . .	905	300	—	2,215	24,924	12,143	10,977	8,838	2,139	1,166	155	
Net loss from other partnerships and fiduciaries . . . . .	688	—	—	10	130,989	579	—	—	—	579	—	
Rent net loss . . . . .	8	—	—	3,939	981,050	564	—	—	—	564	—	
Royalty net loss . . . . .	—	—	—	—	271	—	—	—	—	—	—	
Farm net loss . . . . .	—	—	—	157	681	1,680	1,680	1,680	—	—	—	
Net loss, noncapital assets . . . . .	—	17	—	—	17,854	1,341	—	—	—	1,341	48	
Other deductions . . . . .	206,009	98,376	41,458	304,054	2,548,790	554,561	383,229	226,312	156,916	171,332	156,744	
<b>Net income (less deficit)</b> . . . . .	38,869	16,261	116,458	89,486	274,212	399,607	338,210	157,236	180,974	61,397	103,215	
Net income . . . . .	78,700	56,039	116,458	184,897	2,893,085	536,394	393,603	189,778	203,825	142,791	117,670	
Deficit . . . . .	39,830	39,778	—	95,411	2,618,873	136,787	55,393	32,542	22,851	81,393	14,455	
<b>Partnerships With Net Income</b>												
<b>Number of partnerships</b> . . . . .	5,529	5,345	4,234	8,007	41,642	20,675	14,864	8,689	6,176	5,810	5,335	
<b>Number of partners</b> . . . . .	12,312	11,261	13,813	17,489	317,851	46,827	33,554	20,989	12,565	13,273	10,888	
<b>Total assets</b> . . . . .	143,979	266,514	21,472	299,552	10,171,257	916,869	377,463	206,919	170,544	539,406	171,409	
<b>Total receipts</b> . . . . .	496,110	205,855	280,882	762,353	8,117,451	3,464,331	2,520,917	1,392,318	1,128,600	943,414	826,218	
Business receipts . . . . .	491,811	204,484	280,826	743,506	5,871,869	3,411,232	2,510,562	1,384,064	1,126,498	900,670	785,201	
Income from other partnerships and fiduciaries . . . . .	—	—	—	395	70,483	62	—	—	—	62	—	
Nonqualifying dividends and interest received . . . . .	1,430	51	—	3,986	333,357	16,074	5,741	4,620	1,121	10,333	1,971	
Rents received . . . . .	2,265	576	—	1,153	1,097,903	18,736	1,736	1,704	31	17,001	—	
Royalties . . . . .	—	—	—	3,385	8,547	—	—	—	—	—	—	
Farm net profit . . . . .	—	—	—	—	16	186	186	186	—	—	—	
Net gain, noncapital assets . . . . .	404	—	—	790	188,825	14,194	2,270	1,650	620	11,924	144	
Other receipts . . . . .	201	743	56	9,139	546,452	3,847	423	93	329	3,424	38,902	
<b>Total deductions</b> . . . . .	417,411	149,816	164,424	577,456	5,224,366	2,927,937	2,127,314	1,202,539	924,775	800,623	708,548	
Cost of sales and operations . . . . .	62,745	54,847	76,414	149,684	1,724,934	1,846,843	1,319,168	727,825	591,342	527,675	447,230	
Inventory, beginning of year . . . . .	303	1,220	128	12,222	47,848	91,635	71,466	25,697	45,768	20,169	111,021	
Purchases . . . . .	7,655	19,024	—	104,357	849,560	1,286,333	980,061	629,790	350,271	306,272	328,464	
Cost of labor . . . . .	13,976	8,820	44,387	15,511	163,420	152,882	116,900	48,875	68,025	35,983	76,232	
Other costs . . . . .	41,266	91,968	32,027	28,899	735,497	409,586	217,230	47,386	169,844	192,356	55,101	
Less: Inventory, end of year . . . . .	455	66,186	128	11,307	71,391	93,593	66,489	23,923	42,566	27,105	123,588	
Salaries and wages . . . . .	68,232	17,067	—	73,932	625,484	281,927	238,048	120,235	117,813	43,879	38,404	
Less: Jobs credit . . . . .	74	—	—	—	320	—	—	—	—	—	—	
Guaranteed payments to partners . . . . .	4,291	13,213	1,014	44,012	133,435	31,601	27,944	26,654	1,291	3,657	12,916	
Rent paid . . . . .	60,006	28,425	26,578	17,091	197,492	113,882	89,784	58,970	30,814	24,098	15,525	
Interest paid . . . . .	8,003	1,871	2,621	14,511	277,542	55,620	24,289	11,580	12,709	31,330	10,779	
Taxes paid . . . . .	16,693	2,735	8,369	14,196	99,071	57,207	45,182	23,877	21,304	12,026	14,803	
Bad debts . . . . .	459	65	—	2,447	54,673	5,415	3,811	3,145	666	1,605	1,195	
Repairs . . . . .	10,686	648	394	17,175	49,785	18,059	7,867	3,153	4,715	10,191	4,309	
Depreciation <sup>1</sup> . . . . .	41,407	5,729	7,574	36,983	640,033	105,486	43,632	23,618	20,015	61,854	44,779	
Depletion . . . . .	—	—	—	54	614	—	—	—	—	—	—	
Pension, profit sharing, annuity and bond purchase plans . . . . .	453	—	—	610	15,332	27	—	—	—	27	29	
Employee benefit plans . . . . .	708	300	—	2,215	13,357	11,308	10,901	8,762	2,139	406	155	
Net loss from other partnerships and fiduciaries . . . . .	27	—	—	8	8,346	579	—	—	—	579	—	
Rent net loss . . . . .	8	—	—	1,089	13,233	110	—	—	—	110	—	
Royalty net loss . . . . .	—	—	—	—	—	—	—	—	—	—	—	
Farm net loss . . . . .	—	—	—	157	674	1,680	1,680	1,680	—	—	—	
Net loss, noncapital assets . . . . .	—	—	—	—	10,510	1,136	—	—	—	1,136	48	
Other deductions . . . . .	143,768	24,916	41,458	203,295	1,360,169	397,058	315,007	193,040	121,967	82,050	118,376	
<b>Net income</b> . . . . .	78,700	56,039	116,458	184,897	2,893,085	536,394	393,603	189,778	203,825	142,791	117,670	

Footnote at end of table.

## Partnership Returns/1985

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Services—continued										Nature of business not allocable
	Amusement and recreation services, including motion pictures	Medical and health services			Legal services	Engineering and architectural services	Accounting, auditing, and bookkeeping services			Other services	
		Total	Offices of physicians	Other medical and health services			Total	Certified public accountants	Other accounting, auditing and bookkeeping services		
(82)	(83)	(84)	(85)	(86)	(87)	(88)	(89)	(90)	(91)	(92)	
<b>Partnerships With and Without Net Income</b>											
Number of partnerships	29,545	36,557	9,759	26,798	30,795	10,922	18,131	11,034	7,097	39,329	18,023
Number of partners	193,432	203,837	39,397	164,440	132,861	28,253	70,958	53,251	17,707	159,542	67,474
Total assets	12,259,147	7,454,810	895,741	6,559,069	6,109,263	680,036	2,684,676	2,388,117	296,559	4,773,726	2,213,049
Total receipts	9,509,716	16,927,551	7,371,668	9,555,883	26,950,118	3,982,373	14,185,219	13,381,480	803,739	3,910,983	1,947,865
Business receipts	8,533,253	15,712,899	6,451,832	9,261,067	26,205,232	3,922,012	13,901,548	13,113,393	788,155	3,175,692	1,816,401
Income from other partnerships and fiduciaries	85,376	3,163	1,150	2,013	11,611	6,564	6,669	6,669	—	9,285	38,417
Nonqualifying dividends and interest received	106,510	92,172	23,398	68,774	93,449	11,063	82,349	72,025	10,323	421,255	35,563
Rents received	93,893	123,914	9,036	114,878	63,974	466	11,219	10,439	780	111,796	40,421
Royalties	34,193	14	—	14	464	1,731	—	—	—	49,125	1,679
Farm net profit	—	—	—	—	—	—	—	—	—	—	8
Net gain, noncapital assets	38,493	13,308	323	12,985	2,949	5,077	4,754	599	4,155	2,337	4,973
Other receipts	617,999	982,080	885,928	96,152	572,440	35,460	178,681	178,355	326	141,493	10,404
<b>Total deductions</b>	<b>9,901,524</b>	<b>12,514,164</b>	<b>4,437,880</b>	<b>8,076,284</b>	<b>16,295,558</b>	<b>3,526,030</b>	<b>11,339,235</b>	<b>10,672,315</b>	<b>666,920</b>	<b>3,002,766</b>	<b>1,909,953</b>
Cost of sales and operations	2,814,769	1,281,805	132,033	1,149,772	271,627	1,044,106	153,145	130,316	22,828	1,041,770	975,655
Inventory, beginning of year	73,238	49,376	427	48,949	786	17,683	7,892	7,202	690	108,972	36,037
Purchases	588,123	305,607	26,867	278,740	11,870	111,992	6,182	1,028	5,154	287,030	591,596
Cost of labor	107,383	275,824	13,105	262,720	29,075	198,784	90,960	75,010	15,950	284,003	37,747
Other costs	2,151,472	714,421	92,039	622,382	230,744	735,161	48,651	47,082	1,569	424,361	376,656
Less: Inventory, end of year	105,447	63,424	405	63,019	847	19,514	539	5	534	62,596	66,381
Salaries and wages	1,247,132	3,316,544	1,266,472	2,050,072	6,867,017	861,831	5,016,853	4,800,562	216,291	317,891	143,318
Less: Jobs credit	387	1,121	21	1,101	795	10	249	249	—	—	61
Guaranteed payments to partners	174,243	958,378	659,469	298,909	724,164	280,087	1,235,786	1,135,016	100,770	150,499	18,154
Rent paid	211,718	742,852	337,673	405,179	1,884,783	145,103	806,914	759,719	47,195	80,003	79,320
Interest paid	572,122	440,328	38,865	401,463	207,523	26,107	120,779	104,100	16,678	143,246	87,166
Taxes paid	169,664	381,754	102,918	278,836	705,496	89,807	460,696	436,851	23,845	54,003	23,707
Bad debts	24,791	24,545	6,569	17,976	19,707	2,137	15,836	15,835	2	1,961	9,023
Repairs	85,160	78,953	24,288	54,665	130,514	11,148	63,118	53,908	9,210	20,904	20,369
Depreciation <sup>1</sup>	1,168,399	475,856	87,760	388,096	645,331	79,396	326,257	299,174	27,083	288,324	123,755
Depletion	99	—	—	—	7,616	—	363	363	—	—	—
Pension, profit sharing, annuity and bond purchase plans	21,655	91,177	72,004	19,173	195,516	19,233	104,436	103,346	1,091	5,792	2,442
Employee benefit plans	28,149	147,015	74,713	72,302	170,378	29,263	78,716	75,433	3,283	11,165	3,632
Net loss from other partnerships and fiduciaries	170,012	21,283	869	20,414	30,040	18,427	6,262	4,956	1,306	76,510	13,188
Rent net loss	15,517	27,675	353	27,323	20,560	3,249	1,326	1,326	—	18,575	4,592
Royalty net loss	2,643	—	—	—	—	—	—	—	—	—	—
Farm net loss	2,852	—	—	—	1,031	—	—	—	—	133	665
Net loss, noncapital assets	5,800	273	25	248	3,906	197	838	812	26	322	155
Other deductions	3,187,187	4,526,848	1,633,892	2,892,956	4,411,144	915,950	2,948,158	2,750,848	197,310	791,669	403,976
<b>Net income (less deficit)</b>	<b>-391,809</b>	<b>4,413,388</b>	<b>2,933,788</b>	<b>1,479,600</b>	<b>10,654,560</b>	<b>456,343</b>	<b>2,845,985</b>	<b>2,709,166</b>	<b>136,819</b>	<b>908,216</b>	<b>38,812</b>
Net income	1,231,564	5,225,417	2,948,408	2,277,009	10,737,009	523,278	2,970,468	2,800,951	169,517	1,415,032	240,645
Deficit	1,623,373	812,030	14,620	797,410	83,245	66,935	124,483	91,786	32,698	506,815	201,833
<b>Partnerships With Net Income</b>											
Number of partnerships	9,280	25,949	8,329	17,620	28,735	7,351	13,097	9,491	3,606	24,298	9,609
Number of partners	48,039	92,890	34,799	58,090	123,589	18,567	55,494	44,872	10,622	69,856	38,068
Total assets	4,630,369	3,438,842	756,312	2,682,530	5,944,733	469,929	2,448,358	2,279,928	168,430	2,119,057	852,573
Total receipts	5,751,904	13,806,998	6,670,455	7,136,543	26,439,744	3,302,330	13,291,888	12,600,682	691,207	3,244,706	1,308,862
Business receipts	5,116,462	12,697,189	5,758,671	6,938,519	25,698,070	3,273,337	13,180,161	12,504,301	675,860	2,617,859	1,197,299
Income from other partnerships and fiduciaries	70,501	3,070	1,150	1,919	11,611	6,534	6,669	6,669	—	9,266	38,417
Nonqualifying dividends and interest received	69,379	56,115	19,976	36,139	92,528	10,616	76,785	66,617	10,168	404,127	23,786
Rents received	72,562	93,529	5,248	88,281	63,307	466	2,527	1,747	780	96,160	36,466
Royalties	21,520	—	—	—	417	1,731	—	—	—	38,315	1,169
Farm net profit	—	—	—	—	—	—	—	—	—	—	8
Net gain, noncapital assets	30,117	12,378	286	12,092	2,938	528	4,605	451	4,155	1,545	3,252
Other receipts	371,363	944,717	885,124	59,593	570,873	9,117	21,141	20,897	244	77,435	8,465
<b>Total deductions</b>	<b>4,520,340</b>	<b>8,581,581</b>	<b>3,722,048</b>	<b>4,859,533</b>	<b>15,701,940</b>	<b>2,779,052</b>	<b>10,321,420</b>	<b>9,799,730</b>	<b>521,690</b>	<b>1,829,674</b>	<b>1,068,217</b>
Cost of sales and operations	1,619,435	907,059	128,177	778,882	238,037	911,996	145,023	122,194	22,828	769,861	715,293
Inventory, beginning of year	49,389	21,992	427	21,565	786	17,683	7,892	7,202	690	88,561	30,635
Purchases	318,145	232,049	26,198	205,852	11,870	111,458	6,180	1,026	5,154	228,442	420,517
Cost of labor	58,753	192,609	13,105	179,505	29,075	190,276	90,938	74,988	15,950	236,664	31,151
Other costs	1,260,527	484,335	88,853	395,482	197,154	614,378	47,731	46,162	1,569	264,549	275,554
Less: Inventory, end of year	67,379	23,928	405	23,523	847	11,993	538	4	534	48,355	42,564
Salaries and wages	621,278	2,539,203	1,226,061	1,313,142	6,716,074	703,568	4,793,583	4,600,273	193,310	276,349	67,092
Less: Jobs credit	19	875	21	855	795	10	206	206	—	—	61
Guaranteed payments to partners	97,880	345,200	214,081	131,119	602,903	150,229	890,483	839,857	50,625	55,323	449
Rent paid	100,881	593,225	322,834	270,391	1,831,564	118,005	746,171	708,171	38,000	60,190	24,957
Interest paid	197,130	167,419	29,460	137,960	203,275	19,360	104,287	94,045	10,242	63,961	21,459
Taxes paid	89,546	280,429	99,419	181,010	690,791	76,863	437,729	416,089	21,641	45,153	13,253
Bad debts	7,687	13,050	6,224	6,826	19,567	1,368	15,836	15,835	2	759	1,949
Repairs	45,576	61,989	23,838	38,151	129,023	9,984	60,438	52,219	8,219	11,807	6,393
Depreciation <sup>1</sup>	320,028	274,600	65,652	208,948	628,068	64,045	298,597	276,798	21,799	54,184	48,010
Depletion	—	—	—	—	7,616	—	363	363	—	—	—
Pension, profit sharing, annuity and bond purchase plans	9,762	88,267	70,619	17,648	194,687	19,230	102,391	101,300	1,091	4,931	552
Employee benefit plans	11,108	111,717	73,954	37,764	167,190	27,484	71,184	68,420	2,764	10,393	366
Net loss from other partnerships and fiduciaries	24,141	3,239	869	2,370	22,491	875	6,262	4,956	1,306	139	1,050
Rent net loss	704	1,406	133	1,273	4,965	1,535	1,326	1,326	—	2,478	21
Royalty net loss	—	—	—	—	—	—	—	—	—	—	—
Farm net loss	—	—	—	—	1,031	—	—	—	—	133	665
Net loss, noncapital assets	1,547	159	—	159	3,905	197	755	729	26	322	155
Other deductions	1,373,657	3,195,494	1,460,748	1,734,746	4,241,549	674,325	2,647,198	2,497,362	149,836	473,691	166,616
<b>Net income</b>	<b>1,231,564</b>	<b>5,225,417</b>	<b>2,948,408</b>	<b>2,277,009</b>	<b>10,737,009</b>	<b>523,278</b>	<b>2,970,468</b>	<b>2,800,951</b>	<b>169,517</b>	<b>1,415,032</b>	<b>240,645</b>

<sup>1</sup> The deduction for depreciation shown in table 1 differs from that shown in table 2 due to the reporting characteristics in farming and in real estate. The depreciation in table 1 is taken from the front page of the partnership income reporting form while that in table 2 is taken from the form 4562 on which the depreciation deduction is computed. See the text for a more complete explanation of these differences.

**Table 2.—Selected Items, by Industry**

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

Industry	Number of partnerships		Number of partners	Total assets	Business receipts <sup>1</sup>	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Payroll	Guaranteed payments to partners	Net income (less deficit)	Net income	Deficit
	Total	Limited												
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>All Industries</b>	<b>1,713,604</b>	<b>279,878</b>	<b>13,244,824</b>	<b>1,269,434,302</b>	<b>349,168,926</b>	<b>146,315,315</b>	<b>53,650,790</b>	<b>7,745,756</b>	<b>28,674,932</b>	<b>42,729,310</b>	<b>7,694,236</b>	<b>- 8,883,674</b>	<b>77,044,693</b>	<b>85,928,367</b>
Agriculture, forestry, and fishing	135,909	9,056	584,789	27,026,795	6,528,606	3,730,812	2,652,655	101,883	369,296	784,240	327,549	- 1,049,434	2,796,816	3,846,249
Farms	109,544	6,440	490,873	22,357,076	3,344,233	2,227,781	2,270,500	44,962	207,233	264,414	250,952	- 854,369	2,339,960	3,194,330
Field crop	44,982	1,408	159,343	8,310,489	1,345,465	808,815	800,348	27,675	69,015	153,198	129,980	381,496	1,120,850	739,354
Vegetable and melon	2,497	*	6,204	593,671	52,861	40,451	68,534	591	3,118	11,586	4,752	- 13,118	110,542	123,660
Fruit and tree nut	10,409	2,554	94,126	4,224,062	212,007	120,778	299,836	6,604	51,597	24,678	16,185	- 385,424	201,534	586,959
Horticultural specialty	3,589	44	9,234	308,197	79,932	43,272	42,406	2,768	16,377	16,926	1,900	- 59,051	28,974	88,025
Beef cattle feedlots	1,813	79	82,004	657,063	288,162	238,628	22,012	674	7,678	7,251	1,192	119,944	172,928	52,984
Beef cattle, except feedlots	15,925	313	60,947	4,270,004	545,091	412,756	287,527	2,854	35,824	10,839	37,591	- 841,298	74,584	915,882
Hogs, sheep, and goats	4,179	34	11,763	221,337	169,560	124,332	37,449	359	1,326	796	7,078	62,132	120,216	58,084
Dairy farms	17,940	1,612	43,195	1,860,783	184,769	107,765	524,181	1,078	8,650	21,471	42,825	222,785	395,888	173,103
Poultry and eggs	*	*	*	*	*	*	*	*	*	*	*	*	*	*
General livestock, including animal specialty	7,479	253	22,105	1,412,822	199,812	154,050	148,659	1,194	9,713	8,988	5,670	- 365,778	58,814	424,592
Farms not allocable	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Agricultural services	18,015	1,266	71,122	3,000,702	1,902,767	957,940	275,907	38,964	83,205	341,615	49,653	- 265,233	259,026	524,258
Veterinary services	1,183	—	2,888	53,174	302,628	60,464	5,769	3,325	6,089	49,616	31,982	84,932	84,932	—
Livestock breeding	4,264	681	36,190	1,061,616	85,264	50,266	160,222	725	24,819	12,173	1,114	- 348,887	31,449	380,336
Animal services, except livestock breeding and veterinary	2,300	7	5,404	621,147	172,623	131,552	31,318	1,844	5,262	12,138	1,957	- 50,517	27,866	78,383
Landscape and horticultural services	4,336	506	9,279	188,794	479,601	117,832	18,907	11,903	14,398	94,517	8,609	53,694	60,535	6,841
Other agricultural services	5,931	72	17,360	1,075,970	862,651	497,827	59,691	21,167	32,637	173,172	5,991	- 4,454	54,244	58,698
Forestry	5,680	297	15,831	1,361,745	651,755	314,939	59,695	12,936	41,466	66,037	11,062	23,465	91,099	67,634
Fishing, hunting, and trapping	2,669	1,054	6,964	307,272	629,851	230,151	46,553	5,021	37,391	112,174	15,882	46,703	106,731	60,028
Mining	62,634	25,292	2,207,066	66,929,582	19,922,394	6,141,962	3,774,129	742,756	1,197,096	1,001,923	96,651	1,481,701	7,884,137	6,402,436
Metal mining	2,575	1,725	46,170	4,550,463	1,064,812	752,479	284,641	61,328	129,912	136,048	230	- 568,123	179,193	747,316
Coal mining	2,342	160	21,117	5,056,892	2,469,089	1,362,186	226,287	86,101	87,567	301,763	6,432	- 57,793	383,745	441,538
Oil and gas extraction	55,816	23,192	2,130,764	55,759,888	15,577,355	3,550,030	3,100,080	590,405	904,948	402,206	84,367	2,272,783	7,280,664	5,007,882
Nonmetallic minerals, except fuels	1,631	214	9,014	1,562,340	811,138	477,267	163,121	4,921	74,670	161,905	5,622	- 165,166	40,535	205,701
Construction	56,665	1,271	134,034	15,007,950	21,476,357	15,785,948	536,547	215,055	372,977	2,838,156	370,549	2,207,401	2,742,982	535,581
General building contractors and operative builders	18,929	785	46,449	9,565,056	9,822,432	8,167,564	131,464	58,955	228,463	1,005,299	186,293	710,466	1,001,809	291,343
General building contractors	18,200	604	44,477	7,837,649	9,170,863	7,655,470	107,886	54,503	190,887	973,744	181,687	571,536	814,793	243,255
Operative builders	729	182	1,972	1,727,407	651,568	512,094	23,578	4,452	37,577	31,555	4,606	138,929	187,016	48,088
Heavy construction contractors	2,070	27	4,479	2,868,626	3,660,098	2,824,800	103,791	21,523	37,101	452,177	10,499	503,475	579,674	76,199
Highway and street construction	134	4	321	338,358	694,155	628,842	19,689	3,015	6,937	31,773	3,175	31,086	37,986	6,901
Heavy construction except highway	1,935	23	4,158	2,530,268	2,965,943	2,195,958	84,102	18,508	30,164	370,504	7,324	472,389	541,688	69,298
Special trade contractors	35,666	459	83,106	2,574,268	7,993,828	4,793,584	301,292	134,576	107,413	1,380,680	173,756	993,460	1,161,499	168,039
Plumbing, heating, and air conditioning	3,762	149	8,281	329,124	1,393,351	954,483	24,517	28,808	10,216	226,329	8,540	207,239	212,834	5,595
Painting, paper hanging, and decorating	6,515	—	15,564	137,242	772,851	309,579	33,483	14,505	4,061	187,429	1,074	170,053	176,838	6,785
Electrical work	2,098	—	4,221	173,774	587,731	384,749	7,423	12,508	4,428	155,833	906	107,666	110,636	2,970
Masonry, stonework, tile setting, and plastering	2,218	14	5,012	85,635	671,074	342,727	14,497	9,590	6,434	176,163	48,301	50,404	59,136	8,732
Carpentry and flooring	3,734	—	7,676	20,771	415,707	173,961	6,868	5,925	2,224	42,450	24,664	119,472	119,472	—
Roofing and sheet metal work	1,100	14	3,118	48,656	303,474	191,291	3,061	4,759	1,762	58,412	10,904	35,772	36,371	600
Concrete work	2,125	—	4,249	80,299	459,121	320,489	12,337	12,587	3,215	71,124	18,456	47,703	49,669	1,966
Water well drilling	1,633	—	3,278	15,049	33,980	21,063	2,616	810	1,139	4,408	—	7,363	9,383	2,021
Miscellaneous special trade contractors	12,481	281	31,706	1,683,719	3,356,538	2,095,243	196,490	45,085	73,935	458,532	60,911	247,789	387,159	139,371
Contractors not allocable	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Manufacturing	29,980	1,561	105,007	24,837,834	22,587,694	16,965,616	1,745,660	250,427	842,224	3,300,474	154,209	- 1,085,187	1,228,381	2,313,568
Food and kindred products	211	51	1,223	1,192,310	2,129,505	1,628,865	73,735	24,949	46,298	270,108	10,800	40,439	105,843	65,403
Textile mill products	321	146	853	94,823	335,633	242,645	3,606	1,881	7,676	53,882	409	16,379	18,054	1,676
Apparel and other textile products	3,428	40	7,010	791,667	1,630,737	1,117,030	22,776	13,458	56,523	280,031	3,615	111,545	132,839	21,293
Lumber and wood products, except furniture	1,324	78	7,080	3,918,992	2,312,351	1,838,378	191,633	27,943	145,947	426,402	18,994	- 151,373	75,328	226,701
Furniture and fixtures	2,443	*	5,730	151,717	279,436	195,802	8,960	4,397	9,986	45,656	11,578	- 21,561	10,395	31,956
Printing, publishing, and allied industries	5,634	383	27,677	1,692,079	2,327,646	945,419	106,196	47,020	57,960	508,611	34,597	118,396	277,436	159,039

Footnotes at end of table

Table 2.—Selected Items, by Industry—Continued

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

Industry	Number of partnerships		Number of partners	Total assets	Business receipts <sup>1</sup>	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Payroll	Guaranteed payments to partners	Net income (less deficit)	Net income	Deficit
	Total	Limited												
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Manufacturing—continued														
Chemicals and allied products	800	157	10,325	7,835,885	2,643,887	2,363,296	623,604	30,423	136,471	323,334	3,189	-700,258	93,301	793,559
Leather and leather products														
Stone, clay, and glass products	3,759	7	8,627	276,300	419,380	284,089	17,495	7,125	4,712	78,124	1,852	7,233	26,136	18,903
Primary metal industries	1,112	8	2,244	1,112,673	1,497,588	1,283,009	93,967	9,560	19,715	191,473	4,758	5,024	53,324	48,300
Fabricated metal products	5,140	119	13,975	1,021,856	1,561,009	1,079,067	66,901	21,621	52,086	271,952	12,876	58,994	108,069	49,074
Machinery, except electrical	317	67	1,364	779,782	508,661	352,000	62,227	6,555	41,005	81,260	12,451	-77,348	31,233	108,581
Electrical and electronic equipment	944	338	2,935	880,430	814,896	598,423	44,960	20,515	89,949	262,057	124	-331,790	51,752	383,542
Transportation equipment														
Other manufacturing industries	4,521	156	15,725	4,857,101	5,861,207	4,816,984	417,399	31,703	163,188	460,555	38,110	-158,941	222,778	381,719
Manufacturing not allocable														
Transportation, communication, electric, gas, and sanitary services	24,970	4,241	186,326	26,467,744	11,252,973	4,290,900	2,865,803	237,569	1,308,508	1,061,249	157,175	-3,066,313	1,360,425	4,426,739
Local and interurban passenger transportation	1,178	8	2,408	150,874	218,742	30,361	25,693	15,772	8,958	48,835		10,871	15,458	4,587
Taxicabs														
Other passenger transportation	1,178	8	2,408	150,874	218,742	30,361	25,693	15,772	8,958	48,835		10,871	15,458	4,587
Trucking and warehousing	12,992	1,157	41,750	1,610,405	1,844,432	437,995	283,901	47,316	88,776	269,975	62,854	148,275	194,280	46,006
Trucking, local and long distance	12,175	1,106	29,802	878,347	1,633,072	377,453	233,187	39,088	67,972	235,105	61,663	120,687	154,161	33,474
Public warehousing and trucking terminals	817	51	11,947	732,057	211,361	60,542	50,714	8,228	20,804	34,870	1,191	27,588	40,120	12,532
Water transportation	541	288	5,605	1,608,726	721,579	403,263	248,529	4,545	102,325	79,434	648	-119,645	121,464	241,108
Air transportation	320	6	952	342,896	128,320	37,466	69,305	1,508	20,623	20,073		-86,686	673	87,359
Transportation services	2,374	175	11,007	3,219,979	3,010,934	1,667,277	381,881	20,732	164,156	62,950	35,906	471,882	666,290	194,408
Passenger transportation arrangement	69		214	23,927	135,446	101,290	3,043	1,711	777	9,349	1,360	1,786	2,756	970
Freight transportation arrangement	197		1,942	138,984	334,189	132,249	19,091	711	6,025	7,426		2,434	19,524	17,090
Other transportation services	2,108	166	8,851	3,057,068	2,541,299	1,433,737	359,746	18,310	157,354	46,175	34,546	467,662	644,010	176,348
Communication	4,745	2,038	98,961	9,644,711	3,474,680	912,300	1,035,351	95,824	605,387	526,325	45,898	-1,743,073	194,795	1,937,867
Electric, gas, and water services	2,019	546	23,829	9,022,816	1,525,786	751,378	722,791	44,550	275,122	12,544	2,646	-1,737,207	103,589	1,840,795
Sanitary services	799	24	1,814	867,337	328,501	50,860	987,351	7,321	43,161	41,113	9,223	-10,731	63,878	74,609
Wholesale and retail trade	200,532	10,227	492,511	20,568,181	69,079,237	50,880,944	1,172,399	993,650	838,254	5,526,742	938,473	1,976,685	3,466,952	1,490,267
Wholesale trade	26,796	780	72,486	7,024,498	23,531,460	19,990,747	241,416	131,681	271,789	896,081	203,863	467,393	857,136	389,742
Motor vehicles and automotive equipment	943	147	2,424	160,987	906,974	576,620	8,247	7,539	6,111	39,671	2,196	58,022	81,609	23,587
Lumber and construction materials	2,393	5	5,652	304,697	1,252,672	961,883	24,829	11,070	12,892	97,017	11,651	59,739	73,579	13,840
Electrical goods	973	7	2,453	136,620	280,684	218,166	2,813	3,701	2,210	31,330	4,913	7,022	16,556	9,534
Hardware, plumbing, and heating equipment	171	15	576	107,759	300,944	238,180	1,406	3,409	3,552	25,300	3,577	5,556	9,391	3,835
Farm machinery and equipment	911	6	1,996	174,182	327,836	259,757	7,207	3,871	10,216	18,758	4,979	-958	13,805	14,763
Other machinery, equipment and supplies	2,446	16	5,940	839,637	1,194,430	804,017	58,566	15,530	57,242	96,054	9,424	17,188	79,084	61,896
Other durable goods	8,785	324	26,128	1,998,210	3,062,677	2,330,941	27,710	19,566	51,093	153,992	112,008	97,704	165,656	67,952
Drugs, chemicals, and allied products	230	134	1,278	195,654	485,417	407,114	7,875	2,036	5,660	21,885	271	-8,675	18,315	26,990
Apparel, piece goods, and notions	1,500	8	3,167	254,963	782,147	566,585	6,373	5,202	10,241	34,804	5,401	50,073	61,028	10,955
Groceries and related products	1,038	5	3,738	512,550	3,816,547	3,388,983	22,993	18,347	17,423	138,834	24,396	90,931	105,626	14,694
Farm-product raw materials	1,798	13	3,909	539,982	2,664,410	2,501,626	36,933	7,147	22,529	49,130	6,253	25,041	55,726	30,685
Alcoholic beverages	90	36	645	175,745	778,955	619,402	6,930	8,425	7,264	53,940	4,715	36,616	45,536	8,921
Other nondurable goods	5,504	65	14,551	1,617,459	7,654,828	7,103,620	29,083	25,839	64,915	134,162	13,183	28,820	130,909	102,089
Wholesalers not allocable	14		29	6,052	22,940	13,855	451		441	1,204	895	315	315	
Retail trade	172,725	9,447	418,002	13,543,683	45,486,151	30,832,740	930,983	861,904	566,465	4,630,347	734,610	1,509,191	2,607,636	1,098,445
Building materials, paint, hardware garden supply, and mobile home dealers	8,567	1,611	20,836	1,155,860	2,998,538	2,128,188	55,437	51,371	47,682	262,677	77,009	92,297	159,409	67,111
Lumber and other building materials dealers	2,152	1,096	5,384	499,900	1,400,453	1,038,416	27,069	14,075	16,093	104,606	31,534	41,748	68,882	27,133
Paint, glass, and wallpaper stores	1,655	506	3,390	119,939	385,863	252,511	10,412	13,947	9,799	44,691	1,239	-6,171	11,978	18,149
Hardware stores	1,592	9	3,924	301,230	677,994	463,942	7,357	12,943	5,822	71,627	29,823	37,560	44,469	6,910
Retail nurseries and garden supply stores	2,419		6,464	167,358	330,281	191,970	8,724	9,202	10,671	28,779	13,636	20,141	31,836	11,694
Mobile home dealers	749		1,673	67,433	203,947	181,348	1,874	1,203	5,297	12,974	778	-982	2,243	3,225
General merchandise stores	5,669	53	12,038	501,138	1,373,713	962,065	32,176	28,144	12,529	109,845	25,071	40,661	64,883	24,221
Variety stores	2,647	47	5,844	268,397	742,262	477,766	25,802	18,277	5,248	53,443	14,867	12,804	34,190	21,386
Other general merchandise stores	3,022	5	6,195	232,741	631,450	484,299	6,375	9,867	7,281	56,402	10,204	27,858	30,693	2,835

Footnotes at end of table.

**Table 2.—Selected Items, by Industry—Continued**

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

Industry	Number of partnerships		Number of partners	Total assets	Business receipts <sup>1</sup>	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Payroll	Guaranteed payments to partners	Net income (less deficit)	Net income	Deficit
	Total	Limited												
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Wholesale and retail trade—continued</b>														
Food stores	18,802	589	41,327	1,216,342	8,017,754	6,249,965	110,161	102,460	60,005	584,991	96,880	189,411	292,759	103,348
Grocery stores	11,299	84	24,175	930,223	6,034,095	4,849,282	76,840	72,874	42,461	406,250	35,025	156,579	223,775	67,196
Meat and fish markets, including freezer provisioners	1,536	*	3,291	74,440	600,799	443,473	9,100	3,624	2,005	28,501	31,970	17,866	25,373	7,507
Fruit stores and vegetable markets	383	208	825	13,406	190,635	159,083	874	2,187	792	9,616	—	8,457	8,718	261
Candy, nut, and confectionery stores	653	133	2,171	28,402	28,135	17,946	2,484	453	1,903	5,032	722	-7,775	—	7,775
Dairy products stores	562	—	1,129	25,857	127,602	84,392	4,932	2,386	2,437	13,377	203	359	2,727	2,368
Retail bakeries	992	*	2,045	65,278	201,663	106,599	3,662	9,759	2,223	62,576	1,972	17,020	19,302	2,281
Miscellaneous food stores	3,377	158	7,691	78,736	835,424	589,190	12,267	11,177	8,184	59,639	26,987	-3,095	12,865	15,960
Automotive dealers and service stations	17,305	398	41,192	2,184,034	10,456,608	8,749,965	88,745	103,247	90,661	512,741	131,373	275,483	376,289	100,806
Motor vehicle dealers—new car dealers (franchised)	1,618	89	5,388	792,346	2,542,023	2,226,063	15,150	18,524	22,069	135,450	19,177	76,064	96,714	20,650
Motor vehicle dealers—used cars only	3,302	162	6,868	142,607	1,214,239	1,048,396	4,625	7,690	12,585	30,232	5,310	50,640	57,117	6,478
Auto and home supply stores	3,320	53	8,617	364,964	996,003	688,280	13,024	11,744	13,060	118,476	58,253	14,344	30,827	16,483
Gasoline service stations	6,486	37	14,193	591,308	5,067,053	4,333,698	48,650	54,851	25,485	181,493	40,457	122,815	160,419	37,604
Boat dealers	695	35	1,500	79,462	169,435	127,087	2,396	1,414	3,850	10,846	1,092	1,839	3,684	1,845
Recreational vehicle dealers	68	*	135	19,550	74,291	66,229	217	227	1,850	3,524	661	-997	—	997
Motorcycle dealers	279	14	919	63,201	117,933	85,308	658	2,463	3,251	8,010	1,346	6,175	7,764	1,588
Miscellaneous aircraft and automotive dealers	1,538	*	3,573	130,596	275,631	174,904	4,025	6,334	8,510	24,710	5,077	4,604	19,764	15,160
Apparel and accessory stores	12,575	639	29,381	806,850	1,749,204	1,090,798	28,323	47,145	16,089	157,004	47,744	46,837	99,919	53,082
Men's and boys' clothing and furnishings stores	915	56	1,925	111,862	145,361	94,416	3,528	2,440	4,532	13,283	6,159	-10,554	8,030	18,584
Women's ready-to-wear stores	553	506	1,108	22,049	148,205	94,939	1,641	6,783	316	18,755	162	5,866	7,234	1,368
Women's accessory and specialty stores	1,208	*	2,435	31,856	97,543	68,739	1,673	370	2,572	5,776	—	-8,030	150	8,180
Children's and infants' wear stores	1,785	—	3,570	53,800	122,053	74,596	4,031	7,007	2,797	15,758	—	-13,527	—	13,527
Family clothing stores	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Shoe stores	1,828	53	3,900	67,997	200,222	123,327	1,241	2,998	1,367	21,166	1,267	19,132	20,062	928
Furriers and fur shops	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Apparel and accessory stores not elsewhere classified	5,804	19	15,010	343,903	705,802	431,213	13,261	21,593	3,249	47,107	33,773	26,702	37,150	10,448
Furniture and home furnishings stores	10,807	149	25,531	993,778	2,491,062	1,600,612	34,520	39,247	28,846	197,274	50,161	172,942	202,659	29,717
Furniture stores	4,234	*	9,217	488,292	955,451	582,867	11,438	20,316	13,156	95,156	23,459	48,141	59,274	11,132
Floor covering stores	967	—	2,002	130,030	246,787	126,759	7,646	3,954	4,543	27,731	2,960	24,990	28,446	3,455
Drapery, curtain, and upholstery stores	1,627	—	5,391	21,985	205,257	143,575	28	422	504	436	—	29,754	29,754	—
Home furnishings and equipment stores, except appliances	957	—	2,322	56,260	251,040	186,268	2,652	3,293	335	21,911	13,512	-6,209	2,094	8,303
Household appliance stores	2,620	133	5,505	172,250	507,295	337,651	7,611	7,712	3,949	27,142	7,747	57,148	63,456	6,309
Radio and television stores	276	—	551	70,106	167,314	118,048	2,303	2,142	5,073	8,855	2,137	11,714	11,714	—
Music stores	126	*	542	54,855	157,918	105,443	2,842	1,409	1,287	16,044	348	7,404	7,922	518
Eating and drinking places	37,565	2,903	102,417	3,149,317	9,454,127	4,153,529	347,308	325,710	154,526	2,022,896	129,386	404,101	797,567	393,466
Eating places	32,787	2,871	92,362	2,915,936	8,753,696	3,820,772	315,332	295,912	146,084	1,925,285	124,661	343,560	718,052	374,491
Drinking places	4,778	32	10,055	233,381	700,431	332,757	31,976	29,798	8,442	97,612	4,725	60,541	79,515	18,975
Miscellaneous retail stores	61,431	3,099	145,221	3,523,574	8,924,554	5,877,404	233,772	164,400	155,394	781,494	175,907	292,798	614,151	321,352
Drug stores and proprietary stores	872	82	2,098	294,574	666,606	452,001	7,364	7,234	5,554	67,998	20,606	55,010	59,556	4,546
Liquor stores	3,024	6	6,728	299,838	1,091,206	870,878	14,089	24,748	13,175	52,872	6,895	35,953	48,302	12,349
Used merchandise stores	3,737	1,069	7,979	111,646	177,523	128,037	1,952	1,204	2,996	2,413	1,126	5,349	7,709	2,360
Sporting goods and bicycle shops	2,788	52	5,670	98,801	289,268	239,415	5,079	2,606	671	14,913	3,937	-24,872	6,901	31,773
Book stores	1,065	506	2,132	39,480	69,607	48,862	130	490	283	5,304	1,240	7,469	7,469	—
Stationery stores	314	*	733	57,170	223,002	144,246	1,908	4,469	3,503	25,449	14,748	3,828	3,828	—
Jewelry stores	3,420	—	10,126	259,066	452,224	255,963	7,737	6,489	7,665	48,798	14,524	30,524	48,745	18,221
Hobby, toy, and game shops	4,220	—	8,514	28,380	70,336	61,166	4,443	1,109	906	2,344	4,303	-19,519	1,659	21,178
Camera and photographic supply stores	660	6	1,589	63,241	111,192	67,563	14,341	2,508	11,265	15,788	128	-20,202	2,214	22,416
Gift, novelty, and souvenir shops	3,657	20	7,871	86,870	302,356	149,101	9,988	10,018	3,563	19,578	113	44,438	51,774	7,336
Luggage and leather goods stores	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sewing, needlework, and piece goods stores	3,152	*	6,306	190,378	379,283	222,407	13,265	10,663	9,818	32,621	42,140	-17,937	888	18,825

Footnote(s) at end of table.

Table 2.—Selected Items, by Industry—Continued

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

Industry	Number of partnerships		Number of partners	Total assets	Business receipts <sup>1</sup>	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Payroll	Guaranteed payments to partners	Net income (less deficit)	Net income	Deficit
	Total	Limited												
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Wholesale and retail trade—continued														
Retail trade—continued														
Miscellaneous retail stores—continued														
Mail order houses	1,074	•	2,178	330,502	536,011	300,616	13,252	4,621	13,633	68,013	1,063	30,760	50,038	19,278
Merchandising machine operators	1,236	14	2,501	23,479	167,478	102,913	10,777	4,938	2,224	13,792	6,156	3,239	4,008	769
Direct selling organizations	3,120	•	7,310	81,305	308,329	170,133	16,767	4,379	8,395	20,135	10,903	17,025	28,855	11,830
Fuel and ice dealers, except fuel oil dealers and bottled gas dealers	175	•	379	12,766	115,288	96,748	2,756	2,299	657	4,671	339	313	2,188	1,874
Fuel oil dealers	118	4	319	67,239	285,866	232,810	4,230	3,573	1,816	19,198	3,744	7,603	8,377	773
Liquified petroleum gas (bottled gas) dealers	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Florists	4,054	•	8,318	52,946	236,190	135,214	9,803	10,530	7,297	35,364	6,293	-15,300	11,099	26,398
Cigar stores and stands	•	•	•	•	•	•	•	•	•	•	•	•	•	•
News dealers and newstands	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Other miscellaneous retail stores	24,738	1,329	64,420	1,407,168	3,370,138	2,131,143	91,897	62,376	60,011	332,963	37,457	154,376	270,190	115,814
Retail trade not allocable	6	6	59	12,789	20,593	20,216	541	181	733	1,424	1,079	-5,341	•	5,341
Wholesale and retail trade not allocable	1,011	•	2,022	•	61,626	57,456	•	65	•	313	•	101	2,181	2,080
Finance, insurance, and real estate	843,867	199,564	7,754,557	979,786,543	92,308,655	28,284,922	30,258,504	2,187,992	17,772,393	4,030,174	1,557,468	-25,928,669	30,382,765	56,311,433
Finance	141,481	35,843	1,733,001	252,087,705	29,630,759	10,163,521	1,115,853	345,857	5,676,961	1,741,423	553,798	3,462,095	8,809,057	5,346,962
Banking	612	•	9,310	3,688,127	796,482	410,227	7,048	1,889	253,203	51,229	2,056	25,231	35,735	10,504
Credit agencies other than banks	3,454	•	31,081	2,697,467	405,740	51,816	10,543	1,807	135,829	20,163	4,245	94,834	119,447	24,613
Security and commodity brokers and services	2,398	1,092	104,582	79,912,690	15,186,258	7,963,459	34,403	93,092	2,457,175	1,129,412	230,627	1,338,747	2,093,442	754,696
Security underwriting syndicates	167	5	1,326	3,648,693	484,140	87,829	2,416	8,099	103,506	69,305	7,973	146,433	163,490	17,057
Security brokers and dealers, except underwriting syndicates	1,017	503	15,901	68,815,969	12,086,583	6,464,925	21,652	71,520	2,228,601	950,305	194,189	569,485	1,204,213	634,728
Commodity contracts brokers, exchanges, and services	1,214	584	87,355	7,448,028	2,615,534	1,410,704	10,335	13,473	125,068	109,802	28,466	622,829	725,739	102,911
Holding and investment companies	135,017	32,339	1,588,028	165,789,422	13,242,280	1,738,020	1,063,860	249,069	2,830,755	540,619	316,870	2,003,284	6,560,433	4,557,150
Investment clubs	19,389	5,263	201,469	3,989,728	265,888	35,182	21,151	3,317	24,554	2,357	14,198	-346	174,437	174,783
Common trust funds	4,703	130	272,256	25,778,543	1,558,431	52,394	3,936	202	80,548	120	12,466	1,387,980	1,467,561	79,581
Other holding and investment companies	110,924	26,946	1,114,303	136,021,151	11,417,960	1,650,444	1,038,773	245,550	2,725,653	538,142	290,206	615,650	4,918,436	4,302,786
Insurance agents, brokers, and services	8,360	120	29,080	3,356,758	2,931,813	284,695	40,111	35,370	38,266	258,520	73,841	367,804	566,367	198,563
Real estate	694,027	163,601	5,992,476	724,342,079	59,746,083	17,836,706	29,102,540	1,806,764	12,057,165	2,030,232	929,829	-29,758,568	21,007,341	50,765,909
Operators and lessors of buildings	582,487	134,658	5,185,721	610,701,790	35,844,585	3,880,724	26,943,273	1,373,908	8,348,764	1,190,376	701,846	-26,204,238	17,000,587	43,204,825
Lessors, other than buildings	37,589	7,689	253,820	14,408,993	1,197,928	96,346	908,931	40,275	271,419	37,441	8,439	-615,982	620,152	1,236,134
Real estate agents, brokers, and managers	17,707	3,703	166,541	10,364,584	2,857,058	545,113	256,375	64,215	358,544	359,195	36,768	-347,198	494,884	842,082
Title abstract companies	344	6	1,366	30,414	12,286	•	125	366	2,302	2,211	•	-5,120	3,667	8,788
Subdividers and developers, except cemeteries	55,263	17,250	304,004	86,628,559	19,392,727	13,033,430	985,453	326,835	3,050,889	437,144	179,697	-2,664,413	2,778,232	5,442,645
Cemetery subdividers and developers	75	59	597	158,174	38,768	18,785	1,533	357	5,203	449	389	-10,682	6,852	17,534
Combined real estate, insurance, loans, and law offices	563	237	80,425	2,049,564	402,730	262,307	6,350	807	20,045	3,416	2,688	89,065	102,966	13,901
Services	341,295	28,159	1,713,060	106,596,624	104,196,609	19,258,556	10,544,359	2,992,718	5,887,018	24,005,288	4,074,008	16,541,329	26,941,589	10,400,260
Hotels and other lodging places	21,794	4,822	189,576	44,547,559	16,946,223	6,811,549	2,788,881	824,752	3,205,772	3,042,031	116,418	-3,383,463	854,783	4,238,246
Hotels	3,462	1,976	53,967	29,116,961	11,940,105	5,788,914	1,760,598	553,043	2,201,326	2,081,995	39,263	-2,791,140	358,643	3,149,783
Motels, motor hotels, and tourist courts	9,954	1,829	70,494	11,640,068	4,517,161	903,258	805,449	239,593	876,320	899,922	53,920	-470,144	355,154	825,298
Rooming and boarding houses	2,651	374	36,506	857,313	39,004	4,749	50,632	4,240	26,946	8,208	922	-81,819	3,121	84,941
Sporting and recreational camps	1,258	31	4,095	196,204	67,129	18,519	10,344	2,779	11,297	10,671	4,239	-17,593	3,974	21,567
Trailer parks and camp sites for transients	4,453	601	23,886	2,633,919	337,901	87,256	153,845	22,557	78,723	28,828	18,061	-7,435	132,845	140,280
Organizational hotels and lodging houses, on a membership basis	16	13	629	103,094	44,923	8,853	8,014	2,540	11,160	12,406	13	-15,332	1,045	16,378
Personal services	34,967	546	86,106	1,194,960	2,481,308	537,694	178,561	73,764	59,478	516,201	88,220	261,075	436,093	175,018
Coin-operated laundries and dry cleaning	4,959	•	12,330	236,936	425,798	63,822	65,401	17,579	14,679	72,824	1,892	-3,532	29,101	32,633
Other laundry, dry cleaning, and garment services	3,895	•	7,968	110,716	315,708	58,425	20,179	11,713	7,112	65,367	4,080	42,401	49,598	7,197
Photographic studios, portrait	564	•	1,186	13,264	22,724	166	2,118	561	619	4,693	2,171	1,718	•	•
Beauty shops	9,357	•	20,486	343,352	516,785	154,559	20,208	14,061	10,560	174,168	36,493	16,261	56,039	39,778
Barber shops	4,234	•	13,813	21,472	280,826	76,414	7,574	8,369	2,621	44,387	1,014	116,458	116,458	•
Shoe repair and hat cleaning shops	506	•	1,517	•	6,761	1,996	206	294	•	2,088	•	2,177	•	•
Funeral service and crematories	1,355	7	2,966	163,956	297,072	80,064	23,240	10,733	13,008	46,499	5,965	35,858	44,696	8,838
Miscellaneous personal services	10,098	532	25,841	305,263	615,634	102,247	39,634	10,455	10,879	106,175	36,605	49,733	136,306	86,573
Business services	81,289	6,553	564,856	25,041,323	8,192,931	2,512,612	3,977,830	141,309	963,978	1,153,448	210,242	-274,212	2,893,085	2,618,873
Advertising	1,909	73	5,698	800,311	936,201	487,539	57,865	7,526	92,239	73,800	29,357	-21,180	63,755	84,935
Services to buildings	2,780	•	5,957	122,019	133,892	68,343	9,564	4,622	3,640	43,383	2,387	60,294	70,233	9,939
Computer and data processing services	5,039	•	18,228	1,236,277	616,965	294,385	93,640	9,245	36,593	61,866	908	39,369	140,165	100,796
Management, consulting and public relations services	11,687	2,045	44,933	2,110,340	1,474,709	107,196	83,302	28,660	52,019	378,741	31,293	502,537	647,726	145,188
Equipment rental and leasing services	36,191	2,630	356,997	16,558,978	1,909,591	500,831	3,367,984	33,433	616,999	75,058	60,418	-337,174	1,316,370	1,653,543
Other business services	23,683	1,733	133,042	4,213,398	3,121,572	1,054,317	265,475	57,823	162,488	520,601	85,878	30,365	654,836	624,471

Footnotes at end of table.

**Table 2.—Selected Items, by Industry—Continued**

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

Industry	Number of partnerships		Number of partners	Total assets	Business receipts <sup>1</sup>	Cost of sales and operations	Depreciation	Taxes paid deduction	Interest paid	Payroll	Guaranteed payments to partners	Net income (less deficit)	Net income	Deficit
	Total	Limited												
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Services—continued														
Automobile repair and services	30,188	1,219	67,760	1,634,041	4,171,445	2,252,815	242,747	74,827	131,169	529,787	101,276	399,607	536,394	136,787
Automotive rentals, without drivers	716	86	2,292	502,337	167,030	19,481	138,140	1,921	43,515	6,614	1,478	-13,222	25,955	39,177
Automobile parking	172	7	593	249,279	76,537	3,228	10,353	5,976	20,685	12,061	1,004	2,308	10,726	8,418
Automotive top and body repair shops	6,931	—	13,862	87,373	1,046,780	552,229	19,534	17,528	11,302	172,950	10,082	183,388	184,770	1,381
General automotive repair shops	9,949	—	23,509	302,365	1,546,039	848,553	26,381	27,198	17,237	194,200	46,174	157,236	189,778	32,542
Other automotive repair shops	3,681	—	7,681	124,185	376,178	263,689	9,381	10,192	6,959	49,861	10,713	-2,414	19,055	21,470
Automotive services, except repair	8,739	1,126	19,824	368,502	958,880	565,635	38,958	12,012	31,470	94,101	31,824	72,312	106,110	33,798
Miscellaneous repair services	7,778	3	15,879	217,083	954,065	536,664	62,161	16,647	16,517	150,525	34,695	103,215	117,670	14,455
Radio and TV repair shops	1,575	—	3,149	61,756	157,636	92,324	91	2,156	1,819	—	—	43,124	43,124	—
Electrical repair shops, except radio and TV	611	—	1,282	21,313	54,521	34,533	2,853	777	1,427	6,706	271	8,100	8,928	828
Reupholstery and furniture repair	1,011	—	2,022	—	26,999	20,144	—	—	—	15,018	292	211	294	83
Other miscellaneous repair shops	4,581	3	9,425	134,014	714,909	389,664	59,217	13,714	13,271	128,801	32,401	51,780	65,325	13,545
Motion pictures	4,531	1,931	86,679	5,760,018	3,558,077	1,554,263	797,742	18,085	179,664	180,677	28,970	-1,362	721,404	722,767
Motion picture production, distribution, and services	4,327	1,850	84,870	5,303,403	3,178,006	1,418,682	752,671	8,883	172,770	136,081	25,622	-29,493	678,600	708,093
Motion picture theaters	205	81	1,809	456,615	380,070	135,582	45,071	9,202	6,894	44,596	3,348	28,131	42,804	14,673
Amusement and recreation services, except motion pictures	25,013	3,584	106,753	6,499,129	4,975,176	1,260,506	637,070	151,579	392,457	1,173,838	145,272	-390,446	510,160	900,606
Producers, orchestras, and entertainers	6,903	70	23,410	185,953	931,360	301,371	40,903	2,529	3,336	92,632	97,896	1,192	111,486	110,294
Billiard and pool establishments	1,069	—	2,138	7,045	20,887	6,556	732	1,268	—	5,961	—	3,154	3,154	—
Bowling alleys	245	148	3,184	283,051	173,646	44,142	24,385	10,779	18,804	39,597	2,337	-28,148	1,840	29,987
Professional sports clubs and promoters	122	43	2,559	955,586	609,810	110,623	21,250	20,176	44,117	330,724	10,239	-63,173	58,690	121,863
Racing, including track operation	5,361	1,600	29,315	535,719	149,555	73,525	52,165	5,053	15,925	28,169	898	-104,490	12,591	117,081
Other amusement and recreation services	11,313	1,724	46,147	4,531,775	3,089,918	724,288	497,635	111,775	310,275	676,755	33,903	-198,981	322,400	521,381
Medical and health services	36,557	3,304	203,837	7,454,810	15,712,899	1,281,805	498,533	381,754	440,328	3,592,368	958,378	4,413,388	5,225,417	812,030
Offices of physicians	9,759	40	39,397	895,741	6,451,832	132,033	95,591	102,918	38,865	1,279,576	659,469	2,933,788	2,948,408	14,620
Offices of dentists	8,298	133	20,090	328,264	2,007,771	95,624	46,431	49,750	16,116	460,012	36,546	606,825	745,247	138,422
Offices of osteopathic physicians	105	—	283	18,657	49,488	—	1,465	1,125	840	10,588	8,757	14,296	14,390	94
Offices of chiropractors	506	—	1,011	—	7,056	—	—	241	—	1,631	—	4,789	4,789	—
Offices of optometrists	1,623	52	3,266	47,411	445,340	125,015	5,705	5,039	2,156	27,576	7,202	161,609	161,609	—
Registered and practical nurses	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Nursing and personal care facilities	2,966	601	20,865	3,470,203	2,726,426	419,708	182,979	135,270	239,554	1,000,765	24,601	95,549	254,377	158,828
Hospitals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Medical laboratories	1,590	703	55,080	483,656	454,605	111,383	19,463	10,375	11,706	138,671	29,207	-98,809	69,230	168,039
Dental laboratories	1,840	—	3,680	20,568	282,069	42,971	6,857	8,355	2,648	31,247	—	-30,660	139,178	—
Other medical and health services	9,805	1,738	58,916	1,660,182	2,578,924	270,188	110,413	47,798	101,288	415,776	175,917	493,096	807,924	314,828
Legal services	30,795	75	132,861	6,109,263	26,205,232	271,627	611,263	705,496	207,523	6,896,092	724,164	10,654,560	10,737,805	83,245
Educational services	5,364	41	13,949	248,748	105,905	23,737	58,016	502	1,135	8,770	31,119	-30,660	34,585	65,245
Engineering and architectural services	10,922	570	28,253	680,036	3,922,012	1,044,106	80,191	89,807	26,107	1,060,614	280,087	456,343	523,278	66,935
Accounting, auditing, and bookkeeping services	18,131	54	70,958	2,684,676	13,901,548	153,145	290,202	460,696	120,779	5,107,812	1,235,786	2,845,985	2,970,468	124,483
Certified public accountants	11,034	—	53,251	2,388,117	13,113,393	130,316	263,122	436,851	104,100	4,875,571	1,135,016	2,709,166	2,800,951	91,786
Other accounting, auditing, and bookkeeping services	7,097	—	17,707	296,559	788,155	22,828	27,080	23,845	16,678	232,241	100,770	136,819	169,517	32,698
Other services	33,965	5,458	145,593	4,524,979	3,069,787	1,018,032	321,162	53,500	142,111	593,124	119,380	938,876	1,380,446	441,570
Nature of business not allocable	18,023	506	67,474	2,213,049	1,816,401	975,655	100,734	23,707	87,166	181,064	18,154	38,812	240,645	201,833

\* The estimate for this cell is not shown separately to avoid disclosure of information about specific taxpayers. The data are included in the appropriate totals.  
<sup>1</sup> Total receipts for industries in finance, insurance and real estate and business receipts for all other industries.

# Foreign Investment and Activity in the United States Through Corporations, 1983

By James R. Hobbs\*

The 33,600 domestic corporations "controlled" by a foreign person generated \$390 billion of worldwide receipts for 1983 and reported total assets amounting to \$530 billion [1]. The 1 percent of U.S. corporations that were foreign-controlled accounted for more than 5 percent of the receipts and assets reported on all U.S. corporation income tax returns for 1983 (see Figure A).

For 1983, 8,000 foreign corporations (i.e., those incorporated abroad) reported nearly \$21 billion of receipts generated from activities "effectively connected" with a U.S. trade or business. The majority, 67 percent, of these receipts were for foreign banks with U.S. branch operations.

## FOREIGN INVESTMENT AND ACTIVITY IN THE UNITED STATES

Foreign direct investment in the United States can take several forms, including corporations, partnerships, and joint ventures. Under these forms of direct investment, the foreign investor has sufficient equity in the enterprise so as to control and participate in managing its operations [2].

A foreign direct investor can either gain control of an existing U.S. corporation, or create a new company incorporated in the United States. Another method of operating in the United States is through a branch operation of a foreign corporation. This article will first focus on domestic corporations that are controlled, i.e., owned, by a foreign person, and second on foreign corporations with branch operations in the United States [3].

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [4]. These factors include, but are not necessarily limited to, the following: (1) the investor's short- and long-term objectives; (2) which type of corporation is best suited to penetrate the U.S. market; (3) availability of financial resources; (4) acceptable levels of risk, such as from product liability; (5) U.S. importation policies; (6) requirements on foreign investment by the investor's home country; and (7) both U.S. and home country tax considerations. The U.S. tax structure for both foreign-controlled domestic corporations and for foreign corporations operating in the United States are discussed in this article.

**Figure A. — Foreign Investment and Activity Through Corporations as a Percentage of All Corporations, 1983<sup>1</sup>**

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

Item	All corporation income tax returns	Returns of domestic corporations owned by a foreign person		Returns of foreign corporations with U.S. effectively connected income	
		Number or amount	Percentage of all returns	Number or amount	Percentage of all returns
Number of returns	2,999,071	33,622	1.12%	8,001	0.27%
Total assets	\$10,201,084,144	\$530,334,499	5.20	(?)	(?)
Total receipts	7,135,494,059	389,908,798	5.46	\$20,793,723	0.29
Business receipts	6,334,602,711	359,793,137	5.68	5,477,256	0.09
Net income (less deficit)	188,313,928	1,848,521	0.98	-1,117,898	N/A
Net income	296,932,146	12,447,588	4.19	693,369	0.23
Deficit	108,618,218	10,599,067	9.76	1,811,268	1.67
U.S. income subject to tax	218,686,396	10,706,827	4.90	468,995	0.21
Total U.S. income tax before credits	92,218,567	4,848,504	5.26	182,806 <sup>3</sup>	0.20
Total U.S. income tax after foreign tax credit	72,267,402	4,177,943	5.78	157,572 <sup>3</sup>	0.22
Total U.S. income tax after all credits	51,862,454	3,418,554	6.59	152,443 <sup>3</sup>	0.29
Distributions to stockholders except in own stock	128,298,545	4,326,837	3.37	409,044	0.32

<sup>1</sup> Includes domestic corporations owned by foreign persons and foreign corporations with U.S. effectively connected income. For the foreign corporations, income statement items shown in this figure pertain only to income effectively connected with a U.S. trade or business.

<sup>2</sup> Balance sheet items of foreign corporations with U.S. effectively connected income are generally not included in the statistics. However, balance sheets for U.S. branches of foreign insurance companies are included in the statistics for all corporation income tax returns.

<sup>3</sup> Includes tax both on income effectively connected and not effectively connected with a U.S. trade or business.

N/A — Not applicable.

## DOMESTIC CORPORATIONS CONTROLLED BY FOREIGN PERSONS

### U.S. Taxation

Domestic corporations that are controlled by a foreign person are taxed by the United States in a manner similar to that of other domestic corporations. Control is defined for this purpose as 50 percent or more direct or indirect ownership of a corporation's voting stock by at least one foreign entity, such as by a corporation.

For 1983, only 7 percent (2,437 returns) of the 33,622 returns of foreign-controlled domestic corporations indicated an exact 50 percent foreign ownership level. The great majority (over 89 percent, or 29,997 returns) indicated that the level of ownership was over 50 percent. Another 1,188 returns (4 percent) only indicated that ownership was 50 percent or more, but failed to provide the exact percentage of ownership [5].

Most domestic corporations are taxed on their worldwide income [6]. This includes corporations that are controlled by foreign persons. In general, the taxable income of a corporation is its gross receipts less ordinary and necessary business deductions and certain statutory special deductions [7].

Unfortunately, the statistics available for this article do not separate domestic taxable income from foreign-source taxable income for foreign-controlled domestic corporations. However, these corporations claimed \$671 million of foreign tax credits for 1983. This amount reduced their total U.S. income tax before credits (\$4.8 billion) by nearly 14 percent. The foreign tax credit is a credit allowed against U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions [8]. To claim a foreign tax credit, a corporation had to have generated foreign-source taxable income, paid or accrued foreign income tax on the foreign income, and had a U.S. income tax liability. By comparison, all of the approximately 3 million U.S. corporations claimed a total of \$20 billion of foreign tax credits for 1983. This amount reduced their total U.S. income tax before credits (\$92 billion) by almost 22 percent.

For taxable years beginning in 1983, the regular corporate tax rates were as follows:

Taxable income	Tax rate
\$25,000 or less	15 percent
\$25,001 to \$50,000	18 percent
\$50,001 to \$75,000	30 percent
\$75,001 to \$100,000	40 percent
Over \$100,000	46 percent

The Economic Recovery Tax Act of 1981 reduced corporate tax rates for the lowest income brackets. For taxable years

beginning in 1983, the rates were reduced from 16 to 15 percent for taxable income of \$25,000 or less, and from 19 to 18 percent for taxable income over \$25,000 up to \$50,000. Since the data shown in this article include returns with accounting periods that began in 1982, some income was taxed at rates of 16 and 19 percent, rather than 15 and 18 percent, for the two lowest income brackets. See the "Data Sources and Limitations: Nonsampling Limitations" section of this article for a description of accounting period and return coverage of this article.

Corporations which had net long-term capital gains could use an alternative method of tax computation, if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent. The remainder of taxable income was then taxed at the regular rates.

Credits could be used to reduce the tax calculated under either the regular or alternative methods. The two largest credits were the foreign tax credit (previously described) and the investment credit. In addition to the regular or alternative tax after credits, a corporation's tax liability could include an additional tax from recomputing prior-year investment credits and an additional tax for tax preferences.

Dividends paid by domestic corporations to the foreign persons who controlled them were generally subject to a withholding tax of 30 percent. However, this tax rate was often lower than 30 percent for recipients of dividends who resided in a foreign country that had a tax treaty with the United States. The tax withheld represented final payment of the actual tax liability on dividend payments in most instances. The responsibility for withholding the tax belonged to the payer (corporation) or its representative (usually a financial institution), rather than the foreign recipient of the dividend [9].

Dividends paid by foreign-controlled domestic corporations to U.S. persons were not subject to the withholding tax applicable to foreign recipients. However, these dividend payments did have to be reported to the Internal Revenue Service by the corporations. In turn, these dividends were reported as income, and taxed accordingly, on the recipient's U.S. income tax return.

### Historical Growth

Foreign involvement in the U.S. corporate sector has grown substantially since the early 1970's. This involvement has been primarily through the foreign control of domestic corporations via stock ownership, as opposed to foreign corporations operating in the United States. This was the case in the early 1970's and had become even more so by 1983. See Figure A for 1983 data.

Total receipts of domestic corporations controlled by foreign persons increased from \$39.2 billion for 1971 to

\$389.9 billion for 1983. This was an 895 percent increase, using current dollars, over the 12-year period. In comparison, total receipts reported by all domestic corporations grew from \$1.9 trillion for 1971 to \$7.1 trillion for 1983, a 274 percent increase over the same time period. As a result of the growth rate of foreign-controlled domestic corporations, their share of receipts for all domestic corporations increased from 2.1 percent for 1971, to 5.5 percent for 1983 (see Figure B).

Total assets of domestic corporations controlled by foreign persons showed a similar growth rate. Assets reported increased from \$36.7 billion, or 1.3 percent of the total for all domestic corporations, to \$530.3 billion, or 5.2 percent of the all domestic corporation total, between 1971 and 1983.

It is also interesting to contrast the growth of foreign-controlled domestic corporations to that of Controlled Foreign Corporations (CFC's) of U.S. companies. CFC's were foreign subsidiaries whose voting stock was more than 50 percent controlled by U.S. corporations [10]. The total assets reported for CFC's rose from \$167.8 billion for 1972 to \$508.0 billion for 1980. (CFC data are not available for 1971 and 1983.) During this period, total assets of domestic corporations owned by a foreign person rose from \$46.9 billion to \$279.4 billion. Thus, while the asset level of domestic corporations owned by foreign persons was only 28 percent of that for CFC assets for 1972, that percentage had grown to 55 percent by 1980 [11].

**Industry Characteristics**

Foreign-owned domestic corporations were involved in every type of industrial activity for 1983. However, as Figure C shows, these corporations were concentrated in three industrial divisions: manufacturing; wholesale and retail trade; and finance, insurance and real estate. These three divisions accounted for 74 percent of the returns filed, 92 percent of the total receipts, and 90 percent of the total assets reported by all domestic corporations owned by a

foreign person. By comparison, these percentages were higher than those for all corporations which filed U.S. corporation income tax returns for 1983. For this group of returns, the manufacturing, wholesale and retail trade, and finance, insurance, and real estate industrial divisions accounted for 53 percent of the returns filed, 78 percent of the total receipts, and 84 percent of the total assets.

Manufacturing corporations tend to have larger amounts of assets which generate larger amounts of receipts than do all other corporations. The 3,260 foreign-owned manufacturers had \$219 billion of assets and \$158 billion in total receipts for 1983. On the average, each manufacturer had \$67 million of assets and produced \$48 million of receipts. By comparison, the average foreign-owned company for all other industries had \$10 million and \$8 million of total assets and receipts, respectively [12].

Domestic corporations controlled by foreign persons were involved in the manufacture of many different products. Companies manufacturing petroleum and coal products (including integrated operations) had receipts totalling \$50 billion for 1983. This was 32 percent of all receipts for manufacturing industries. Chemical manufacturers had another \$25 billion of total receipts. In terms of total receipts, other significant manufacturing areas were food and kindred products (\$14 billion), electrical and electronic equipment (\$10 billion), tobacco (\$8 billion), primary metals (\$8 billion), and fabricated metal products (\$8 billion).

The comparative levels of assets and receipts of foreign-owned companies engaged in wholesale and retail trade and those engaged in finance, insurance and real estate differed significantly. Trade companies produced large amounts of receipts (\$165 billion) with relatively few assets (\$66 billion). Stated another way, these companies produced nearly \$2.50 of receipts for each dollar of assets. On the other hand, companies involved in finance, insurance and real estate had large amounts of assets (\$191 billion), but only \$35 billion of receipts. These companies produced less than \$0.19 of receipts for each dollar of assets.

**Figure B.—Domestic Corporations Owned by Foreign Persons as a Percentage of Total Domestic Corporations, 1971 and 1983**

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

Item	1971			1983		
	Total domestic corporations <sup>1</sup>	Domestic corporations owned by a foreign person		Total domestic corporations <sup>1</sup>	Domestic corporations owned by a foreign person	
		Number or amount	Percentage of total		Number or amount	Percentage of total
Number of returns.....	1,732,609	5,154	0.30%	2,991,070	33,622	1.12%
Total assets.....	\$2,889,221,468	\$36,673,786	1.27	\$10,201,084,144	\$530,334,499	5.20
Total receipts.....	1,902,634,665	39,181,487	2.06	7,114,700,336	389,908,798	5.48
Net income (less deficit).....	79,540,372	1,111,306	1.40	189,431,826	1,848,521	0.98
Net income.....	96,450,775	1,495,637	1.55	296,238,777	12,447,588	4.20
U.S. income subject to tax.....	83,022,626	1,343,597	1.62	218,217,401	10,706,827	4.91
U.S. income tax after credits.....	31,790,732	609,661	1.92	51,710,011	3,418,554	6.61
Distributions to stockholders except in own stock.....	32,489,040 <sup>2</sup>	460,350	1.42	127,889,501	4,326,837	3.38

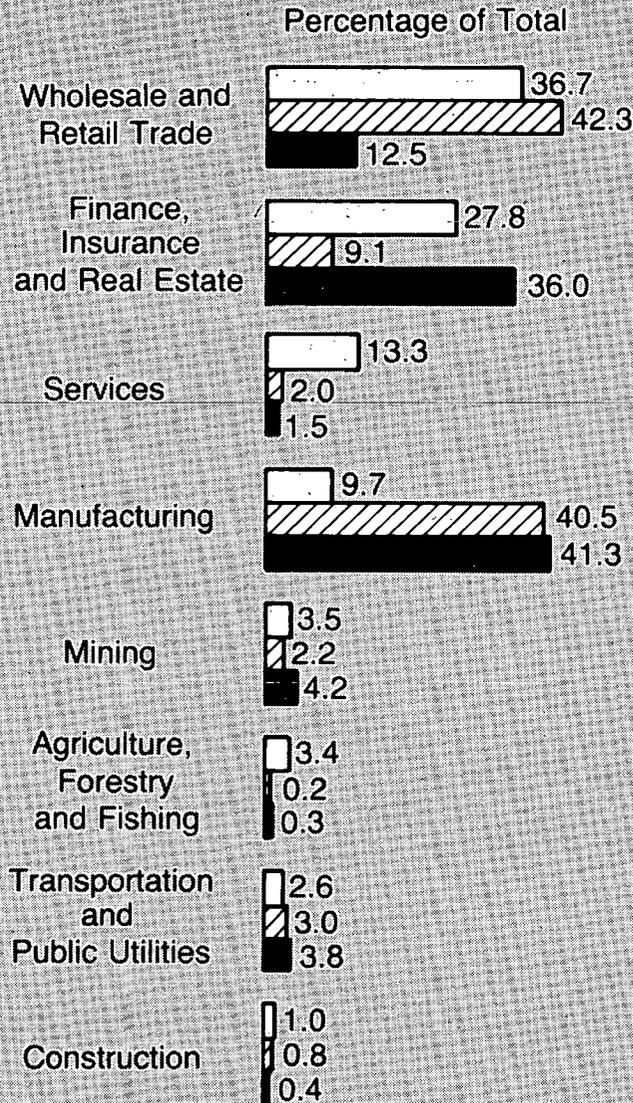
<sup>1</sup> Excludes all data from returns of foreign corporations with income derived from U.S. sources, except for branches of certain foreign insurance companies.

<sup>2</sup> Estimated.

NOTES: Money amounts are in current dollars, except for total assets. Amounts for total assets are based on book values. Year-to-year comparability of the statistics is affected by changes in the tax law.

**Figure C**  
**Domestic Corporations Owned by Foreign Persons, by Industrial Division, 1983**

□ Number of Returns (All Industries: 33,622)  
 ▨ Total Receipts (All Industries: \$389.9 billion)  
 ■ Total Assets (All Industries: \$530.3 billion)



Note:  
 Totals for "All Industries" include small amounts for "Nature of Business not Allocable," which is not shown separately.

The great majority of trade companies were wholesalers. Many of these companies were U.S. distributors of products made in foreign countries by their parent corporations. Wholesalers accounted for \$143 billion, or 87 percent, of all receipts by trade companies.

Banks accounted for over 56 percent (\$107 billion) of the total assets in the finance, insurance and real estate industrial division. These assets produced \$11 billion of receipts for 1983, primarily interest. This 10:1 ratio of assets to receipts was similar to that for all U.S. (i.e., domestically incorporated) banks, which reported \$2.8 trillion in assets and \$314 billion of receipts, resulting in a 9:1 ratio [13].

### Country Characteristics

Domestic corporations are owned by persons throughout the world. However, for 1983, owners from the 10 countries shown in Figure D controlled nearly 63 percent of the 33,622 domestic corporations controlled by foreign persons. (The countries shown in Figure D are ranked by size of total assets of the corporations. They represent the geographic location of the foreign owner's country of residence, incorporation, organization, creation, or administration.) The 21,106 corporations owned by persons from these 10 countries accounted for 85 and 87 percent, respectively, of the total assets and receipts of all foreign-controlled domestic corporations.

Domestic corporations controlled by persons from the United Kingdom had a rapid growth rate. While the number of such corporations grew from 2,026 to 2,127, or 5 percent, from 1981 to 1983, their assets and receipts increased at a much higher rate. Assets increased by 87 percent, to \$171.8 billion, and receipts rose by nearly 70 percent, to \$65.7 billion.

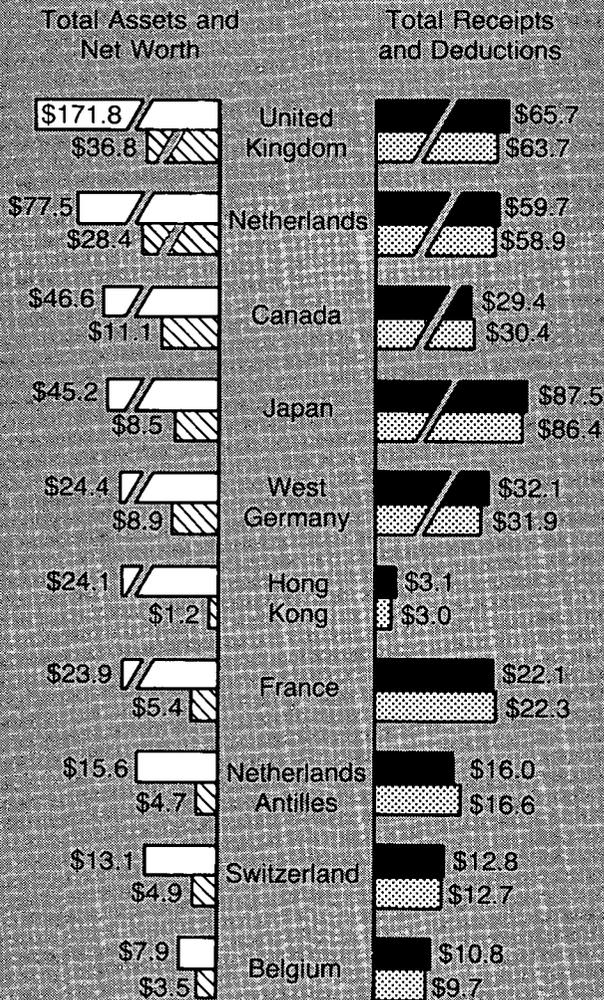
Companies owned by persons from most of the other 10 countries shown in Figure D experienced moderate growth from 1981 to 1983, except for a decline in the total assets and receipts levels of U.S. corporations owned by persons in the Netherlands. While the number of U.S. corporations they owned increased from 1,267 for 1981 to 1,542 for 1983, the assets and receipts of these corporations decreased by 10 percent and 18 percent, respectively, over the same period. The decreases in assets and receipts were primarily in the manufacturing industries.

The level of assets relative to receipts for corporations owned by foreign persons varied from country to country. Three countries (the United Kingdom, Japan and Hong Kong) showed large variations from the average. For 1983, all foreign-controlled domestic corporations had an assets-to-receipts ratio of 1.36, i.e., \$530.3 billion of assets to \$389.9 billion of receipts. The United Kingdom (U.K.), Japan and Hong Kong had ratios of 2.61, 0.52, and 7.77, respectively. These ratios are the result, to a large degree, of

**Figure D**  
**Domestic Corporations Owned by Foreign Persons, by Selected Country of Foreign Owner, 1983**

- Total Assets (All countries: \$530.3 billion)
- ▨ Net Worth (All countries: \$138.4 billion)
- Total Receipts (All countries: \$389.9 billion)
- ▩ Total Deductions (All countries: \$388.0 billion)

[Billions of dollars]



the kinds of business activities in which the corporations were involved. For instance, domestic corporations controlled by persons in Hong Kong were predominantly involved in finance, real estate, or insurance activities. This industrial segment accounted for 98 percent and 74 percent, respectively, of the total assets and receipts associated with corporations with owners in Hong Kong.

Finance, insurance and real estate, along with manufacturing, were the most common business activities of domestic corporations controlled by U.K. persons. Together these industrial divisions accounted for \$156.6 billion of the \$171.8 billion of total assets, and \$47.1 billion of the \$65.7 billion of total receipts of U.K.-controlled domestic corporations. Both of these business activities had high assets-to-receipts ratios, resulting in a 2.61 ratio overall for the United Kingdom.

Japan's assets-to-receipts ratio of 0.52 was quite different from that of Hong Kong and the United Kingdom. Wholesale trade was the predominant activity of Japanese-controlled domestic corporations. This industry group, which had a low assets-to-receipts ratio, accounted for 49 and 86 percent, respectively, of all assets and receipts of U.S. corporations with Japanese owners.

Figure D also shows the stockholders' equity (i.e., net worth) in the corporations' assets. Stockholders of domestic corporations controlled by foreign persons had an equity position (i.e., net worth as a percentage of total assets) which averaged 26.1 percent. However, this position varied considerably from country to country. For instance, of the 10 countries shown in Figure D, the equity position ranged from a high of 44.7 percent for Belgian-owned U.S. corporations to a low of 4.8 percent for U.S. firms owned by persons from Hong Kong. Manufacturers accounted for the major portion of assets (75 percent) and net worth (68 percent) of those corporations controlled by persons who resided in Belgium. On the other hand, corporations in the finance, insurance, and real estate industrial division accounted for nearly all of the assets (98 percent) and net worth (96 percent) of those corporations controlled by persons who resided in Hong Kong.

**Income Statement and Tax Items**

The 33,622 domestic corporations controlled by foreign persons generated almost \$390 billion of total receipts for 1983. Over 92 percent of this total was "business receipts," i.e., receipts from sales and operations. Interest income of \$17.6 billion accounted for an additional 5 percent of the total. Banks produced most of the interest receipts.

These same domestic corporations claimed \$388 billion in deductions for 1983. Cost of sales and operations were \$271.4 billion, or 70 percent of the total. Interest paid (\$22.3 billion) and depreciation (\$11.9 billion) accounted for 6 percent and 3 percent, respectively, of the total deductions.

The net income (less deficit) for these foreign-controlled companies was \$1.8 billion for 1983 [14]. This was the result of 13,648 corporations reporting \$12.4 billion of profits (as computed under the Internal Revenue Code) and 19,974 companies reporting \$10.6 billion of deficits [15]. Thus, only 40 percent of the domestic corporations with foreign owners reported profits for 1983. By comparison, 56 percent of all corporations filing U.S. tax returns for 1983 reported profits which totalled \$296.9 billion. The deficits for all corporations were \$108.6 billion, resulting in a net income (less deficit) amount of \$188.3 billion.

It is also instructive to compare the rate of return on assets for all corporations filing U.S. tax returns to that for foreign-controlled corporations. For this purpose, rate of return on assets is defined as net income (less deficit) as a percentage of total assets. As shown in Figure E, foreign-controlled domestic corporations had a low (0.3 percent) rate of return as compared to all corporations (1.8 percent).

**Figure E.—Comparative Rates of Return on Assets, 1983**

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

Item	All corporations filing U.S. tax returns	Domestic corporations owned by a foreign person
Total assets	\$10,201.1	\$530.3
Net income (less deficit)	188.3	1.8
Rate of return	1.8%	0.3%

The data for 1983 reflect an improving U.S. economy. For all corporations filing U.S. tax returns, the rate of return on assets rose from 1.6 percent for 1982 to 1.8 percent for 1983. The rate of return on assets for domestic corporations owned by a foreign person improved marginally, from 0.291 percent for 1982 to 0.348 percent for 1983. This reflects an increase in net income (less deficit) of 41 percent and an increase in total assets of 18 percent.

For 1983, profitable foreign-controlled domestic corporations had \$10.7 billion of "income subject to U.S. tax" (the base on which tax was computed), resulting in tax before credits of \$4.8 billion [16]. The difference between the \$12.4 billion of profits (or net income) and \$10.7 billion of income subject to tax was the result of statutory special deductions. These deductions were allowed to most corporations in computing their taxable income and were for net operating losses from prior years and deductions for both intercorporate dividends received and for dividends paid on certain preferred stock of public utilities.

Tax credits totalling \$1.4 billion reduced the U.S. tax liability of foreign-owned domestic corporations to \$3.4 billion. The largest credits were \$671 million of foreign tax credits and \$616 million of investment credits. These companies also claimed \$83 million of U.S. possessions tax credits.

Foreign-controlled domestic corporations reported \$4.3 billion of distributions to their stockholders in cash and property other than the company's own stock. An additional

\$181 million of stock was also distributed to stockholders. The amount of distributions was considerably larger than the \$1.8 billion of net income (less deficit) computed for tax purposes and reported for all of these corporations. However, as previously noted, a portion of these companies earned profits of \$12.4 billion for 1983, out of which distributions could have been made. In addition, some of the distributions made for 1983 could have been made from the retained earnings of previous years.

## FOREIGN CORPORATIONS WITH INCOME EFFECTIVELY CONNECTED WITH A U.S. TRADE OR BUSINESS

This section of the article switches the focus from foreign-controlled domestic companies to foreign corporations with income effectively connected with a U.S. trade or business.

### U.S. Taxation

Foreign corporations are ones that were incorporated abroad. Thus, they were not created or organized in the United States, or under the laws of the United States or any of its States. These corporations are, however, subject to U.S. income tax on income effectively connected with the conduct of a U.S. trade or business and on income from U.S. sources that is not "effectively connected." There were two methods of taxation that applied to the income, depending on whether or not it was considered to be effectively connected with a trade or business in the United States [17].

Foreign corporations were taxed on income effectively connected with a U.S. trade or business in a manner similar to that used to tax the income of domestic corporations. To determine their taxable income, gross income that was effectively connected with a U.S. trade or business was reduced by allowable deductions to the extent such deductions were related to this income [18]. The same tax rates, tax methods, and credits used to reduce tax liability were available to both foreign and domestic corporations. See the section entitled "Domestic Corporations Controlled by Foreign Persons: U.S. Taxation" for a discussion of how tax liability was determined.

Fixed or determinable annual or periodic income from U.S. sources, such as interest, dividends, rents, royalties, annuities, and certain gains (such as from the sale or exchange of patents and copyrights) may or may not have been effectively connected income [19]. This was determined on the basis of whether the income was from assets used in the conduct of a U.S. trade or business and whether the activities of the U.S. trade or business were a principal factor in producing the income.

A foreign corporation could elect to treat income from U.S. real property as effectively connected income, even if it would not have otherwise been considered to be effectively

connected income. This income included gross rents and gains from the sale or exchange of real property. This election permitted the corporation to apply deductions against this gross income as well.

Certain types of foreign-source income were also considered to be U.S. effectively connected income. For instance, interest received by a foreign bank from sources outside the United States was treated as effectively connected with the conduct of a U.S. trade or business if the bank had an office in the United States to which the income was attributable and the interest was derived from banking activities in the United States.

As mentioned previously, foreign corporations were also taxed on U.S.-source income that was not effectively connected with the conduct of a U.S. trade or business. This included certain amounts of investment income, such as interest, dividends, rents, royalties, annuities, and gains from the sale or exchange of certain property (including patents, copyrights, timber and coal). Gross income in these categories was taxed at a rate of 30 percent unless the rate had been reduced as the result of a tax treaty between the United States and the foreign company's country of incorporation [20].

Basically, then, a foreign corporation's total U.S. tax was the sum of (1) the tax on income effectively connected with the conduct of a U.S. trade or business and (2) the tax on U.S.-source income that was not effectively connected. It could also include (1) tax from recomputing prior-year investment credits, (2) additional tax for tax preferences, and (3) Personal Holding Company tax. Foreign tax, investment and other credits were used to reduce the corporation's tax liability (just as for domestic corporations).

The transfer of profits from a U.S. branch of a foreign corporation back to its main office in a foreign country was generally not subject to U.S. income tax. However, if the foreign corporation later distributed these profits as dividends and 50 percent or more of its gross income (over a 3-year period) was attributable to effectively connected income from its U.S. branch, then a portion of the distribution could become subject to a U.S. withholding tax of 30 percent. In addition, while interest paid by a U.S. branch of a foreign corporation to foreign creditors could be a tax deduction in calculating effectively connected taxable income, this interest could also be subject to a U.S. withholding tax similar to that described for dividends. These "second-level withholding taxes" could be reduced or eliminated by U.S. income tax treaties with other countries [21].

Only data for the 8,001 foreign corporations which had income effectively connected with a U.S. trade or business are included in this article. Foreign corporations with only U.S. source investment income (i.e., income not effectively connected with a U.S. trade or business) are not included in this article.

## Historical Growth

The activity of foreign corporations in the United States has grown at a rapid pace. Total receipts of these corporations from activities effectively connected with a U.S. trade or business grew from \$3.4 billion for 1971 to \$20.8 billion for 1983, a 516-percent increase. This growth rate was notably higher than the 274-percent increase of all domestic corporations, but was considerably less than the 895-percent increase of domestic corporations controlled by foreign persons. It should be noted that total receipts for domestic corporations includes income from both domestic and foreign activities. It also includes investment-type income, such as interest and dividends not directly connected with a business activity. The amount of domestic-only, business-related income for 1971 and 1983 is not available for comparison to the U.S. effectively connected income of foreign corporations.

## Industry Characteristics

As can be seen in Figure F, the finance, insurance and real estate industrial division accounted for the majority of business activity in the United States by foreign corporations. In fact, this division accounted for 79 percent of the returns filed and 80 percent of the total receipts resulting from trade or business effectively connected with the United States.

Foreign banks had receipts of \$13.9 billion, or 67 percent of the 8,001 foreign corporations with U.S. effectively connected income. Nearly all of this income was interest. Only 162 foreign banks, 2 percent of the total, generated these receipts.

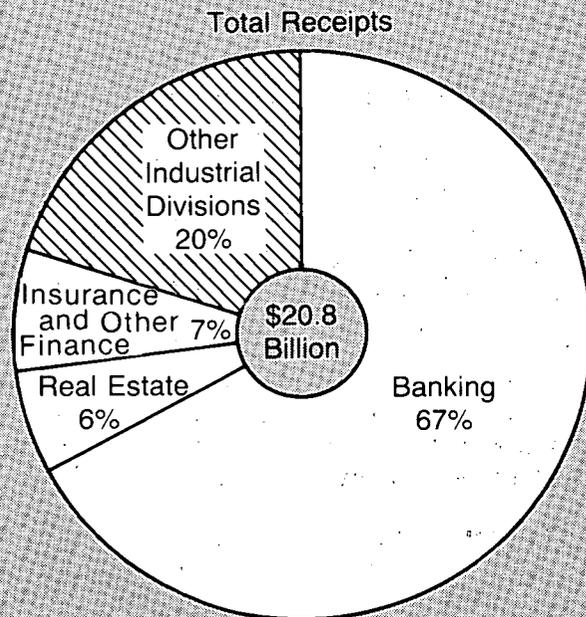
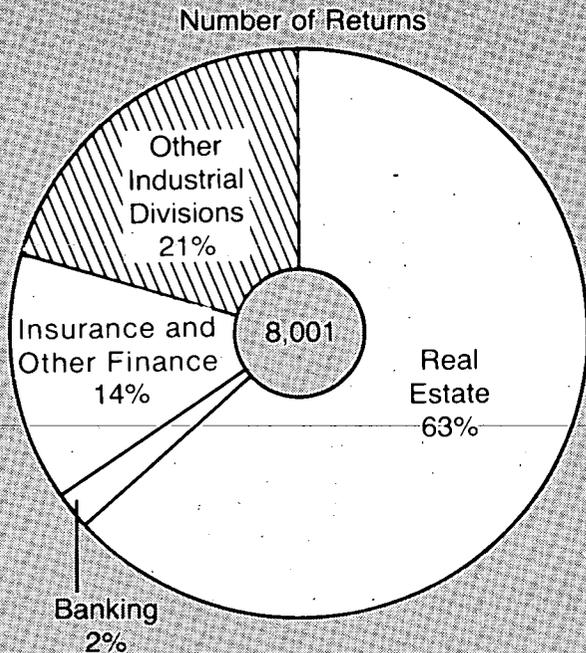
By contrast, the 5,044 foreign corporations involved in real estate (63 percent of the total) generated only \$1.2 billion (or 6 percent) of total receipts. This was an average of just \$239,000 per company. Rents were the largest income item and interest paid the largest deduction item for these foreign real estate companies. As a group, they reported a net deficit of \$244 million for 1983. For every company that reported a profit (for tax purposes), nearly three others reported losses.

## Country Characteristics

Three-fourths of the 8,001 foreign corporations which reported income effectively connected with a U.S. trade or business for 1983 were incorporated in only seven countries (see Figure G). These 5,912 foreign corporations also accounted for just over three-fourths of the effectively connected receipts of all foreign corporations operating a U.S. trade or business.

The Netherlands Antilles had the largest number of foreign-incorporated U.S. businesses, totalling 4,124, or nearly

**Figure F**  
**Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, by Industry, 1983**



52 percent of the total. However, these corporations accounted for less than 10 percent of the effectively connected receipts of all foreign corporations. This coincided with the fact that 3,150 of these corporations were principally involved in real estate activities and produced only \$920 million of receipts. As previously noted, foreign corporations involved in U.S. real estate activities tended to have relatively small amounts of receipts, as compared to those engaged in other business activities.

**Figure G.—Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, by Selected Country of Incorporation, 1983**

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

Country	Number of returns	Total receipts
All countries	8,001	\$20,794
Total selected countries	5,912	16,270
Japan	103	4,612
Canada	1,131	3,652
Netherlands Antilles	4,124	2,014
United Kingdom	185	1,606
France	21	1,563
West Germany	200	1,518
Switzerland	148	1,305

The majority of U.S. effectively connected receipts of Japanese corporations were produced by banks. In fact, U.S. branches of 13 Japanese banks produced \$4.4 billion of U.S. effectively connected receipts. These receipts accounted for over 96 percent of the receipts of the 103 Japanese-incorporated businesses operating in the United States.

These 13 Japanese banks had \$48 million of income subject to tax as a result of their U.S. effectively connected business activities. This taxable income resulted in over \$22 million of U.S. taxes, prior to credits. However, this amount was reduced by over \$17 million through the use of foreign tax credits. The United States allowed a foreign tax credit against income tax for certain taxes paid or accrued to foreign countries. These taxes relate to the corporation's foreign-source taxable income, certain types of which were considered to be U.S. effectively connected income. See the section entitled "Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business: U.S. Taxation."

**Income Statement and Tax Items**

As Figure G shows, for 1983, 8,001 foreign corporations reported \$20.8 billion of total receipts from activities effectively connected with a trade or business in the United States. Business receipts accounted for only 26 percent of this total, while over 65 percent, or \$13.6 billion, of this total was interest income. The 162 foreign banks with U.S. branches accounted for \$13.2 billion of this interest income.

Collectively, these foreign corporations claimed \$21.9 billion of total deductions for 1983. In conjunction with banks producing the largest amount of receipts, deductions totaling \$13.5 billion for interest paid accounted for 62 percent of the total deductions.

Foreign corporations realized an overall net deficit of \$1.1 billion from their effectively connected activities. This was the result of 2,272 corporations having \$693 million of profits and 5,729 companies that were without profits, totaling \$1.8 billion of deficits. (A small number of these 5,729 companies were actually "breakeven" companies with equal amounts of receipts and deductions.) Thus, only 28 percent of the foreign corporations reported profits for 1983, as compared to 56 percent of all corporations filing U.S. tax returns.

Figure H compares 1983 data for all foreign companies and those specifically in the banking, real estate and transportation industries. Real estate companies and banks reported large amounts (i.e., aggregated amounts over \$200 million) of both net income and deficit. However, the deficits outweighed profits for both of these industries. Among foreign transportation corporations, 65 companies reported \$281 million of deficits, an average of over \$4.3 million per company. Only 19 companies reported profits (totalling less than \$4 million), an average of \$191,000 per company.

**Figure H.—Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business: Net Income (Less Deficit), by Selected Industries, 1983**

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

Item	All industries	Real estate	Banking	Transportation
Number of returns, total. . . . .	8,001	5,044	162	84
Net income (less deficit). . . . .	\$-1,118	\$-244	\$-211	\$-277
With net income:				
Number of returns . . . . .	2,272	1,308	46	19
Net income . . . . .	693	274	213	4
Without net income:				
Number of returns <sup>1</sup> . . . . .	5,729	3,736	116	65
Deficit. . . . .	1,811	517	424	281

<sup>1</sup> Includes "breakeven" returns with equal income and deduction amounts.

The profitable foreign corporations had \$469 million of income subject to U.S. tax from their effectively connected activities with U.S. trades and businesses. This resulted in a tax of \$166 million before credits. With reference to Form 1120F (the return form used by foreign corporations), this tax is called the "Section II" tax. Tax credits of \$30 million reduced the U.S. tax liability to \$136 million, with foreign tax credits of \$25 million accounting for most of the credits. The \$136 million of U.S. tax after credits represents less than 1 percent (i.e., 0.65 percent) of the \$20.8 billion of total receipts generated by foreign corporations. This compares closely to the 0.70 percent calculated for all U.S. corporation returns using \$50.1 billion of regular and alternative tax after credits as a percentage of the \$7.1 trillion of total receipts. For these returns, foreign tax credits of nearly \$20 billion accounted for a substantial portion of the \$40.4 billion of total credits.

Foreign corporations with effectively connected U.S. trade and business income also incurred \$12 million of income tax on U.S.-source income that was not effectively connected with their U.S. operations (i.e., "Section I" tax), \$3 million of additional tax for tax preferences, and

\$881,000 of tax from recomputing prior-year investment credits. (The income which is the basis for Section I tax is not included in the income statement statistics for foreign corporations shown in this article.)

## SUMMARY

Foreign investment and activity in the United States through corporations has grown at a faster rate than that of domestic corporations. From 1971 through 1983, worldwide receipts reported by all domestic corporations grew by 274 percent. During the same period, worldwide receipts of foreign-controlled domestic corporations increased by 895 percent. Similarly, the receipts of foreign corporations from activities effectively connected with a U.S. trade or business grew by 516 percent [22].

For 1983, foreign-controlled domestic corporations generated nearly 83 percent of their total receipts from two primary activities: manufacturing and trade. In contrast, foreign corporations with U.S. effectively connected income were largely involved in finance, insurance and real estate activities. Banks alone comprised 67 percent of the total receipts of these foreign corporations.

The 1983 Income Year was not a very profitable year for either foreign-controlled domestic corporations or foreign corporations with U.S. effectively connected income. Only 40 percent of the domestic corporations with 50-percent or more foreign owners reported profits (for tax purposes) for 1983, and only 28 percent of the foreign corporations had profits. By comparison, 56 percent of all corporations filing U.S. tax returns reported profits for 1983.

## EXPLANATION OF SELECTED TERMS

**Attribution Rules.** — In regard to domestic corporations that are 50 percent or more owned by a foreign person, these rules provide that an individual shall be considered as owning the stock of a corporation that is owned, directly or indirectly, by or for his family. The family of an individual includes his or her spouse, brothers and sisters, ancestors, and lineal descendants. For more information on these rules, see section 267(c) of the Internal Revenue Code. However, if a corporation was owned by two or more unrelated persons neither of whom owned 50 percent or more of the corporation, then that corporation was excluded from the statistics even though, together, the persons may have met the 50 percent ownership criterion.

**Equity Position.** — For domestic corporations controlled by foreign persons, this is net worth expressed as a percentage of total assets.

**Foreign Person.** — A foreign person (or entity) is defined as a person other than a U.S. person. A U.S. person includes: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, and (4)

any estate or trust (other than a foreign estate or trust). Section 7701 of the Internal Revenue Code defines the term U.S. person.

**Net Worth.** — This is the stockholders' equity in the corporation, i.e., total assets less the claims of creditors. More specifically, it is the sum of capital stock plus paid-in or capital surplus plus appropriated and unappropriated retained earnings, less the cost of treasury stock. Table 1 shows these items separately for domestic corporations controlled by foreign persons.

**Rate of Return on Assets.** — For domestic corporations, this is the amount of net income (less deficit) calculated for U.S. tax purposes expressed as a percentage of total assets.

## DATA SOURCES AND LIMITATIONS

### Sample

The statistics for domestic corporations controlled by foreign persons shown in this article are based primarily on a sample of Forms 1120 (U.S. Corporation Income Tax Return). For foreign corporations with income effectively connected with a U.S. trade or business, the statistics are based primarily on a sample of Forms 1120F (Return of a Foreign Corporation). In addition to these forms, the statistics include data from Forms 1120L (U.S. Life Insurance Company Income Tax Return). Forms 1120L were filed by both domestic life insurance companies and foreign companies that carried on a life insurance business in the United States. Thus, data for both foreign-controlled domestic corporations and foreign corporations with income derived from U.S. sources could include information from Forms 1120L.

Form 1120 samples were stratified based on the size of total assets and net income (or deficit) and the business activity. For 1983, the sample rates achieved for these forms ranged from 0.46 percent to 100 percent. Forms 1120F were stratified based on the size of total assets and the business activity. However, balance sheet information was not collected from Forms 1120F for purposes of these statistics. The sample rates achieved for these forms ranged from 24.26 percent to 100 percent. Forms 1120L were stratified based solely on the size of total assets. The sample rates achieved for these forms ranged from 45.85 percent to 100 percent.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use the data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's for 1983, see *Statistics of Income—1983, Corporation Income Tax Returns*.

## Nonsampling Limitations

Although most of the data in this article relate to Calendar Year 1983, the estimates cover returns with accounting periods that ended in a 12-month span between July 1983 and June 1984. As a result, this article shows income received or expenses incurred during a 23-month span, from August 1982 through June 1984.

Each return used for the studies described in this article was assigned an industry code during statistical processing. This code was used as a classifier of the returns, as shown in Tables 1 and 3 of this article. (Tables 2 and 4 are classified by geographical area.) The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations which conducted different business activities. In general, foreign corporations could not be members of such affiliated groups. To the extent that some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

The income statement data for foreign corporations shown in this article are only for those corporations which had income effectively connected with a U.S. trade or business. U.S.-source investment income (including interest, dividends, rents, royalties, annuities, and other fixed or determinable annual or periodic income) that was not effectively connected with the conduct of a U.S. trade or business is excluded from the data. The tax liability on this U.S. source investment income is, however, included in Tables 3 and 4 of this article.

## FOOTNOTES

- [1] For purposes of this article, "control" is defined as any foreign person (i.e., an individual, partnership, corporation, estate or trust) which owned, directly or indirectly, 50 percent or more of a U.S. corporation's voting stock at the end of the tax year. For rules of attribution, see the "Explanation of Selected Terms" section of this article and section 267(c) of the Internal Revenue Code.
- [2] Portfolio investment is different from direct investment in that there is no control of the management of the enterprise, except to the extent, for example, of rights to vote periodically in stockholder meetings of corporations. Rather, the portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments and/or an increase in the value of the shares of stock.

- [3] For additional information on these subjects, see, for example, Zagaris, Bruce, *Foreign Investment in the United States*, Praeger Publishers, 1980; Guillerm, Christine and Kirk, Richard, *Direct Investment Techniques for the USA*, Kleuver Law and Taxation Publishers, 1983; and *Doing Business in the United States*, Price Waterhouse, 1985. The U.S. Department of Commerce periodically publishes data on foreign direct investment in the United States. For 1983, see Belli, R. David, "Foreign Direct Investment in the United States in 1983," *Survey of Current Business*, October 1984, Volume 64, Number 10, pp. 26-48. Also see, Howenstine, Ned G., "U.S. Affiliates of Foreign Companies: Operations in 1983," *Survey of Current Business*, November 1985, Volume 65, Number 11, pp. 36-50.
- [4] Sections 7701(a)(4) and (5) of the Internal Revenue Code defined a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation was one which was not domestic.
- [5] Information on ownership levels was obtained from Form 1120, page 3, question I(2), and Form 1120L, page 7, question H(2). These questions requested information including the owner's name, country and percentage of voting stock owned when any foreign individual, partnership, corporation, estate or trust owned, directly or indirectly, 50 percent or more of the corporation's voting stock at the end of the tax year.
- [6] Domestic International Sales Corporations (through 1984) and Interest Charge Domestic International Sales Corporations (beginning in 1985) were not subject to U.S. taxation. Instead, the stockholders of these companies were subject to taxation when profits from these companies were distributed or deemed to be distributed to them. In addition, Small Business (or "S") Corporations were generally not taxed on their income, but rather passed the income on to their stockholders for taxation purposes. Finally, regulated investment companies and real estate investment trusts were only taxed on income that was not distributed to their stockholders.
- [7] For a more complete discussion of taxable income, see *Statistics of Income—1983, Corporation Income Tax Returns*.
- [8] For the most recent detailed information on corporate foreign tax credits, see Carson; Chris R., "Corporate Foreign Tax Credit, 1982: A Geographic Focus," *Statistics of Income Bulletin*, Fall 1986, Volume 6, Number 2, pp. 21-48.
- [9] For the most recent detailed information on U.S.-source dividends (and other types of income, such as interest) paid to foreign persons, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, and Tax Withheld, 1984," *Statistics of Income Bulletin*, Fall 1986, Volume 6, Number 2, pp. 61-77.
- [10] For the most recent detailed information on Controlled Foreign Corporations, see States, William, "Controlled Foreign Corporations, 1982: A Geographic Focus," *Statistics of Income Bulletin*, Winter 1986-87, Vol. 6, No. 3, pp. 49-80.
- [11] Gianelos, Arthur and Hobbs, James, "Statistics of Income Studies of International Income and Taxes: An Overview," *Compendium of Studies of International Income and Taxes, 1979-1983*, September 1985, pp. 3-8.
- [12] Manufacturing companies had larger amounts of assets and receipts than did all other companies when we similarly look at all U.S. corporation income tax returns filed for 1983. For this group, the average manufacturer had \$9 million of assets and \$10 million of receipts. The average company for all other industries had \$3 million and \$2 million of total assets and receipts, respectively.
- [13] U.S. Department of the Treasury, *Statistics of Income—1983, Corporation Income Tax Returns*.
- [14] For statistical purposes, net income (less deficit) is the difference between "modified" total receipts and total deductions. The \$390 billion of total receipts is modified as follows: (1) tax exempt interest from State and local Government obligations is taken out and (2) "constructive" receipts are added in. Constructive receipts are the following types of taxable income from related foreign corporations: (1) includable income from Controlled Foreign Corporations and (2) foreign dividend income resulting from foreign taxes deemed paid.
- [15] The 19,974 companies reporting a deficit include a small number of "breakeven" companies, i.e., those whose receipts and deductions were exactly equal.
- [16] The \$4.8 billion of total income tax before credits includes \$59 million from additional tax for tax preferences and tax from recomputing prior-year investment credits.
- [17] Section 864(c) of the Internal Revenue Code and the related Internal Revenue Regulations describe tests to be used in determining whether income is effectively connected with a U.S. trade or business.

- [18] Charitable contributions were deductible, subject to a limitation, whether or not they were related to effectively connected income.
- [19] While capital gains that were considered to be "effectively connected" with a U.S. trade or business were taxable income, other U.S. source capital gains were exempt from the U.S. income tax.
- [20] For a list of tax treaties, see IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*.
- [21] The Tax Reform Act of 1986 replaced the "second-level withholding taxes" with "branch level profits and interest taxes," subject to modification or elimination by tax treaties. For tax years beginning after 1986, the U.S. branch of a foreign corporation could be subject to a 30-percent tax on amounts of its "dividend equivalent" and on certain "excess interest" deductions used in calculating effectively connected taxable income. Dividend equivalent is the branch's effectively connected earnings and profits for the year, reduced (or increased) by the amount of increase (or decrease) in the branch's U.S. net equity position during the tax year. Section 884 of the Internal Revenue Code specified the branch level profits and interest taxes.
- [22] By making allowances for inflation through the use of the Gross National Product Implicit Price Deflator, the worldwide receipts, in constant dollars, of all domestic corporations increased by 60 percent from 1971 through 1983. By comparison, the worldwide receipts of foreign-controlled domestic corporations increased by 325 percent and the U.S. effectively connected receipts of foreign corporations rose by 163 percent over the same period. The source of the GNP Implicit Price Deflator is the *Survey of Current Business*, Bureau of Economic Analysis, U.S. Department of Commerce, July issues.

**Table 1.—Domestic Corporations with 50 Percent or More Ownership by a Foreign Entity: Balance Sheets and Income Statements, by Industrial Division**

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

Item	All industries <sup>1</sup>	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns, total</b> .....	<b>33,622</b>	<b>1,149</b>	<b>1,162</b>	<b>352</b>	<b>3,260</b>	<b>862</b>	<b>12,343</b>	<b>9,333</b>	<b>4,463</b>
<b>With net income</b> .....	<b>13,648</b>	<b>385</b>	<b>310</b>	<b>135</b>	<b>1,873</b>	<b>592</b>	<b>4,993</b>	<b>2,827</b>	<b>2,533</b>
<b>Total assets</b> .....	<b>530,334,499</b>	<b>1,826,447</b>	<b>22,047,801</b>	<b>2,172,726</b>	<b>219,225,274</b>	<b>20,085,931</b>	<b>66,127,339</b>	<b>191,094,419</b>	<b>7,691,712</b>
Cash.....	32,896,211	60,946	446,013	145,863	3,026,648	452,138	3,539,215	24,668,597	542,217
Notes and accounts receivable.....	135,012,204	156,560	1,825,419	594,380	26,840,930	1,499,208	19,938,668	82,578,305	1,544,491
Less: Allowance for bad debts.....	2,242,588	*4,715	44,506	7,678	620,254	33,820	635,691	855,104	40,820
Inventories.....	39,699,090	89,670	801,761	303,188	19,401,294	624,496	15,555,983	2,454,204	467,138
Investments in Government obligations.....	11,807,773	109	*15,545	*4,981	111,293	*85,868	205,152	11,383,091	*1,733
Other current assets.....	23,268,657	63,475	571,264	263,708	6,983,596	1,549,368	4,819,488	8,549,568	468,001
Loans to stockholders.....	4,874,811	*1,347	80,143	*2,462	2,760,766	*39,504	363,099	1,532,526	94,965
Mortgage and real estate loans.....	6,632,176	*72,370	*4,354	*17,497	71,823	1,731	25,631	6,318,000	120,769
Other investments.....	89,173,096	95,363	6,565,037	249,393	37,211,630	1,340,130	9,931,499	32,439,887	1,340,157
Depreciable assets.....	138,508,583	578,701	8,651,645	659,339	84,143,807	16,270,695	12,670,373	12,748,427	2,785,417
Less: Accumulated depreciation.....	44,314,496	165,089	2,331,494	288,249	29,977,191	3,877,179	4,219,605	2,676,196	779,373
Depletable assets.....	20,787,934	*44,622	4,186,658	35,107	13,988,383	459,226	1,326,449	729,843	*17,646
Less: Accumulated depletion.....	5,880,240	*2,953	1,069,868	2,960	4,008,837	174,388	574,762	43,289	*3,182
Land.....	10,194,266	755,806	145,872	103,644	3,209,153	291,153	861,065	4,522,101	293,333
Intangible assets (amortizable).....	6,649,597	3,737	614,603	32,554	3,467,036	403,291	695,807	760,450	672,119
Less: Accumulated amortization.....	1,566,685	1,733	99,837	1,894	743,470	80,805	181,384	167,303	290,260
Other assets.....	64,834,111	78,232	1,685,190	61,390	53,358,665	1,235,314	1,806,350	6,151,313	457,361
<b>Total liabilities</b> .....	<b>530,334,499</b>	<b>1,826,447</b>	<b>22,047,801</b>	<b>2,172,726</b>	<b>219,225,274</b>	<b>20,085,931</b>	<b>66,127,339</b>	<b>191,094,419</b>	<b>7,691,712</b>
Accounts payable.....	35,924,965	75,977	1,171,065	471,345	15,477,351	1,173,692	12,984,426	3,559,414	1,005,922
Mortgages, notes, and bonds payable in less than one year.....	52,603,829	167,244	2,162,290	292,406	11,688,405	1,178,612	16,578,653	19,674,640	861,579
Other current liabilities.....	120,029,709	73,967	1,173,009	232,396	11,033,718	1,098,109	5,714,091	100,019,480	684,460
Loans from stockholders.....	19,226,919	377,693	2,059,748	172,896	7,836,094	140,890	2,832,950	5,110,513	695,074
Mortgages, notes, and bonds payable in one year or more.....	82,267,416	550,864	4,490,789	414,946	36,876,363	7,126,381	8,333,176	22,020,928	2,428,990
Other liabilities.....	81,901,204	110,691	1,303,717	132,053	64,985,889	1,771,834	1,621,321	11,501,432	458,383
Capital stock.....	26,591,247	317,342	1,330,575	78,046	8,541,867	1,897,022	6,102,027	7,320,654	987,602
Paid-in or capital surplus.....	85,672,445	496,805	9,864,172	399,345	39,428,490	3,908,229	10,859,034	28,888,721	1,423,209
Retained earnings, appropriated.....	847,170	—	*15,560	—	185,552	*1,847	123,502	520,341	*368
Retained earnings, unappropriated.....	25,638,908	-344,135	-1,512,398	-20,388	23,282,986	1,801,036	1,025,924	2,241,103	-829,340
Less: Cost of treasury stock.....	369,313	—	*10,725	319	111,441	*11,722	47,766	162,805	24,534
<b>Total receipts</b> .....	<b>389,908,798</b>	<b>732,291</b>	<b>8,449,595</b>	<b>3,014,927</b>	<b>157,738,858</b>	<b>11,855,553</b>	<b>164,917,873</b>	<b>35,391,398</b>	<b>7,790,909</b>
Business receipts.....	359,793,137	662,152	7,665,838	2,809,993	149,108,180	11,434,256	161,780,356	19,073,624	7,242,101
Interest.....	17,589,808	16,060	264,907	43,816	2,700,392	170,966	1,440,224	12,818,322	134,498
Interest on State and local Government obligations.....	282,824	—	—	*254	5,344	152	6,336	270,530	209
Rents.....	2,097,901	13,638	74,475	40,371	602,295	66,631	267,365	942,577	90,550
Royalties.....	1,889,074	*205	18,220	2,370	1,737,790	956	77,305	17,358	34,870
Net short-term capital gain reduced by net long-term capital loss.....	147,520	—	*454	*2,723	5,141	2,054	46,567	87,223	*3,359
Net long-term capital gain reduced by net short-term capital loss.....	1,550,888	*8,645	28,022	10,673	340,770	29,825	270,912	786,258	75,784
Net gain, noncapital assets.....	833,172	12,195	56,447	38,390	154,515	16,154	69,588	471,701	14,181
Dividends received from domestic corporations.....	750,896	*1,525	30,239	*1,454	390,118	964	121,681	196,876	8,040
Dividends received from foreign corporations.....	259,458	1,199	95,120	3,967	131,168	31	20,119	6,695	*1,159
Other receipts.....	4,714,119	16,672	215,873	60,916	2,563,206	133,566	817,420	720,235	186,158
<b>Total deductions</b> .....	<b>387,981,124</b>	<b>876,744</b>	<b>9,594,021</b>	<b>3,130,347</b>	<b>154,033,796</b>	<b>11,955,908</b>	<b>164,041,815</b>	<b>36,358,161</b>	<b>7,971,575</b>
Cost of sales and operations.....	271,372,629	414,835	4,651,384	2,529,726	98,952,238	7,217,796	141,908,332	11,715,650	3,967,477
Compensation of officers.....	2,151,457	12,792	50,561	39,568	681,505	82,403	582,972	482,060	219,597
Repairs.....	2,857,341	9,532	55,066	8,069	2,034,049	292,995	265,286	143,878	48,466
Bad debts.....	1,520,500	4,444	63,432	7,975	463,080	57,459	337,644	539,863	46,602
Rent paid on business property.....	4,280,320	19,318	124,479	33,836	1,902,261	159,071	1,135,824	647,901	257,310
Taxes paid.....	7,950,059	19,682	100,124	33,300	5,138,090	421,302	1,209,770	709,211	208,034
Interest paid.....	22,254,566	80,087	893,433	88,911	6,599,449	849,473	2,973,830	10,421,418	346,991
Contributions or gifts.....	93,525	*50	*344	262	69,398	2,465	9,564	10,743	699
Amortization.....	448,187	4,381	7,783	3,497	205,288	6,200	53,675	134,857	32,503
Depreciation.....	11,902,990	71,925	927,993	70,574	7,431,371	820,502	1,326,167	933,548	320,882
Depletion.....	791,081	*1,060	216,655	332	488,322	*2,898	63,193	12,898	*5,723
Advertising.....	5,773,073	3,090	24,166	9,799	3,236,846	16,830	2,163,916	229,841	88,584
Pension, profit-sharing, stock bonus, and annuity plans.....	1,534,002	*1,243	61,597	10,324	1,018,907	71,375	178,889	150,840	40,828
Employee benefit programs.....	2,566,672	7,301	115,766	10,937	1,523,424	109,944	375,110	350,266	73,877
Net loss, noncapital assets.....	295,050	14,708	69,539	*1,602	95,262	7,412	32,522	57,572	18,432
Other deductions.....	52,189,673	212,292	2,121,427	281,635	24,194,305	1,837,782	11,425,121	9,817,617	2,297,569
<b>Total receipts less total deductions</b> .....	<b>1,927,675</b>	<b>-144,452</b>	<b>-1,144,426</b>	<b>-115,420</b>	<b>3,705,062</b>	<b>-100,354</b>	<b>876,058</b>	<b>-966,763</b>	<b>-180,665</b>
Constructive taxable income from related foreign corporations.....	203,671	—	64,993	2,651	102,887	—	18,699	12,477	1,964
Net income (less deficit).....	1,848,521	-144,452	-1,079,433	-113,023	3,802,606	-100,506	888,419	-1,224,816	-178,910
Net income.....	12,447,588	15,701	306,410	43,278	7,350,321	409,445	2,875,268	1,196,623	250,541
Income subject to tax.....	10,706,827	*12,195	186,655	33,205	6,713,801	388,643	2,514,770	701,451	156,108
Total income tax.....	4,848,504	*4,661	94,868	14,567	3,082,203	174,684	1,133,952	287,892	55,678
Regular and alternative tax.....	4,789,542	*4,625	84,786	14,381	3,046,077	173,977	1,127,699	284,727	53,270
Foreign tax credit.....	670,561	—	54,838	*2,107	546,696	*262	22,241	41,173	*3,244
U.S. possessions tax credit.....	83,125	—	—	—	9,616	52,801	20,708	—	—
Investment credit.....	616,058	*1,255	5,067	3,970	462,484	35,858	71,279	27,238	8,907
Jobs credit.....	11,488	*74	72	*83	3,794	*484	6,099	419	*463
Nonconventional source fuel credit.....	339	—	—	—	315	13	—	11	—
Alcohol fuel credit.....	149	—	—	—	149	—	—	—	—
Research activities credit.....	36,055	*121	114	39	32,480	305	2,796	*182	18
Employee stock ownership credit.....	12,175	—	—	—	11,449	348	378	—	—
<b>Distributions to stockholders:</b>									
Cash and property except in own stock.....	4,326,837	6,690	340,642	*5,199	2,560,755	530,889	272,298	570,694	39,670
Corporation's own stock.....	180,565	—	—	—	62,031	*2,602	82,459	33,473	—

\*Estimate should be used with caution because of the small number of sample returns on which it is based.  
<sup>1</sup>Includes "Nature of business not allocable," which is not shown separately.  
 NOTE: Detail may not add to totals because of rounding.

Table 2.—Domestic Corporations with 50 Percent or More Ownership by a Foreign Entity: Selected Items, by Geographic Area

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

Geographic area <sup>1</sup>	Number of returns	Total assets	Total receipts	Business receipts	Total deductions	Net income (less deficit)	Net income	Income subject to tax	Total income tax—	
									Before credits <sup>2</sup>	After credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>All geographic areas, total</b> .....	<b>33,622</b>	<b>530,334,499</b>	<b>389,908,798</b>	<b>359,793,137</b>	<b>387,981,124</b>	<b>1,848,521</b>	<b>12,447,588</b>	<b>10,706,827</b>	<b>4,848,504</b>	<b>3,418,554</b>
<b>Canada</b> .....	<b>6,860</b>	<b>46,602,258</b>	<b>29,429,238</b>	<b>26,271,347</b>	<b>30,443,223</b>	<b>-974,763</b>	<b>868,896</b>	<b>547,092</b>	<b>231,231</b>	<b>151,321</b>
<b>Latin America, total</b> .....	<b>5,174</b>	<b>26,180,372</b>	<b>23,109,341</b>	<b>21,574,892</b>	<b>24,097,294</b>	<b>-982,132</b>	<b>261,917</b>	<b>159,507</b>	<b>70,649</b>	<b>39,955</b>
Mexico .....	453	1,225,931	972,125	909,253	1,019,932	-48,046	19,458	10,662	3,754	2,407
Central America, total .....	848	5,893,709	4,652,698	4,343,870	4,937,666	-284,374	63,952	45,281	17,501	16,317
Panama .....	685	5,796,902	4,495,358	4,203,056	4,799,838	-303,886	44,439	27,186	12,795	11,849
Caribbean, total .....	2,484	17,343,802	17,006,058	16,015,489	17,626,750	-614,339	157,989	99,904	47,891	20,729
Netherlands Antilles .....	1,320	15,584,182	16,051,776	15,172,600	16,600,430	-542,301	143,725	92,350	44,726	17,679
Trinidad and Tobago .....	308	5,794	31,589	31,576	37,184	-5,595	—	—	—	—
South America, total .....	1,390	1,716,930	478,460	306,280	512,946	-35,373	20,517	3,660	1,503	503
Venezuela .....	1,093	671,575	114,551	34,143	118,205	-3,660	14,090	702	303	72
<b>Other Western Hemisphere</b> .....	<b>265</b>	<b>3,484,243</b>	<b>6,451,417</b>	<b>6,307,332</b>	<b>6,751,699</b>	<b>-300,626</b>	<b>41,182</b>	<b>15,326</b>	<b>4,710</b>	<b>4,596</b>
<b>Europe, total</b> .....	<b>12,132</b>	<b>334,536,883</b>	<b>217,765,477</b>	<b>199,353,110</b>	<b>214,122,350</b>	<b>3,609,071</b>	<b>8,858,719</b>	<b>7,846,124</b>	<b>3,588,632</b>	<b>2,443,642</b>
Common Market countries, total .....	9,059	312,093,344	197,895,187	180,503,493	194,193,670	3,688,825	8,170,209	7,280,009	3,335,938	2,258,304
Belgium .....	344	7,869,964	10,789,260	9,122,534	9,745,817	1,045,260	1,122,236	1,106,172	507,361	27,248
France .....	2,048	23,920,523	22,061,050	20,497,866	22,277,074	-198,671	368,859	264,036	120,682	74,893
Italy .....	300	2,967,234	1,854,026	1,709,071	1,942,862	-92,844	13,862	9,781	4,244	2,613
Netherlands .....	1,542	77,475,240	59,690,165	54,800,667	58,905,550	782,544	2,171,128	1,999,983	928,263	744,485
United Kingdom .....	2,127	171,840,588	65,743,040	57,905,378	63,747,372	1,957,890	3,315,151	3,009,444	1,379,834	1,067,280
West Germany .....	2,217	24,393,796	32,087,479	31,049,556	31,864,313	239,502	1,115,899	849,171	380,607	329,196
Sweden .....	675	4,220,814	4,032,967	3,756,184	4,096,128	-69,258	118,719	113,857	50,790	47,260
Switzerland .....	1,423	13,118,569	12,835,306	12,330,125	12,694,556	128,084	513,353	426,399	192,306	130,050
<b>Africa</b> .....	<b>202</b>	<b>627,288</b>	<b>206,296</b>	<b>169,893</b>	<b>239,185</b>	<b>-32,889</b>	<b>6,018</b>	<b>1,808</b>	<b>459</b>	<b>419</b>
<b>Asia, total</b> .....	<b>6,079</b>	<b>90,919,064</b>	<b>98,772,809</b>	<b>92,723,559</b>	<b>98,037,271</b>	<b>686,330</b>	<b>1,938,343</b>	<b>1,757,242</b>	<b>791,986</b>	<b>716,250</b>
Thailand .....	345	142,137	21,092	11,401	25,695	-4,603	—	—	—	—
Taiwan .....	776	513,814	695,315	681,389	742,622	-47,307	4,473	3,101	470	296
Hong Kong .....	933	24,147,261	3,113,982	1,011,919	3,009,585	73,284	138,323	122,454	54,557	37,861
Japan .....	2,292	45,212,866	87,543,400	84,706,931	86,447,332	1,072,011	1,750,835	1,598,850	723,922	672,015
<b>Oceania, total</b> .....	<b>384</b>	<b>3,306,315</b>	<b>795,888</b>	<b>749,229</b>	<b>798,208</b>	<b>-2,320</b>	<b>29,693</b>	<b>9,763</b>	<b>3,481</b>	<b>3,035</b>
Australia .....	326	3,132,208	518,416	477,940	522,151	-3,735	24,133	4,406	1,519	1,347
<b>Puerto Rico and U.S. Possessions</b> .....	<b>228</b>	<b>2,160,829</b>	<b>1,854,628</b>	<b>1,774,658</b>	<b>1,645,510</b>	<b>209,328</b>	<b>211,710</b>	<b>205,477</b>	<b>94,122</b>	<b>9,647</b>
<b>Country not stated</b> .....	<b>2,297</b>	<b>22,517,246</b>	<b>11,523,705</b>	<b>10,869,118</b>	<b>11,846,382</b>	<b>-363,477</b>	<b>231,109</b>	<b>164,489</b>	<b>63,235</b>	<b>49,690</b>

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

<sup>1</sup>Geographic area is the location of the owner's country of residence, incorporation, organization, creation, or administration.<sup>2</sup>Total income tax before credits includes \$4,789,542,000 of regular and alternative tax. It also includes additional tax for tax preferences and tax from recomputing prior-year investment credits. The two largest credits are the foreign tax credit (\$670,561,000) and the investment credit (\$616,058,000).

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

**Table 3.—Foreign Corporations with Income Effectively Connected with a U.S. Business: Income Statement and Tax Items, by Industrial Division**

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

Item	All industries <sup>1</sup>	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns of active foreign corporations with U.S. business operations, total</b> .....	<b>8,001</b>	<b>237</b>	<b>372</b>	<b>62</b>	<b>118</b>	<b>109</b>	<b>268</b>	<b>6,320</b>	<b>466</b>
With net income .....	2,272	56	134	*6	33	25	121	1,755	133
<b>Total receipts</b> .....	<b>20,793,723</b>	<b>67,418</b>	<b>241,775</b>	<b>349,754</b>	<b>903,790</b>	<b>804,918</b>	<b>1,305,306</b>	<b>16,719,636</b>	<b>397,307</b>
Business receipts .....	5,477,256	60,870	196,585	336,046	895,897	785,939	1,259,393	1,686,356	252,778
Interest .....	13,566,811	1,012	2,120	*4,597	1,380	*3,122	20,137	13,531,423	2,832
Interest on State and local Government obligations .....	29,515	*64	*27	—	—	—	*447	27,769	1,209
Rents .....	599,442	3,528	—	*1,589	*117	*821	*1,966	488,231	102,959
Royalties .....	7,538	*422	*822	—	—	—	( <sup>2</sup> )	6,293	—
Net short-term capital gain reduced by net long-term capital loss .....	21,388	—	*1,220	—	—	—	*5	18,900	1,264
Net long-term capital gain reduced by net short-term capital loss .....	357,882	*165	*767	*511	*679	—	*833	344,245	10,681
Net gain, noncapital assets .....	125,903	*233	*437	*3,555	18	33	*51	120,359	1,216
Dividends received from domestic corporations .....	64,831	( <sup>2</sup> )	*110	—	*368	139	*1,420	62,440	355
Dividends received from foreign corporations .....	4	—	*3	—	—	—	—	*1	—
Other receipts .....	543,152	1,125	39,683	3,456	5,331	14,863	21,053	433,618	24,014
<b>Total deductions</b> .....	<b>21,882,107</b>	<b>91,972</b>	<b>314,755</b>	<b>363,545</b>	<b>947,308</b>	<b>1,095,392</b>	<b>1,351,183</b>	<b>17,276,053</b>	<b>439,278</b>
Cost of sales and operations .....	3,723,239	26,138	65,429	326,950	735,779	515,884	1,066,394	916,880	69,783
Compensation of officers .....	122,980	*97	*4,795	*133	4,946	*648	8,962	99,900	3,500
Repairs .....	70,337	1,370	*5,399	*78	2,570	5,723	2,123	46,802	6,243
Bad debts .....	288,132	( <sup>2</sup> )	*1,100	126	2,752	*1,780	15,670	265,355	1,349
Rent paid on business property .....	296,183	1,755	14,790	*1,397	6,697	11,244	11,190	149,249	99,811
Taxes paid .....	271,668	1,611	9,705	2,286	13,110	4,667	6,931	217,866	15,454
Interest paid .....	13,459,582	19,010	24,485	10,688	30,408	44,081	43,138	13,246,255	41,155
Contributions or gifts .....	8,105	—	30	4	45	—	*27	7,970	*29
Amortization .....	13,722	50	13	( <sup>2</sup> )	*65	41	*448	11,874	1,229
Depreciation .....	448,708	16,351	43,576	2,781	35,524	33,643	8,246	265,012	43,387
Depletion .....	10,682	94	9,359	—	—	—	—	1,195	34
Advertising .....	50,733	417	867	*926	5,846	*1,290	21,326	13,073	6,987
Pension, profit-sharing, stock bonus, and annuity plans .....	28,114	—	3,404	—	*3,381	*1,247	1,867	17,053	*1,162
Employee benefit programs .....	51,185	114	4,977	157	3,785	*4,131	1,768	32,638	3,615
Net loss, noncapital assets .....	22,928	1,480	352	22	*991	( <sup>2</sup> )	*32	19,754	*296
Other deductions .....	3,015,808	23,484	126,473	17,997	101,409	471,015	163,062	1,965,179	145,244
<b>Total receipts less total deductions</b> .....	<b>- 1,088,383</b>	<b>- 24,554</b>	<b>- 72,981</b>	<b>- 13,791</b>	<b>- 43,518</b>	<b>- 290,474</b>	<b>- 45,876</b>	<b>- 556,417</b>	<b>- 41,971</b>
Net income (less deficit) .....	- 1,117,898	- 24,617	- 73,007	- 13,791	- 43,518	- 290,474	- 46,323	- 584,186	- 43,180
Net income .....	693,369	5,298	34,834	*13,372	9,970	6,495	28,361	574,405	17,320
Deficit .....	1,811,268	29,916	107,841	27,163	53,489	296,969	74,684	1,158,590	60,500
Income subject to tax .....	468,995	1,222	28,262	*13,100	*4,430	*4,540	20,427	383,713	9,986
Total income tax <sup>3</sup> .....	182,806	325	14,714	*5,989	*1,735	*7,764	8,523	138,720	3,513
Foreign tax credit .....	25,234	—	—	—	—	—	—	25,231	*3
Investment credit .....	5,046	6	1,067	*1	*984	*18	*234	960	1,777
Jobs credit .....	39	—	—	—	—	*24	—	12	3
Research activities credit .....	44	—	44	—	—	—	—	—	—
Distributions to stockholders:									
Cash and property except in own stock .....	409,044	—	297,135	—	*8,407	—	*599	102,851	51
Corporation's own stock .....	542	—	—	—	—	—	—	542	—

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

<sup>1</sup>Includes "Nature of business not allocable," which is not shown separately.<sup>2</sup>Less than \$500.<sup>3</sup>Total income tax includes \$12,016,000 of Section I tax, which was based on income from U.S. sources that was not effectively connected with a U.S. trade or business, and \$166,477,000 of Section II tax, which was based on income effectively connected with a U.S. trade or business. It also includes additional tax for tax preferences (\$3,432,000) and tax from recomputing prior-year investment credit (\$881,000).NOTE: Detail may not add to totals because of rounding. Table excludes foreign corporation returns filed with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

Table 4.—Foreign Corporations with Income Effectively Connected with a U.S. Business: Selected Items, by Geographic Area

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

Geographic area <sup>1</sup>	Number of returns	Total receipts	Business receipts	Total deductions	Net income (less deficit)	Net income	Income subject to tax	Income tax		Total income tax after credits
								Total <sup>2</sup>	Section II tax	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>All geographic areas, total</b> .....	<b>8,001</b>	<b>20,793,723</b>	<b>5,477,256</b>	<b>21,882,107</b>	<b>-1,117,898</b>	<b>693,369</b>	<b>468,995</b>	<b>182,806</b>	<b>166,477</b>	<b>152,443</b>
<b>Canada</b> .....	<b>1,131</b>	<b>3,652,389</b>	<b>1,451,351</b>	<b>3,943,990</b>	<b>-293,352</b>	<b>74,552</b>	<b>45,589</b>	<b>25,177</b>	<b>16,681</b>	<b>24,073</b>
<b>Latin America, total</b> .....	<b>5,275</b>	<b>3,265,725</b>	<b>1,440,959</b>	<b>3,705,068</b>	<b>-443,756</b>	<b>336,706</b>	<b>254,977</b>	<b>82,172</b>	<b>78,732</b>	<b>78,243</b>
Mexico .....	56	172,602	23,236	179,171	-6,686	2,984	356	84	84	84
<b>Central America, total</b> .....	<b>741</b>	<b>252,120</b>	<b>214,008</b>	<b>294,769</b>	<b>-43,803</b>	<b>17,512</b>	<b>13,560</b>	<b>3,681</b>	<b>3,615</b>	<b>3,652</b>
Panama .....	721	237,713	200,084	280,573	-44,014	17,023	13,070	3,516	3,450	3,491
<b>Caribbean, total</b> .....	<b>4,409</b>	<b>2,439,314</b>	<b>1,108,885</b>	<b>2,725,192</b>	<b>-288,928</b>	<b>314,739</b>	<b>240,976</b>	<b>78,394</b>	<b>75,021</b>	<b>74,493</b>
Cayman Islands .....	105	201,052	18,227	202,227	-1,206	8,577	6,940	2,831	2,831	1,801
Leeward Islands .....	126	210,603	140,189	203,467	7,088	15,056	116	1,241	18	1,241
Netherlands Antilles .....	4,124	2,013,852	943,591	2,304,783	-293,858	287,853	230,882	73,028	70,877	70,157
South America .....	69	401,688	94,830	505,936	-104,339	1,471	85	13	13	13
<b>Other Western Hemisphere, total</b> .....	<b>119</b>	<b>213,217</b>	<b>162,438</b>	<b>218,409</b>	<b>-5,348</b>	<b>18,945</b>	<b>13,129</b>	<b>4,516</b>	<b>4,401</b>	<b>4,380</b>
Bermuda .....	83	165,329	124,652	160,766	4,407	15,781	10,093	3,203	3,094	3,071
<b>Europe, total</b> .....	<b>803</b>	<b>7,226,690</b>	<b>1,728,383</b>	<b>7,391,553</b>	<b>-184,726</b>	<b>128,190</b>	<b>88,420</b>	<b>40,007</b>	<b>38,250</b>	<b>32,196</b>
<b>Common Market countries, total</b> .....	<b>510</b>	<b>5,463,657</b>	<b>1,003,846</b>	<b>5,565,197</b>	<b>-104,272</b>	<b>100,825</b>	<b>67,909</b>	<b>30,554</b>	<b>29,913</b>	<b>23,042</b>
Netherlands .....	58	272,659	2,743	262,393	9,944	12,802	1,799	498	498	471
France .....	21	1,562,822	67,138	1,626,038	-63,215	1,402	-	572	-	572
United Kingdom .....	185	1,606,185	363,123	1,643,391	-37,206	41,723	35,633	16,103	16,035	9,332
West Germany .....	200	1,517,994	509,056	1,497,363	18,831	44,644	30,328	13,357	13,356	12,642
Liechtenstein .....	107	5,734	1,723	6,410	-739	1,965	1,736	418	418	410
Switzerland .....	148	1,304,982	562,336	1,355,023	-53,450	20,739	16,498	8,071	6,999	7,844
<b>Africa, total</b> .....	<b>110</b>	<b>16,394</b>	<b>13,439</b>	<b>24,650</b>	<b>-8,256</b>	<b>1,682</b>	<b>1,138</b>	<b>324</b>	<b>317</b>	<b>319</b>
Liberia .....	106	15,276	12,369	23,452	-8,176	1,682	1,138	324	317	319
<b>Asia, total</b> .....	<b>354</b>	<b>6,043,225</b>	<b>554,402</b>	<b>6,208,952</b>	<b>-165,800</b>	<b>117,088</b>	<b>57,633</b>	<b>28,240</b>	<b>25,762</b>	<b>10,862</b>
Hong Kong .....	129	135,486	6,893	147,195	-11,712	1,521	372	119	65	119
Japan .....	103	4,612,363	178,461	4,542,856	69,446	111,678	56,512	27,908	25,484	10,544
<b>Oceania</b> .....	<b>66</b>	<b>135,634</b>	<b>62,702</b>	<b>144,473</b>	<b>-8,840</b>	<b>1,165</b>	<b>1,165</b>	<b>450</b>	<b>450</b>	<b>450</b>
<b>Puerto Rico and U.S. Possessions</b> .....	<b>33</b>	<b>140,941</b>	<b>4,369</b>	<b>136,179</b>	<b>1,519</b>	<b>7,786</b>	<b>256</b>	<b>41</b>	<b>41</b>	<b>41</b>
<b>Country not stated</b> .....	<b>109</b>	<b>99,509</b>	<b>59,212</b>	<b>108,832</b>	<b>-9,339</b>	<b>7,256</b>	<b>6,688</b>	<b>1,879</b>	<b>1,844</b>	<b>1,879</b>

<sup>1</sup>Geographic area is the location of incorporation of the foreign corporation.<sup>2</sup>Total income tax before credits includes \$12,016,000 of Section I tax, which was based on income from U.S. sources that was not effectively connected with a U.S. trade or business, and \$166,477,000 of Section II tax (shown in Column 9), which was based on income effectively connected with a U.S. trade or business. It also includes additional tax for tax preferences (\$3,432,000) and tax from recomputing prior-year investment credit (\$881,000).

NOTES: Detail may not add to totals because of rounding. Table excludes foreign corporation returns filed with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

# Foreign Income And Taxes Reported On U.S. Individual Tax Returns, 1983: An Overview

By David Paris\*

During Calendar Year 1984 more than 159,000 taxpayers reported approximately \$7.2 billion of foreign earned income on their U.S. individual income tax returns. More than \$5.7 billion of this income was excluded from domestic taxation under the foreign earned income exclusion provisions of the tax law. Foreign taxes paid on the foreign earned income which was not excluded, as well as on the income from foreign investments reported by these and other U.S. taxpayers, were eligible for a foreign tax credit. For Tax Year 1983, almost 372,000 individual returns reported approximately \$617 million in foreign tax credits.

More detailed information about taxpayers reporting either foreign earned income or a foreign tax credit will be presented in a forthcoming issue of the SOI Bulletin.

## OVERVIEW OF THE FOREIGN EARNED INCOME AND FOREIGN TAX CREDIT PROVISIONS

The Economic Recovery Tax Act of 1981 simplified the foreign earned income provisions of U.S. tax law. Prior to the 1981 Act, U.S. citizens with foreign earned income were allowed a deduction for "excess" foreign living expenses and an exclusion of income earned abroad while living in a hardship area "camp" [1].

For 1983, a qualifying taxpayer who worked abroad and received earned income from foreign sources could elect to exclude up to \$80,000 of such income from U.S. taxation. In general, to have qualified for the foreign earned income exclusion a U.S. citizen working abroad either had to have been a bona fide resident of a foreign country or countries for an uninterrupted period that included a full tax year or had to have lived in a foreign country or countries for at least 330 days out of any 12 consecutive-month period.

Moreover, for those qualifying U.S. citizens living and working abroad there were two additional tax provisions in effect for Tax Year 1983. Where foreign housing expenses were provided by an employer, a taxpayer could elect to exclude from taxation an amount of foreign housing expenses; and for self-employed individuals, a deduction for

foreign housing costs was available.

The United States imposes its income tax on the worldwide income of its citizens and residents without regard to the geographic source of the income. U.S. individual taxpayers who accrue or pay foreign taxes on their foreign-source income are eligible to use those taxes to claim a tax credit (or to itemize them as a deduction) on their U.S. income tax return. In most cases the credit is more advantageous to the taxpayer than a deduction because it results in a dollar-for-dollar reduction of U.S. tax liability.

## INCOME EARNED ABROAD

As shown in Figure A, salaries, wages, allowances and reimbursements accounted for the overwhelming majority (94 percent) of foreign earned income reported by U.S. citizens abroad.

**Figure A.—Selected Sources of Foreign Earned Income, 1983**

[Amounts in thousands of dollars]

Income sources	Number of returns	Amount
Total	159,194	\$7,185,955
Salaries and wages	153,724	5,293,462
Allowances, reimbursements and expenses paid on employee's behalf	59,227	1,444,919
Noncash income	22,301	165,088
Business/profession (net)	5,694	119,753
Partnership (net)	736	37,005

More than \$5.7 billion of the approximately \$7.2 billion of foreign earned income was excluded from U.S. taxation by 154,429 taxpayers [2]. The average for all returns was \$36,955, about 46 percent of the maximum \$80,000 foreign earned income exclusion. The exclusion was reported on Form 2555, Foreign Earned Income, attached to Form 1040.

## FOREIGN TAX CREDIT

The foreign tax credit is the third largest credit claimed by individual U.S. taxpayers, surpassed only by the investment

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and child care credits. For Tax Year 1983, 371,945 taxpayers claimed foreign tax credits totaling more than \$617 million on Form 1040, U.S. Individual Income Tax Return. However, only 351,789 returns had a supporting Form 1116, Computation of Foreign Tax Credit attached to Form 1040 [3]. Form 1116 was the source of the data on foreign income and taxes. More than \$595 million of foreign tax credit was computed on the Form 1116.

Figure B shows that salaries and wages accounted for more than 78 percent of all foreign-source income reported on Form 1116. However, the type of foreign-source income reported by the most taxpayers was dividend income.

**Figure B.—Returns With Foreign Tax Credit: Selected Sources of Foreign Income Reported on Form 1116, 1983**

(Amounts in thousands of dollars)

Income source	Number of returns	Amount
Total	350,785	\$4,368,096
Salaries and wages	61,523	3,410,293
Dividends <sup>1</sup>	203,363	564,866
Net gain (less loss) from		
sales of capital assets	11,132	255,461
rents and royalties	8,950	84,631
estates and trusts	7,447	60,603
business or profession	6,610	355,708
certain interest <sup>2</sup>	35,693	107,530
Domestic International		
Sales Corporation dividends	12,250	15,299
All other income (less loss)	70,847	-486,298

<sup>1</sup> Excludes dividends from Domestic International Sales Corporations, shown separately.

<sup>2</sup> See footnote 4 under Notes and References.

## DATA SOURCES AND LIMITATIONS

A general description of the sampling procedures and data limitations applicable to the Statistics of Income (SOI) tabulations is contained in the Appendix to this report. Spe-

cific information applicable to the 1983 returns with foreign earned income or foreign tax credit is presented below.

## Sample Selection and Criteria

The 1983 estimates in this article are based on a sample of individual income tax returns, Forms 1040, processed by the Internal Revenue service centers during 1984. Generally, for most taxpayers, those returns filed during a particular calendar year are for the previous tax year. As was the case for the general tax filing population, approximately 98 percent of the "foreign returns" processed during Calendar Year 1984 were for Tax Year 1983. The remaining returns filed were for prior tax years or were noncalendar year returns. Returns for prior years were used in place of 1983 returns filed after December 31, 1984. This was done in the belief that the characteristics of returns due but not yet filed could best be represented by the returns for previous years filed in Calendar Year 1984.

The sample was stratified based on the larger of total income or loss and the size of business plus farm receipts, and the presence or absence of a Form 2555, Foreign Earned Income; a Form 1116, Computation of Foreign Tax Credit; a Schedule C, Profit (or Loss) from a Business or Profession; and a Schedule F, Farm Income and Expenses. The sampling rates for the "foreign returns" ranged from 0.73 percent to 100 percent. Figure C presents the number of returns in the population and in the sample.

Because the data presented in this article are based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known. Coefficients of variation (CV's) are used to measure the magnitude.

**Figure C.—Number of Form 1040 Returns Filed in 1984 with Form 2555 and/or Form 1116 and Number in Sample**

Description of sample strata	Number of Returns with Form 2555 or 1116	
	Population	Sample
Grand total	524,601	13,038
High income nontaxable returns, total <sup>1</sup>	447	129
Large business returns, total <sup>2</sup>	14,456	855
Other Forms 1040 with Form 2555, total	160,308	7,486
Larger of total income or total loss amount: and Size of business plus farm receipts:		
Under \$1,000,000 and Under \$20,000,000	160,257	7,438
\$1,000,000 and over and Any amount		
Under \$1,000,000 and \$20,000,000 and over	51	48
Other Forms 1040 with Form 1116, total	349,390	4,568
Under \$1,000,000 and Under \$20,000,000	347,078	2,338
\$1,000,000 and over and Any amount		
Under \$1,000,000 and \$20,000,000 and over	2,312	2,230

<sup>1</sup> Form 1040 returns with adjusted gross income of \$200,000 and over with no income tax after credits and no additional tax for tax preferences.

<sup>2</sup> Form 1040 returns only with combined Schedule C (business or profession) net profit or loss of \$200,000 and over.

Figure D presents "upper-limit" CV's for frequency estimates for both the foreign earned income and foreign tax credit data. The approximate CV's shown here were computed from a formula based on the sum-of-the-squares method and are intended only as a general indication of the reliability of the data. For a number other than those shown, the corresponding CV's can be estimated by interpolation.

**Figure D.—Coefficients of Variation, 1983**

Approximate coefficient of variation	Estimated number of returns	
	Form 2555	Form 1116
0.02 .....	51,000	340,000
0.05 .....	8,200	54,000
0.10 .....	2,000	13,600
0.15 .....	900	6,000
0.20 .....	500	3,400
0.30 .....	230	1,510
0.40 .....	130	850
0.50 .....	80	540

## NOTES AND REFERENCES

[1] For further information on the foreign earned income provisions of U.S. tax law prior to 1981, see *Statistics of Income—1976–1979, International Income and Taxes, Foreign Income and Taxes Reported on U.S. Income Tax Returns*.

[2] The 4,765 return difference between the number of Forms 2555 filed and those claiming the foreign earned income exclusion is primarily attributable to the Calendar Year 1984 filings for Tax Year 1981 and prior years when U.S. tax law did not provide for the exclusion. For

further information about the use of prior year returns in the 1983 statistics, see Sample Selection and Criteria under Data Sources and Limitations.

[3] The data presented in this article do not reflect any adjustments to the taxpayer's account resulting from IRS audit activities. For those taxpayers who claimed a credit but did not file a Form 1116, an audit by IRS would require taxpayers to provide evidence such as withholding statements or tax payment receipts to support the foreign tax credit claimed.

[4] A separate foreign tax credit computation for certain interest income was required by section 904 of the Internal Revenue Code. The interest to which this computation applied was defined as all interest income except the following:

(1) amounts derived from any transaction which was directly related to the active conduct of a trade or business;

(2) amounts derived from the conduct of banking, financing, or a similar business;

(3) amounts received from a foreign corporation in which the taxpayer owned at least 10 percent of the voting stock; and

(4) amounts received on obligations acquired where it was necessary to dispose of an active foreign trade or business, or of securities in a foreign corporation in which the taxpayer owned 10 percent (or more) of the voting stock.

## Individual Foreign Income and Taxes, 1983

Table 1.—All Returns with Form 2555: Number of Returns, Adjusted Gross Income, Income Earned Abroad and Foreign Earned Income Exclusion, and Income Tax

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

Size of adjusted gross income	Number of returns			Adjusted gross income		Taxable income	
	Total	Bona fide residence	Physical presence	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns, total	159,194	99,624	57,987	140,180	2,611,840	96,159	2,120,549
Under \$10,000	95,046	64,112	30,053	76,032	127,473	33,014	95,243
\$10,000 under \$25,000	31,013	15,225	15,363	31,013	507,917	30,161	362,767
\$25,000 under \$50,000	20,155	10,678	9,308	20,155	698,242	20,046	554,608
\$50,000 under \$100,000	9,234	6,580	2,568	9,234	629,349	9,213	539,181
\$100,000 under \$200,000	3,056	2,412	623	3,056	414,285	3,035	361,480
\$200,000 under \$500,000	631	563	*67	631	163,379	631	144,140
\$500,000 under \$1,000,000	32	32	—	32	19,998	32	18,387
\$1,000,000 or more	27	22	*5	27	51,197	27	44,743
Taxable returns, total	69,656	37,610	31,635	69,656	2,345,290	69,486	1,927,691
Under \$25,000	39,310	19,617	19,246	39,310	525,941	39,161	391,713
\$25,000 under \$50,000	18,527	9,371	9,009	18,527	643,526	18,527	514,311
\$50,000 or more	11,819	8,622	3,110	11,819	1,175,823	11,798	1,021,667
Nontaxable returns, total	89,538	62,014	26,622	70,524	266,550	26,673	192,858
Under \$25,000	86,749	59,720	26,170	67,735	109,449	24,014	66,297
\$25,000 under \$50,000	1,628	1,307	299	1,628	54,717	1,519	40,297
\$50,000 or more	1,161	987	153	1,161	102,385	1,140	86,264

Size of adjusted gross income	U.S. income tax before credits		Foreign tax credit		Foreign earned income		
	Number of returns	Amount	Number of returns	Amount	Total	Salaries and wages	
	(8)	(9)	(10)	(11)	(12)	Number of returns	Amount
All returns, total	76,422	533,229	28,302	201,409	7,185,955	153,724	5,293,462
Under \$10,000	14,308	4,750	2,292	456	3,348,823	91,627	2,734,452
\$10,000 under \$25,000	29,195	41,211	7,103	6,912	1,245,644	30,286	945,134
\$25,000 under \$50,000	20,003	100,392	8,887	26,648	1,121,717	19,575	737,499
\$50,000 under \$100,000	9,191	153,806	6,747	60,662	836,775	8,807	503,250
\$100,000 under \$200,000	3,035	138,460	2,680	70,336	450,675	2,792	253,793
\$200,000 under \$500,000	631	63,906	542	32,275	149,739	582	103,996
\$500,000 under \$1,000,000	32	8,701	*30	*1,853	22,142	*30	*6,871
\$1,000,000 or more	27	22,003	21	2,266	10,440	25	8,468
Taxable returns, total	69,635	493,437	22,090	162,074	3,647,404	67,416	2,490,933
Under \$25,000	39,310	41,935	5,712	3,642	1,378,712	38,259	1,055,963
\$25,000 under \$50,000	18,527	93,013	7,476	19,378	973,136	17,991	653,378
\$50,000 or more	11,798	358,488	8,902	139,054	1,295,556	11,166	781,592
Nontaxable returns, total	6,787	39,792	6,212	39,335	3,538,550	86,308	2,802,529
Under \$25,000	4,193	4,026	3,683	3,727	3,215,754	83,654	2,623,623
\$25,000 under \$50,000	1,476	7,379	1,411	7,270	148,581	1,584	84,121
\$50,000 or more	1,118	28,387	1,118	28,338	174,215	1,070	94,785

Size of adjusted gross income	Foreign earned income exclusion		Foreign housing exclusion		Foreign housing deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(15)	(16)	(17)	(18)	(19)	(20)
All returns, total	154,429	5,707,052	27,786	314,767	1,100	13,385
Under \$10,000	93,438	3,149,663	9,462	98,807	452	4,109
\$10,000 under \$25,000	29,888	1,058,736	5,048	49,103	*129	*1,407
\$25,000 under \$50,000	18,975	801,784	6,458	73,843	*193	*3,574
\$50,000 under \$100,000	8,491	459,480	4,709	55,799	*129	*1,609
\$100,000 under \$200,000	2,972	194,928	1,678	25,438	*149	*2,312
\$200,000 under \$500,000	607	37,961	398	11,276	*45	*321
\$500,000 under \$1,000,000	32	2,595	*26	*388	**	*14
\$1,000,000 or more	26	1,905	*7	*113	**	*39
Taxable returns, total	66,651	2,550,655	16,978	193,061	579	8,124
Under \$25,000	38,143	1,222,105	5,209	47,692	*107	*1,878
\$25,000 under \$50,000	17,497	710,039	5,686	61,971	*171	*2,842
\$50,000 or more	11,011	618,512	6,083	83,398	301	3,403
Nontaxable returns, total	87,778	3,156,397	10,808	121,707	521	5,262
Under \$25,000	85,183	2,986,295	9,301	100,217	474	3,637
\$25,000 under \$50,000	1,478	91,746	772	11,873	*22	*732
\$50,000 or more	1,117	78,356	735	9,617	*25	*893

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

\*\* Data combined to avoid disclosure of information for specific taxpayers.

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

**Table 2.—All Returns with Foreign Tax Credit: Sources of Income, Deductions and Tax Items and Foreign Income, Taxes and Credit by Size of Adjusted Gross Income**

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

Size of adjusted gross income	Number of returns	Adjusted gross income	Itemized deductions	Taxable income	U.S. income tax before credits	Foreign tax credit claimed	U.S. income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns, total	371,945	30,233,571	6,510,794	23,522,952	8,217,269	617,166	7,384,345
Under \$10,000	26,073	178,075	17,977	138,744	10,262	4,046	5,893
\$10,000 Under \$25,000	77,938	1,376,069	231,840	1,058,062	135,778	31,921	99,904
\$25,000 Under \$50,000	120,756	4,350,792	814,937	3,476,928	647,892	92,791	544,917
\$50,000 Under \$100,000	87,517	6,085,557	1,238,787	4,822,714	1,310,791	154,974	1,130,260
\$100,000 Under \$200,000	35,446	4,876,443	1,095,805	3,772,870	1,345,624	150,703	1,154,223
\$200,000 Under \$500,000	18,068	5,316,456	1,233,393	4,082,782	1,772,161	117,802	1,599,325
\$500,000 Under \$1,000,000	4,061	2,750,062	696,424	2,052,600	984,446	13,174	924,109
\$1,000,000 or more	2,086	5,300,117	1,181,632	4,118,253	2,030,316	51,756	1,925,714
Taxable returns, total	342,474	29,453,469	6,390,297	22,922,870	8,089,737	492,951	7,384,345
Under \$25,000	85,506	1,304,121	216,527	1,016,413	126,704	18,628	105,797
\$25,000 Under \$50,000	112,560	4,081,647	767,591	3,273,990	613,106	59,079	544,917
\$50,000 or more	144,408	24,067,701	5,406,179	18,632,467	7,349,927	415,243	6,733,631
Nontaxable returns, total	29,471	780,102	120,497	600,082	127,532	124,215	—
Under \$25,000	15,444	181,548	22,060	130,113	12,525	11,046	—
\$25,000 Under \$50,000	11,257	337,620	58,576	253,216	41,596	40,004	—
\$50,000 or more	2,770	260,934	39,861	216,752	73,411	73,165	—

Size of adjusted gross income	Total U.S. income tax	Returns with a Form 1116 in support of credit claimed					
		Number of returns	Adjusted gross income	Salaries and wages	Domestic and foreign dividends in AGI	Business and profession net profit (less loss)	Sales of capital assets net gain (less loss)
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All returns, total	7,612,248	351,789	28,860,188	13,835,555	5,378,436	1,181,655	4,109,663
Under \$10,000	5,893	23,606	161,087	149,731	33,247	4,288	4,600
\$10,000 Under \$25,000	100,444	73,674	1,305,786	1,112,922	198,725	45,882	39,223
\$25,000 Under \$50,000	553,401	113,605	4,079,492	2,919,444	570,565	139,342	183,358
\$50,000 Under \$100,000	1,160,830	83,612	5,822,024	3,715,156	930,573	251,117	400,828
\$100,000 Under \$200,000	1,200,966	34,047	4,671,989	2,573,050	808,787	245,747	440,633
\$200,000 Under \$500,000	1,659,248	17,470	5,165,026	2,045,700	1,056,837	204,133	866,484
\$500,000 Under \$1,000,000	955,125	3,762	2,552,811	520,568	705,467	77,352	546,785
\$1,000,000 or more	1,976,342	2,013	5,101,974	798,983	1,074,234	213,795	1,627,752
Taxable returns, total	7,612,248	323,501	28,097,343	12,791,875	5,333,727	1,161,438	4,091,682
Under \$25,000	106,337	79,821	1,230,659	875,971	213,312	45,133	37,841
\$25,000 Under \$50,000	553,401	105,546	3,813,794	2,576,415	553,319	131,170	182,168
\$50,000 or more	6,952,510	138,134	23,052,889	9,339,488	4,567,096	985,134	3,871,673
Nontaxable returns, total	—	28,288	762,845	1,043,681	44,709	20,217	17,981
Under \$25,000	—	14,556	171,051	283,662	16,868	271	5,620
\$25,000 Under \$50,000	—	10,962	330,860	446,050	19,040	12,937	1,551
\$50,000 or more	—	2,770	260,934	313,969	8,802	7,009	10,810

Size of adjusted gross income	Returns with a Form 1116 in support of credit claimed—Continued						
	Rent and royalty net income (less loss)	Itemized deductions	Taxable income	U.S. income tax before credits	Foreign tax credit claimed	U.S. income tax after credits	Total U.S. income tax
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
All returns, total	541,502	6,241,264	22,427,908	7,850,110	604,868	7,044,856	7,263,321
Under \$10,000	5,071	15,466	125,339	9,330	3,794	5,229	5,229
\$10,000 Under \$25,000	-43,336	217,817	1,006,021	129,494	31,131	94,540	95,080
\$25,000 Under \$50,000	-13,771	762,965	3,259,246	606,981	90,543	507,814	516,214
\$50,000 Under \$100,000	43,372	1,183,714	4,615,591	1,255,174	150,732	1,079,273	1,109,841
\$100,000 Under \$200,000	65,170	1,050,442	3,613,729	1,289,401	149,156	1,101,407	1,147,686
\$200,000 Under \$500,000	180,007	1,207,099	3,958,051	1,719,751	116,034	1,558,303	1,613,103
\$500,000 Under \$1,000,000	213,700	662,661	1,889,278	887,818	12,722	848,477	877,510
\$1,000,000 or more	91,290	1,141,098	3,960,653	1,952,162	50,755	1,849,813	1,898,658
Taxable returns, total	573,102	6,126,842	21,838,001	7,723,507	481,471	7,044,856	7,263,321
Under \$25,000	-30,994	205,178	958,942	120,161	18,149	99,769	100,309
\$25,000 Under \$50,000	-1,991	716,510	3,058,508	572,450	57,086	507,814	516,214
\$50,000 or more	606,087	5,205,154	17,820,551	7,030,895	406,235	6,437,273	6,646,798
Nontaxable returns, total	-31,600	114,422	589,907	126,604	123,397	—	—
Under \$25,000	-2,384	16,991	124,478	12,112	10,744	—	—
\$25,000 Under \$50,000	-16,673	57,570	248,677	41,081	39,489	—	—
\$50,000 or more	-12,543	39,861	216,752	73,411	73,165	—	—

Footnotes at end of table

## Individual Foreign Income and Taxes, 1983

Table 2.—All Returns with Foreign Tax Credit: Sources of Income, Deductions and Tax Items and Foreign Income, Taxes and Credit by Size of Adjusted Gross Income—Continued

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

Size of adjusted gross income	Returns with a Form 1116 in support of credit claimed—Continued						
	Foreign income and taxes						
	Gross income						
	Total number of returns	Other than DISC dividends and certain interest					
		Total		Dividends	Net gain from sale of capital assets	Salaries and wages	Business or profession
Number of returns	Amount						
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
All returns, total	350,785	310,934	4,245,267	564,866	255,461	3,410,293	355,708
Under \$10,000	23,606	20,212	105,052	8,124	1,501	100,464	12,233
\$10,000 Under \$25,000	73,379	63,564	476,308	44,189	2,266	568,937	10,945
\$25,000 Under \$50,000	113,194	99,247	921,110	118,402	3,702	946,335	48,627
\$50,000 Under \$100,000	83,317	74,496	1,030,878	149,831	12,598	961,994	38,284
\$100,000 Under \$200,000	34,047	31,026	657,566	74,291	27,514	549,248	52,128
\$200,000 Under \$500,000	17,468	16,894	617,128	51,605	130,283	241,164	128,203
\$500,000 Under \$1,000,000	3,762	3,594	133,926	54,930	7,443	23,021	13,547
\$1,000,000 or more	2,012	1,901	303,300	63,495	70,154	19,130	51,740
Taxable returns, total	322,497	283,704	3,343,611	515,234	242,747	2,552,159	288,811
Under \$25,000	79,526	67,311	278,649	40,055	2,451	350,532	6,402
\$25,000 Under \$50,000	105,135	91,252	619,586	96,709	3,631	662,085	21,216
\$50,000 or more	137,836	125,141	2,445,376	378,470	236,664	1,539,542	261,192
Nontaxable returns, total	28,288	27,230	901,656	49,632	12,714	858,134	66,897
Under \$25,000	14,556	13,562	223,583	11,903	1,316	222,673	13,829
\$25,000 Under \$50,000	10,962	10,898	380,653	22,047	71	380,447	30,359
\$50,000 or more	2,770	2,770	297,421	15,682	11,328	255,014	22,710

Size of adjusted gross income	Returns with a Form 1116 in support of credit claimed—Continued						
	Foreign income and taxes—Continued						
	Gross income—Continued				Total deductions		Taxable income (less loss before loss recapture)
	DISC dividends <sup>1</sup>		Certain interest income		Number of returns	Amount	Other than DISC dividends and certain interest
	Number of returns	Amount	Number of returns	Amount			
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
All returns, total	12,250	15,299	35,693	107,530	200,989	1,121,603	3,138,689
Under \$10,000	*411	*317	3,587	6,352	9,560	28,606	77,253
\$10,000 Under \$25,000	3,447	4,755	8,081	15,945	36,717	139,759	338,560
\$25,000 Under \$50,000	3,976	4,165	11,915	24,593	58,384	273,949	650,024
\$50,000 Under \$100,000	3,701	4,510	7,258	24,303	51,553	269,455	763,837
\$100,000 Under \$200,000	*274	*441	3,658	18,190	25,345	130,743	528,367
\$200,000 Under \$500,000	*277	*190	822	9,530	14,213	157,388	463,689
\$500,000 Under \$1,000,000	*142	*158	189	2,152	3,516	35,552	98,849
\$1,000,000 or more	22	764	183	6,465	1,701	86,151	218,111
Taxable returns, total	11,839	12,897	34,684	99,872	184,411	940,048	2,418,175
\$25,000	3,447	2,670	10,862	17,904	37,076	97,895	183,258
\$25,000 Under \$50,000	3,976	4,165	11,787	22,431	53,028	210,887	411,480
\$50,000 or more	4,416	6,063	12,035	59,537	94,307	631,266	1,823,437
Nontaxable returns, total	*411	2,402	1,009	7,658	16,578	181,555	720,515
Under \$25,000	*411	2,402	669	4,372	7,495	56,911	166,982
\$25,000 Under \$50,000	—	—	*265	*2,183	7,062	76,621	304,118
\$50,000 or more	—	—	75	1,103	2,021	48,023	249,415

Size of adjusted gross income	Returns with a Form 1116 in support of credit claimed—Continued						
	Foreign income and taxes—Continued						
	Taxable income (less loss) before loss recapture—Continued			Foreign taxes available for credit			Foreign tax credit computed
	Taxable income after loss recapture		Total	On income other than DISC dividends and certain interest			
	DISC dividends	Certain interest		On certain interest			
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
All returns, total	14,693	93,099	3,250,047	1,141,206	1,114,414	24,670	595,966
Under \$10,000	*317	5,544	83,112	26,657	24,498	2,128	3,990
\$10,000 Under \$25,000	4,501	14,185	351,660	77,463	73,261	3,648	30,973
\$25,000 Under \$50,000	3,981	21,914	670,667	195,798	190,917	4,338	90,952
\$50,000 Under \$100,000	4,484	21,907	788,813	292,584	286,593	5,171	150,760
\$100,000 Under \$200,000	*439	16,649	547,340	254,183	247,976	6,141	149,171
\$200,000 Under \$500,000	*189	5,580	478,573	216,359	214,780	1,550	107,198
\$500,000 Under \$1,000,000	*138	1,696	101,209	16,371	16,009	338	12,716
\$1,000,000 or more	644	5,623	228,674	61,791	60,380	1,357	50,205
Taxable returns, total	12,307	85,840	2,526,449	859,383	835,096	22,512	471,686
Under \$25,000	2,432	15,635	200,813	55,509	50,477	4,794	17,896
\$25,000 Under \$50,000	3,981	19,834	431,530	124,808	120,634	3,631	57,042
\$50,000 or more	5,894	50,371	1,894,106	679,066	663,986	14,087	396,748
Nontaxable returns, total	*2,386	7,259	723,598	281,824	279,318	2,158	124,280
Under \$25,000	*2,386	4,078	171,041	34,844	33,514	982	10,972
\$25,000 Under \$50,000	—	*2,096	302,055	84,758	84,051	*707	40,005
\$50,000 or more	—	1,085	250,502	162,221	161,752	469	73,303

<sup>1</sup> DISC means Domestic International Sales Corporations.

\* Estimate should be used with caution because of small returns on which it was based.

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

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## NOTICE

The data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Years, 1970-1985

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

Item	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b>	<b>74,279,831</b>	<b>82,229,332</b>	<b>93,902,469</b>	<b>96,321,310</b>	<b>99,438,708</b>	<b>101,660,287</b>
Form 1040 returns	74,279,831	54,527,726	57,122,592	61,211,264	64,533,502	67,006,425
Form 1040A returns	N/A	27,701,606	36,779,877	19,453,863	18,431,641	18,124,702
Form 1040EZ returns	N/A	N/A	N/A	15,656,183	16,473,565	16,529,160
<b>Adjusted gross income (AGI)</b>	<b>631,692,540</b>	<b>947,784,873</b>	<b>1,613,731,497<sup>1</sup></b>	<b>1,942,589,865<sup>1</sup></b>	<b>2,139,904,356<sup>1</sup></b>	<b>2,305,951,483<sup>1</sup></b>
Salaries and wages:						
Number of returns	66,965,659	73,520,046	83,802,109	83,120,588	85,925,617	87,198,001
Amount	531,883,892	795,399,462	1,349,842,802	1,644,572,655	1,807,137,587	1,928,200,978
Interest received:						
Number of returns	32,630,355	40,378,240	49,019,575	57,076,334	62,059,703	64,526,434
Amount	22,021,267	43,433,554	102,009,444	153,805,163	176,369,305	182,109,194
Dividends after exclusion:						
Number of returns	7,729,939	8,853,491	10,738,982	13,326,556	14,259,407	15,527,579
Amount	15,806,924	21,892,126	38,761,253	48,556,703	48,640,734	55,046,351
Business or profession net income less loss:						
Number of returns	6,159,985	7,242,542	8,881,119	10,682,124	11,237,218	11,900,341
Amount	30,554,201	39,421,478	55,129,154	60,359,154	70,766,610	78,772,577
Net capital gain less loss:						
Number of returns	7,962,663	7,574,823	9,970,921	10,917,709	12,558,688	11,125,595
Amount	9,006,683	14,071,893	30,029,074	49,407,678	54,519,368	67,694,001
Pensions and annuities in AGI:						
Number of returns	3,249,558	5,088,937	7,373,704	10,120,721	11,551,051	13,133,295
Amount	7,878,808	20,886,871	43,339,736	69,813,961	80,447,934	95,096,003
Rents and royalties net income less loss:						
Number of returns	6,557,498	7,143,812	8,208,132	8,643,803	9,100,525	9,970,604
Amount	3,232,817	5,202,078	4,105,381	-5,387,351	-9,482,800	-12,963,727
Partnerships and S Corporations:						
Number of returns	n.a.	n.a.	n.a.	4,867,695	5,203,592	5,487,671
Amount	12,637,912	12,811,091	10,099,346	-2,527,556	-2,268,204	-2,526,591
Farm net income less loss:						
Number of returns	3,026,530	2,755,041	2,608,430	2,710,044	2,694,420	2,620,861
Amount	2,788,713	3,563,325	-1,792,466	-9,294,484	-13,095,506	-12,005,483
Total statutory adjustments:						
Number of returns	6,370,552	9,024,255	13,148,919	34,837,711	37,025,796	37,763,418
Amount	7,665,251	15,101,999	28,614,061	81,393,011	89,745,075	95,082,299
Individual Retirement Arrangements:						
Number of returns	N/A	1,211,794	2,564,421	13,613,167	15,232,856	16,205,846
Amount	N/A	1,436,443	3,430,894	32,060,627	35,374,424	38,211,574
Self-employed retirement (Keogh):						
Number of returns	591,655	595,892	568,936	656,038	648,958	675,822
Amount	847,692	1,603,788	2,007,666	2,937,980	4,072,409	5,181,993
Married couple who both work:						
Number of returns	N/A	N/A	N/A	22,557,433	24,126,180	24,835,278
Amount	N/A	N/A	N/A	19,762,365	22,407,621	24,614,983
<b>Exemptions:</b>						
Number of exemptions	204,126,402	212,202,596	227,925,098	234,390,944	240,886,327	244,180,202
Number, age 65 or over	8,904,331	9,937,208	11,847,168	14,819,860	15,890,548	16,748,810
<b>Total deductions:</b>						
Number of returns	73,862,448	81,585,541	88,491,251	90,816,724	94,855,579	97,157,239
Amount	120,549,755	233,181,778	346,000,155	448,667,194 <sup>2</sup>	499,585,197 <sup>2</sup>	554,733,523 <sup>2</sup>
Itemized deductions:						
Number of returns	35,430,047	26,074,061	28,950,282	35,230,292	38,203,092	39,848,184
Total <sup>3</sup>	88,178,487	122,260,601	218,028,139	309,633,773	358,876,015	405,023,525
Medical and dental expense	10,585,749	11,422,312	14,972,082	18,074,335	21,450,276	22,926,214
Taxes paid	32,014,673	44,141,289	69,404,275	99,750,645	115,245,288	128,084,618
Interest paid	23,929,477	38,885,282	91,187,006	134,691,655	158,176,338	180,094,578
Contributions	12,892,732	15,393,331	25,809,608	37,677,955	42,119,812	39,916,181
<b>Taxable income:</b>						
Number of returns	59,593,598	65,852,602	88,104,696	90,816,724	94,178,183	96,124,046
Amount	401,154,285	595,492,866	1,279,985,360	1,544,872,497	1,701,365,731	1,820,740,833
<b>Income tax before credits:</b>						
Number of returns	59,596,755	65,854,734	76,135,819	80,610,882	84,440,481	85,994,216
Amount	84,156,695 <sup>4</sup>	132,452,044	256,294,315	279,841,890	306,686,024	332,165,333
<b>Total tax credits<sup>5</sup></b>	<b>369,610</b>	<b>8,069,846</b>	<b>7,215,839</b>	<b>8,190,737</b>	<b>9,263,308</b>	<b>10,248,044</b>
Child care credit	N/A	N/A	956,439	2,051,462	2,648,834	3,127,702
Credit for the elderly and disabled	167,656	128,968	134,993	116,324	107,002	108,642
Residential energy credit	N/A	N/A	562,141	549,024	645,093	811,675
Foreign tax credit	169,623	381,985	1,341,675	617,749	738,014	782,561
Investment credit	30,554	1,593,150	3,288,415	4,161,453	( <sup>6</sup> )	( <sup>6</sup> )
General business credit	N/A	N/A	N/A	N/A	4,183,101 <sup>6</sup>	4,791,132
<b>Income tax after credits</b>	<b>83,787,323</b>	<b>124,382,197</b>	<b>249,078,475</b>	<b>271,651,153</b>	<b>297,422,715</b>	<b>321,917,289</b>
<b>Total income tax:<sup>7</sup></b>						
Number of returns	59,317,371	61,490,737	73,906,244	78,016,323	81,639,509	82,846,420
Amount	83,909,311	124,526,297	250,341,440	274,181,323	301,923,057	325,710,254

See notes following Table 14.

Table 2.—Individual Income and Tax by State, 1985

[Money amounts are in thousands of dollars]

State	Number of returns	Number of exemptions <sup>1</sup>	Adjusted gross income (AGI)	Salaries and wages		Dividends after exclusion	
				Number of returns	Amount	Number of returns	Amount
				(4)	(5)	(6)	(7)
<b>United States, total<sup>2</sup></b>	<b>102,036,652</b>	<b>243,517,639</b>	<b>2,289,333,273</b>	<b>86,765,245</b>	<b>1,907,207,188</b>	<b>15,292,589</b>	<b>54,501,292</b>
Alabama	1,502,320	3,791,184	29,792,629	1,319,204	25,496,983	141,097	424,374
Alaska	239,485	551,350	6,709,015	211,776	6,148,812	58,005	67,651
Arizona	1,345,779	3,300,597	29,175,457	1,123,168	23,702,061	203,441	877,853
Arkansas	868,641	2,230,807	15,671,527	725,792	12,786,269	73,360	351,055
California	11,690,766	28,124,384	285,099,616	9,913,297	236,876,713	1,685,053	6,522,933
Colorado	1,429,529	3,293,362	32,669,107	1,227,161	27,937,055	234,331	652,128
Connecticut	1,564,414	3,434,654	42,423,575	1,344,878	35,344,548	326,256	1,301,743
Delaware	284,096	655,601	6,656,455	246,023	5,494,290	57,760	236,395
District of Columbia	323,516	661,718	7,678,038	279,855	5,948,130	45,729	271,449
Florida	5,113,216	12,029,660	110,592,618	4,072,507	79,725,233	917,502	5,032,163
Georgia	2,466,881	5,882,082	53,219,457	2,212,499	46,490,951	257,233	1,041,890
Hawaii	470,745	1,071,202	9,965,599	405,999	8,257,681	72,014	196,822
Idaho	368,102	987,500	6,778,237	303,125	5,677,240	47,184	131,054
Illinois	4,898,447	11,761,660	114,930,358	4,148,726	96,045,032	837,830	2,878,368
Indiana	2,269,312	5,547,605	47,847,966	1,931,536	40,617,917	292,204	850,671
Iowa	1,157,910	2,897,819	21,649,845	906,220	17,452,230	183,728	421,237
Kansas	1,029,151	2,533,827	22,209,614	844,969	18,012,290	156,445	425,694
Kentucky	1,365,573	3,374,903	26,245,224	1,154,294	21,936,121	139,281	476,551
Louisiana	1,651,210	4,243,719	33,775,929	1,442,740	28,741,981	166,503	541,756
Maine	496,958	1,166,453	9,400,931	425,567	7,591,413	67,744	257,524
Maryland	2,071,335	4,686,118	52,204,588	1,812,857	44,035,742	327,920	1,049,781
Massachusetts	2,763,052	5,988,126	67,079,152	2,387,759	55,276,312	477,422	1,783,522
Michigan	3,811,358	8,989,636	90,454,156	3,258,186	77,854,219	701,357	1,862,198
Minnesota	1,807,019	4,299,555	39,845,208	1,517,860	33,926,477	311,976	889,861
Mississippi	912,133	2,414,576	15,706,333	805,026	13,517,940	71,632	193,799
Missouri	2,092,886	5,034,860	44,583,142	1,750,921	36,910,161	301,663	1,050,105
Montana	336,317	834,452	5,699,273	265,605	4,667,357	54,540	135,327
Nebraska	671,906	1,662,387	12,664,338	540,479	10,403,161	100,632	241,774
Nevada	447,300	1,003,986	9,920,535	388,597	8,228,363	50,206	209,420
New Hampshire	482,280	1,089,085	11,269,923	422,565	9,349,827	75,631	279,983
New Jersey	3,761,376	8,690,707	97,712,290	3,261,888	82,048,025	743,235	2,359,141
New Mexico	592,004	1,499,111	11,286,088	508,794	9,485,710	72,833	218,196
New York	7,599,062	17,728,702	191,010,243	6,466,537	153,720,835	1,372,927	5,824,527
North Carolina	2,631,981	6,176,203	52,273,759	2,345,380	44,355,272	295,146	1,007,615
North Dakota	277,534	698,582	5,012,375	214,888	3,876,022	33,758	60,521
Ohio	4,522,356	10,744,854	98,758,980	3,852,617	83,641,629	698,454	2,217,155
Oklahoma	1,270,187	3,182,298	26,729,611	1,058,660	21,983,988	130,699	440,882
Oregon	1,125,636	2,708,919	22,581,647	919,429	18,339,641	169,198	478,738
Pennsylvania	5,080,316	11,831,831	108,639,922	4,232,422	88,472,818	866,319	2,951,883
Rhode Island	437,677	971,493	9,247,446	379,489	7,591,804	64,423	221,750
South Carolina	1,312,269	3,184,507	25,492,279	1,175,198	21,732,727	130,017	531,153
South Dakota	283,464	718,267	4,412,359	219,701	3,557,850	37,734	76,978
Tennessee	1,916,200	4,618,197	37,621,098	1,679,825	32,397,446	177,681	528,567
Texas	6,674,213	16,713,764	152,848,699	5,825,994	130,511,409	750,008	2,925,762
Utah	595,132	1,675,212	12,527,658	515,813	10,847,275	71,495	206,143
Vermont	230,560	532,250	4,520,884	196,614	3,656,318	41,327	157,690
Virginia	2,501,799	5,737,420	59,423,203	2,205,148	50,234,999	382,124	1,166,550
Washington	1,904,811	4,490,053	42,364,707	1,594,751	35,040,732	301,960	871,606
West Virginia	664,164	1,676,134	13,111,266	558,441	10,871,932	77,438	237,743
Wisconsin	2,016,621	4,800,571	41,796,409	1,703,382	35,305,589	320,002	877,747
Wyoming	206,580	518,664	4,451,079	177,089	3,860,341	28,950	95,195
Other areas <sup>3</sup>	501,073	1,077,032	5,593,426	283,994	11,222,317	91,182	390,669

Table 2. (Continued)—Individual Income and Tax by State, 1985

[Money amounts are in thousands of dollars]

State	Interest		Unemployment compensation in AGI		Itemized deductions		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Total deductions	Average amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>United States, total<sup>2</sup></b>	<b>64,128,149</b>	<b>180,493,925</b>	<b>4,770,065</b>	<b>6,418,459</b>	<b>40,534,024</b>	<b>408,903,939</b>	<b>10,088</b>
Alabama	765,686	1,766,350	79,310	64,937	572,878	4,737,252	8,269
Alaska	152,544	296,556	27,312	57,382	95,202	1,159,801	12,183
Arizona	812,517	2,680,120	44,129	38,583	614,148	6,206,059	10,105
Arkansas	457,588	1,423,928	39,424	40,194	275,331	2,292,970	8,328
California	7,274,117	23,561,347	580,295	766,005	5,170,307	66,832,625	12,926
Colorado	944,278	2,470,841	54,044	77,680	677,930	7,338,311	10,825
Connecticut	1,155,680	2,972,787	79,621	93,480	615,533	6,797,622	11,043
Delaware	176,182	409,542	11,828	13,253	118,135	1,175,103	9,947
District of Columbia	162,552	452,279	5,967	9,431	131,289	1,515,480	11,543
Florida	3,046,944	13,112,891	98,044	120,556	1,771,897	17,890,437	10,097
Georgia	1,233,743	2,963,548	97,915	79,052	917,376	9,290,535	10,127
Hawaii	348,696	746,022	19,411	27,229	196,765	2,035,206	10,343
Idaho	232,635	661,638	24,373	31,852	150,262	1,347,419	8,967
Illinois	3,310,375	9,653,079	240,645	403,718	1,908,007	17,848,162	9,354
Indiana	1,427,858	3,517,614	101,937	97,196	789,482	6,509,967	8,246
Iowa	854,734	2,688,871	58,460	72,259	467,953	3,781,530	8,081
Kansas	685,722	2,149,539	42,514	55,072	426,219	3,801,243	8,919
Kentucky	747,707	1,988,702	75,435	77,211	496,706	3,997,368	8,048
Louisiana	861,464	2,472,406	87,076	152,363	559,869	5,284,920	9,440
Maine	319,111	644,942	22,763	23,489	156,783	1,288,714	8,220
Maryland	1,345,764	3,072,231	74,413	95,339	998,117	10,706,321	10,727
Massachusetts	2,011,104	4,638,850	130,185	209,767	1,119,704	11,023,032	9,845
Michigan	2,571,216	5,729,871	266,502	373,988	1,795,574	15,934,531	8,874
Minnesota	1,316,554	3,211,713	96,234	165,316	893,601	8,747,893	9,789
Mississippi	410,129	1,076,536	37,452	35,953	269,415	2,320,882	8,615
Missouri	1,322,890	3,933,501	86,788	79,957	764,813	6,573,391	8,595
Montana	228,381	701,167	17,584	23,402	125,703	1,024,204	8,148
Nebraska	465,724	1,417,109	21,802	22,699	232,798	2,039,095	8,759
Nevada	243,255	820,044	22,773	28,927	161,275	1,709,237	10,598
New Hampshire	336,489	741,751	18,629	17,021	162,489	1,565,362	9,634
New Jersey	2,563,201	6,796,402	176,136	294,424	1,535,872	16,003,537	10,420
New Mexico	322,119	871,399	16,475	20,574	198,988	1,766,751	8,879
New York	5,253,324	15,745,400	313,802	480,260	3,625,617	40,594,016	11,196
North Carolina	1,412,478	3,087,340	136,899	105,532	1,005,113	8,691,665	8,647
North Dakota	198,108	602,934	12,893	19,894	83,395	676,576	8,113
Ohio	2,927,721	7,077,170	246,591	369,471	1,676,453	15,068,057	8,988
Oklahoma	723,597	2,353,356	45,052	60,190	522,964	5,101,855	9,756
Oregon	748,120	2,118,387	77,439	110,796	505,288	4,651,105	9,205
Pennsylvania	3,503,798	8,402,655	352,966	533,362	1,828,738	15,611,913	8,537
Rhode Island	288,652	694,992	29,238	36,783	159,951	1,430,045	8,941
South Carolina	657,467	1,422,657	64,005	52,435	521,496	4,445,488	8,524
South Dakota	189,136	585,398	6,385	6,100	73,147	589,157	8,054
Tennessee	985,965	2,503,609	81,026	71,307	548,513	4,854,654	8,851
Texas	3,556,367	12,227,548	179,733	264,917	2,199,969	24,198,890	11,000
Utah	383,493	762,914	25,315	35,921	296,108	2,940,028	9,929
Vermont	155,572	343,959	9,972	11,295	79,837	666,430	8,347
Virginia	1,497,741	3,569,717	84,542	75,235	1,038,930	10,807,687	10,403
Washington	1,267,575	3,589,300	127,044	197,792	740,598	6,994,387	9,444
West Virginia	399,037	905,931	49,176	71,478	183,515	1,509,283	8,224
Wisconsin	1,491,953	3,487,406	157,808	225,368	879,580	7,840,849	8,914
Wyoming	134,758	375,422	10,111	13,571	74,729	660,077	8,833
Other areas <sup>3</sup>	246,328	994,254	4,592	8,433	119,662	1,026,817	8,581

Table 2. (Continued)—Individual Income and Tax by State, 1985

[Money amounts are in thousands of dollars]

State	Tax liability			Earned income credit			
	Total tax		Average tax (whole dollars)	Number of returns	Amount	In excess of tax liability	
	Number of returns	Amount				Number of returns	Amount
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
<b>United States, total<sup>2</sup></b>	<b>86,286,765</b>	<b>336,638,438</b>	<b>3,901</b>	<b>6,495,867</b>	<b>2,090,876</b>	<b>4,736,940</b>	<b>1,503,574</b>
Alabama	1,234,809	3,956,744	3,204	169,035	56,123	127,030	41,325
Alaska	208,425	1,125,183	5,399	8,901	2,641	5,751	1,676
Arizona	1,132,988	3,972,149	3,506	87,339	28,142	65,278	21,077
Arkansas	709,928	2,026,688	2,855	97,389	32,022	70,204	22,537
California	9,873,659	41,509,259	4,204	770,874	253,006	607,882	198,898
Colorado	1,227,267	4,671,671	3,807	68,384	21,799	48,126	15,071
Connecticut	1,380,705	7,236,579	5,241	40,245	12,383	27,578	8,492
Delaware	244,965	963,645	3,934	16,429	5,187	11,731	3,705
District of Columbia	274,150	1,239,060	4,520	26,545	8,578	20,766	6,614
Florida	4,311,934	17,309,605	4,014	361,949	118,082	260,176	83,406
Georgia	2,075,406	7,448,554	3,589	224,228	73,205	165,596	53,159
Hawaii	401,174	1,303,224	3,249	18,857	5,533	11,961	3,530
Idaho	303,646	869,196	2,863	28,404	9,138	19,640	6,077
Illinois	4,141,252	17,976,907	4,341	268,763	85,297	202,017	63,365
Indiana	1,893,474	6,782,894	3,582	131,973	41,893	93,832	29,437
Iowa	962,066	2,953,145	3,070	64,641	20,056	41,104	12,062
Kansas	876,079	3,282,505	3,747	51,232	15,986	34,126	10,433
Kentucky	1,129,516	3,554,275	3,147	123,824	40,205	85,701	27,172
Louisiana	1,334,466	4,939,564	3,702	193,948	62,992	149,596	47,595
Maine	418,586	1,213,017	2,898	30,640	9,674	20,470	6,268
Maryland	1,803,370	7,592,329	4,210	97,083	30,733	69,522	21,805
Massachusetts	2,429,049	10,437,996	4,297	86,330	27,038	59,438	18,496
Michigan	3,231,427	13,182,862	4,080	166,057	52,108	119,770	36,888
Minnesota	1,545,926	5,348,224	3,460	76,397	23,770	49,637	14,598
Mississippi	712,728	1,976,204	2,773	153,503	51,408	121,788	39,699
Missouri	1,763,314	6,552,970	3,716	135,813	43,270	94,744	29,515
Montana	268,490	770,390	2,869	25,146	7,870	17,046	5,106
Nebraska	561,426	1,775,814	3,163	37,986	11,802	24,678	7,251
Nevada	381,875	1,553,510	4,068	23,367	7,427	16,851	5,340
New Hampshire	421,106	1,722,935	4,091	15,860	4,879	10,159	3,128
New Jersey	3,325,880	15,651,270	4,706	163,229	51,501	116,637	37,058
New Mexico	473,230	1,506,950	3,184	59,744	18,893	45,871	14,314
New York	6,608,820	29,145,630	4,410	463,410	149,690	340,176	108,351
North Carolina	2,211,229	6,825,591	3,087	221,929	70,895	153,344	48,431
North Dakota	231,934	703,830	3,035	16,687	5,137	10,295	2,948
Ohio	3,833,072	13,846,667	3,612	231,748	72,976	165,751	51,412
Oklahoma	1,054,424	3,893,491	3,693	98,276	32,230	69,939	22,301
Oregon	940,441	2,941,654	3,128	65,767	21,134	46,902	14,716
Pennsylvania	4,305,413	15,779,964	3,665	251,340	79,105	174,960	54,345
Rhode Island	376,079	1,282,375	3,410	20,266	6,393	14,486	4,543
South Carolina	1,086,126	3,203,622	2,950	127,138	41,666	93,590	30,266
South Dakota	227,224	604,270	2,659	22,757	7,051	14,361	4,139
Tennessee	1,586,484	5,292,230	3,336	181,252	59,134	131,930	42,039
Texas	5,573,454	24,966,454	4,480	547,734	179,357	411,425	133,507
Utah	494,376	1,484,548	3,003	32,128	10,205	22,873	7,118
Vermont	197,844	600,289	3,034	12,481	3,876	8,009	2,404
Virginia	2,163,021	8,503,133	3,931	131,327	41,702	90,630	28,663
Washington	1,621,666	6,151,065	3,793	90,636	28,624	65,046	20,177
West Virginia	551,960	1,744,800	3,161	56,063	17,704	40,093	12,636
Wisconsin	1,697,214	5,492,993	3,236	88,079	27,352	59,559	7,730
Wyoming	173,390	680,184	3,923	11,079	3,489	7,572	2,331
Other areas <sup>3</sup>	300,278	1,090,330	3,631	1,655	515	1,293	420

See notes following Table 14.

Table 3.—Number of Individual Returns, Income, Tax, and Average Tax By Size of Income, Tax Years 1982-1985

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

Size of adjusted gross income	Number of returns for—		Adjusted gross income (AGI)		Taxable income			
	1982	1983	1982	1983	1982		1983	
	(1)	(2)	(3)	(4)	(5)		(6)	
<b>Total</b> .....	<b>95,337,432</b>	<b>96,321,310</b>	<b>1,852,135,465</b>	<b>1,942,589,865</b>	<b>1,473,348,899</b>		<b>1,544,872,497</b>	
Less than \$1,000 <sup>3</sup> .....	3,412,105	3,415,113	-22,324,833	-25,592,802	29,646		75,549	
\$1,000 under \$3,000 .....	7,573,825	7,253,408	15,122,101	14,482,816	6,717,217		6,757,833	
\$3,000 under \$5,000 .....	6,966,104	7,167,924	27,925,256	28,679,137	17,168,389		17,374,119	
\$5,000 under \$7,000 .....	6,682,490	6,734,360	39,885,078	40,321,353	26,709,472		26,472,290	
\$7,000 under \$9,000 .....	7,176,962	6,879,931	57,512,193	55,039,361	40,904,714		39,153,168	
\$9,000 under \$11,000 .....	6,421,665	6,205,165	64,229,520	61,927,394	47,995,843		46,314,016	
\$11,000 under \$13,000 .....	5,651,414	5,724,798	67,793,416	68,522,507	52,526,932		52,529,347	
\$13,000 under \$15,000 .....	5,414,103	5,161,674	75,702,223	72,217,107	59,652,891		57,062,111	
\$15,000 under \$17,000 .....	4,734,479	4,593,795	75,594,637	73,350,227	60,951,455		58,956,588	
\$17,000 under \$19,000 .....	3,964,008	4,291,218	71,295,728	77,093,374	57,689,594		62,209,794	
\$19,000 under \$22,000 .....	5,365,925	5,617,176	109,806,080	115,071,603	88,855,846		93,320,322	
\$22,000 under \$25,000 .....	5,273,703	5,115,957	123,853,268	120,238,524	100,054,304		97,650,110	
\$25,000 under \$30,000 .....	7,621,965	7,357,487	209,572,367	201,763,983	169,726,189		163,111,031	
\$30,000 under \$35,000 .....	5,646,966	6,011,290	182,644,120	194,666,035	146,947,632		156,601,086	
\$35,000 under \$40,000 .....	4,215,650	4,409,645	157,391,914	164,664,066	126,471,828		131,804,272	
\$40,000 under \$50,000 .....	4,716,532	5,147,782	208,952,374	228,225,122	166,018,176		181,289,066	
\$50,000 under \$75,000 .....	3,057,266	3,591,188	179,566,469	211,838,450	141,376,967		166,095,719	
\$75,000 under \$100,000 .....	702,064	822,840	59,748,095	70,011,841	46,720,423		54,345,021	
\$100,000 under \$150,000 .....	432,757	469,391	51,674,638	56,206,333	40,228,978		43,403,109	
\$150,000 under \$200,000 .....	138,082	152,560	23,616,649	26,170,484	18,710,797		20,312,767	
\$200,000 under \$300,000 .....	93,033	108,379	22,323,087	26,016,239	17,807,227		20,642,936	
\$300,000 under \$500,000 .....	47,245	53,960	17,650,665	20,144,746	14,153,358		15,959,347	
\$500,000 under \$1,000,000 .....	20,681	25,469	13,830,843	17,173,250	11,042,159		13,706,293	
\$1,000,000 or more .....	8,408	10,800	18,769,578	24,358,715	14,888,860		19,726,601	
Size of adjusted gross income	Total income tax <sup>1</sup>		Percentage of returns showing no total income tax		Returns showing total income tax			
	1982	1983	1982	1983	Average tax (whole dollars)		Tax as percent of AGI	
					1982	1983	1982	1983
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Total</b> .....	<b>277,597,301</b>	<b>274,181,323</b>	<b>19.2</b>	<b>19.0</b>	<b>3,604</b>	<b>3,514</b>	<b>15.4</b>	<b>14.5</b>
Less than \$1,000 <sup>3</sup> .....	130,288 <sup>4</sup>	127,789 <sup>4</sup>	99.6	99.7	9,298 <sup>4</sup>	13,249 <sup>4</sup>	—	—
\$1,000 under \$3,000 .....	35,182	51,414	95.0	93.4	92	108	5.0	5.7
\$3,000 under \$5,000 .....	475,448	409,533	41.9	42.0	117	99	2.8	2.4
\$5,000 under \$7,000 .....	1,473,139	1,310,055	31.4	33.7	321	293	5.4	4.9
\$7,000 under \$9,000 .....	2,967,854	2,603,057	20.7	21.2	521	480	6.5	6.0
\$9,000 under \$11,000 .....	4,462,848	3,888,167	6.8	8.3	746	684	7.4	6.8
\$11,000 under \$13,000 .....	5,566,452	5,012,113	4.0	4.2	1,026	914	8.6	7.6
\$13,000 under \$15,000 .....	7,002,695	6,066,527	2.3	2.7	1,324	1,208	9.5	8.6
\$15,000 under \$17,000 .....	7,766,398	6,809,411	1.5	2.4	1,665	1,518	10.4	9.5
\$17,000 under \$19,000 .....	7,786,372	7,664,811	1.8	1.6	2,001	1,816	11.1	10.1
\$19,000 under \$22,000 .....	12,725,118	12,163,958	1.2	1.2	2,399	2,192	11.7	10.7
\$22,000 under \$25,000 .....	15,378,094	13,595,791	1.3	1.3	2,956	2,692	12.6	11.5
\$25,000 under \$30,000 .....	27,852,640	24,354,551	.6	.8	3,676	3,338	13.4	12.2
\$30,000 under \$35,000 .....	25,867,035	25,156,554	.5	.6	4,605	4,208	14.2	13.0
\$35,000 under \$40,000 .....	24,098,091	22,673,889	.5	.8	5,743	5,182	15.4	13.9
\$40,000 under \$50,000 .....	35,029,801	34,798,186	.6	.4	7,468	6,787	16.9	15.3
\$50,000 under \$75,000 .....	35,892,383	38,352,897	.5	.4	11,803	10,725	20.1	18.2
\$75,000 under \$100,000 .....	14,594,818	15,392,973	.4	.3	20,865	18,770	24.5	22.1
\$100,000 under \$150,000 .....	14,385,740	14,351,743	.2	.4	33,321	30,690	27.9	25.6
\$150,000 under \$200,000 .....	7,483,155	7,662,455	.5	.3	54,447	50,365	31.8	29.4
\$200,000 under \$300,000 .....	7,651,434	8,488,945	.2	.2	82,400	78,513	34.3	32.7
\$300,000 under \$500,000 .....	6,380,687	7,124,258	.1	.2	135,233	132,313	36.2	35.4
\$500,000 under \$1,000,000 .....	5,222,845	6,463,482	.1	.2	252,751	254,228	37.7	37.7
\$1,000,000 or more .....	7,368,787	9,658,764	.1	.3	877,132	896,655	39.8	39.8

See notes following Table 14.

**Table 3. (Continued)—Number of Individual Returns, Income, Tax, and Average Tax By Size of Income, Tax Years 1982-1985**

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

Size of adjusted gross income	Number of returns for—		Adjusted gross income (AGI)		Taxable income	
	1984	1985	1984	1985	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b> .....	<b>99,438,708</b>	<b>101,660,287</b>	<b>2,139,904,356<sup>1</sup></b>	<b>2,305,951,483<sup>1</sup></b>	<b>1,701,365,731</b>	<b>1,551,794,066</b>
Less than \$1,000 <sup>3</sup> .....	3,329,148	3,292,007	-31,984,443	-36,740,956	63,799	—
\$1,000 under \$3,000 .....	6,883,760	6,771,487	13,732,880	13,581,245	6,504,129	303,466
\$3,000 under \$5,000 .....	7,030,537	6,685,481	28,151,199	26,769,868	17,251,761	2,987,242
\$5,000 under \$7,000 .....	6,584,434	6,570,968	39,617,706	39,356,896	26,095,663	10,747,622
\$7,000 under \$9,000 .....	6,792,931	6,664,279	54,388,545	53,477,888	38,888,493	20,730,758
\$9,000 under \$11,000 .....	6,051,873	6,235,044	60,390,249	62,125,340	45,303,739	29,630,730
\$11,000 under \$13,000 .....	5,877,979	5,582,921	70,439,379	66,863,381	54,708,664	35,890,527
\$13,000 under \$15,000 .....	5,202,547	5,386,772	72,660,372	75,352,290	57,397,788	44,111,426
\$15,000 under \$17,000 .....	4,893,833	4,895,393	78,195,614	78,225,269	62,489,602	47,856,258
\$17,000 under \$19,000 .....	4,561,541	4,542,598	82,012,673	81,675,266	66,307,248	52,466,029
\$19,000 under \$22,000 .....	5,645,759	6,089,064	115,466,828	124,506,145	93,889,175	82,387,607
\$22,000 under \$25,000 .....	5,198,716	5,051,210	122,123,861	118,539,622	99,375,159	79,772,382
\$25,000 under \$30,000 .....	7,635,404	7,457,947	209,274,643	204,399,150	168,006,165	140,799,492
\$30,000 under \$35,000 .....	6,020,636	6,451,040	195,263,778	209,135,063	155,819,230	145,718,868
\$35,000 under \$40,000 .....	5,054,470	5,184,620	188,944,011	193,807,899	149,423,027	136,207,640
\$40,000 under \$50,000 .....	5,963,041	6,701,544	264,922,227	297,914,321	210,324,094	210,917,939
\$50,000 under \$75,000 .....	4,657,702	5,628,639	275,046,849	333,710,362	214,921,141	240,220,621
\$75,000 under \$100,000 .....	1,049,444	1,263,409	89,289,787	107,424,625	69,194,901	77,987,215
\$100,000 under \$150,000 .....	581,498	706,248	69,273,546	84,315,947	53,604,014	61,568,040
\$150,000 under \$200,000 .....	179,695	203,109	30,767,972	34,884,492	23,865,523	26,201,946
\$200,000 under \$300,000 .....	132,306	152,523	31,729,787	36,457,244	24,405,339	28,049,119
\$300,000 under \$500,000 .....	67,405	85,565	25,780,158	32,529,032	19,789,383	24,078,455
\$500,000 under \$1,000,000 .....	29,215	41,107	19,729,296	27,541,427	15,798,723	21,130,594
\$1,000,000 or more .....	14,834	17,312	34,687,437	40,099,667	27,938,970	32,030,088

Size of adjusted gross income	Total income tax <sup>1</sup>		Percentage of returns showing no total income tax		Returns showing total income tax			
	1984	1985	1984	1985	Average tax (whole dollars)		Tax as percent of AGI	
					1984	1985	1984	1985
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Total</b> .....	<b>301,923,057</b>	<b>325,710,254</b>	<b>17.9</b>	<b>18.5</b>	<b>3,698</b>	<b>3,931</b>	<b>14.4</b>	<b>14.4</b>
Less than \$1,000 <sup>3</sup> .....	419,790 <sup>4</sup>	185,922 <sup>4</sup>	99.2	99.7	16,783 <sup>4</sup>	16,964 <sup>4</sup>	—	-20.8
\$1,000 under \$3,000 .....	44,652	41,698	93.8	94.4	104	111	5.4	5.4
\$3,000 under \$5,000 .....	430,167	347,878	40.8	48.2	103	100	2.5	2.4
\$5,000 under \$7,000 .....	1,233,034	1,193,043	33.7	33.9	282	275	4.7	4.5
\$7,000 under \$9,000 .....	2,483,282	2,259,763	21.3	26.3	465	460	5.8	5.7
\$9,000 under \$11,000 .....	3,617,920	3,480,778	8.2	11.8	651	633	6.5	6.3
\$11,000 under \$13,000 .....	5,013,506	4,548,843	5.2	5.9	899	865	7.5	7.2
\$13,000 under \$15,000 .....	5,831,903	5,789,495	3.6	3.9	1,163	1,119	8.3	8.0
\$15,000 under \$17,000 .....	6,785,324	6,534,361	2.0	2.9	1,415	1,375	8.9	8.6
\$17,000 under \$19,000 .....	7,775,189	7,482,062	1.8	2.3	1,736	1,686	9.7	9.4
\$19,000 under \$22,000 .....	11,677,768	12,203,165	1.5	2.0	2,100	2,044	10.3	10.0
\$22,000 under \$25,000 .....	13,237,769	12,275,304	1.0	1.6	2,573	2,469	11.0	10.5
\$25,000 under \$30,000 .....	23,793,004	22,916,851	1.2	1.0	3,152	3,103	11.5	11.3
\$30,000 under \$35,000 .....	23,926,881	25,080,332	.7	.8	4,004	3,919	12.3	12.1
\$35,000 under \$40,000 .....	24,678,348	24,713,424	.5	.8	4,907	4,803	13.1	12.8
\$40,000 under \$50,000 .....	38,675,241	41,501,665	.3	.4	6,504	6,215	14.6	14.0
\$50,000 under \$75,000 .....	47,355,174	56,064,781	.4	.2	10,211	9,984	17.3	16.8
\$75,000 under \$100,000 .....	18,759,377	21,794,656	.4	.3	17,944	17,297	21.1	20.3
\$100,000 under \$150,000 .....	17,117,874	19,895,978	.2	.4	29,502	28,296	24.8	23.7
\$150,000 under \$200,000 .....	8,644,645	9,760,959	.2	.1	48,205	48,128	28.2	28.0
\$200,000 under \$300,000 .....	10,013,524	11,362,146	.2	.2	75,844	74,658	31.6	31.2
\$300,000 under \$500,000 .....	8,761,557	10,670,832	.2	.2	130,272	124,947	34.1	32.9
\$500,000 under \$1,000,000 .....	7,526,585	9,878,188	.2	.2	258,255	240,714	38.2	35.9
\$1,000,000 or more .....	14,120,545	15,728,128	.2	.3	954,091	910,931	40.8	39.3

See notes following Table 14.

**Table 4.—Nonfarm Sole Proprietorship Returns:  
Selected Income and Deduction Items for Selected Years, 1970-1984**

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

Item	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total</b>	<b>5,769,741</b>	<b>7,221,346</b>	<b>8,931,712</b>	<b>10,703,921<sup>1</sup></b>	<b>11,262,390<sup>1</sup></b>	<b>11,928,573<sup>1</sup></b>
Number with net income	n.a.	n.a.	n.a.	7,390,395	8,002,865	8,640,701
<b>Inventory, end of year</b>	<b>11,060,775</b>	<b>15,578,040</b>	<b>21,996,236</b>	n.a.	<b>23,232,929</b>	<b>24,969,895</b>
<b>Business receipts, total</b>	<b>198,582,172</b>	<b>273,954,741</b>	<b>411,205,713</b>	<b>465,168,637</b>	<b>516,036,944</b>	<b>540,045,430</b>
Income from sales and operations	n.a.	272,342,560	407,169,299	455,382,492	507,234,292	528,675,271
<b>Total deductions</b>	<b>168,044,746</b>	<b>234,318,288</b>	<b>356,258,495</b>	<b>404,808,647</b>	<b>445,270,334</b>	<b>461,272,852</b>
Cost of goods sold/operations	109,148,811	146,261,435	209,889,809	212,631,063	229,905,960	232,294,132
Purchases	88,585,913	117,722,352	168,301,517	n.a.	n.a.	n.a.
Cost of labor	7,704,285	8,791,083	10,922,221	9,870,673	13,008,803	14,504,201
Materials and supplies	6,216,057	9,090,638	12,909,222	n.a.	n.a.	n.a.
Commissions	1,274,016	2,225,830	3,333,345	n.a.	n.a.	n.a.
Net salaries and wages	15,107,047	20,227,859	26,560,821	31,665,698	34,686,204	38,265,691
Car and truck expenses	n.a.	n.a.	13,378,289	14,758,472	17,523,807	17,044,421
Rent paid	4,636,528	6,676,314	9,636,290	11,830,835	14,278,260	15,258,690
Repairs	2,444,607	3,044,175	5,031,573	n.a.	n.a.	n.a.
Taxes paid	3,775,502	5,423,961	7,672,459	n.a.	n.a.	n.a.
Utilities	n.a.	n.a.	4,790,337	n.a.	n.a.	n.a.
Insurance	2,309,608	3,503,812	6,003,126	n.a.	n.a.	n.a.
Interest paid	1,784,276	3,390,845	7,190,257	9,925,746	11,025,276	11,913,982
Depreciation	5,451,525	7,958,143	13,952,703	22,069,530	23,900,034	26,291,389
Pension and profit sharing plans	72,741	125,296	141,463	122,915	258,070	311,323
<b>Net income (less deficit)</b>	<b>30,537,426</b>	<b>36,636,453</b>	<b>54,947,219</b>	<b>60,359,153</b>	<b>70,766,610</b>	<b>78,772,578</b>
Net income	33,735,732	45,624,890	68,010,051	78,618,410	89,849,570	98,775,563
Deficit	3,198,306	5,988,437	13,062,832	18,259,256	19,082,960	20,002,986

See notes following Table 14.

**Table 5.—Partnership Returns: Balance Sheet Items and Selected Income Statement for Selected Income Years, 1970-1985**

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

Item	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total number of active partnerships</b>	<b>936,133</b>	<b>1,073,094</b>	<b>1,379,654</b>	<b>1,541,539</b>	<b>1,643,581</b>	<b>1,713,603</b>
Number with net income	639,795	661,134	774,173	783,968	844,738	875,846
Number with balance sheets	555,741	783,271	1,194,236	1,190,696	1,201,320	1,227,498
<b>Number of partners</b>	<b>3,697,818</b>	<b>4,950,634</b>	<b>8,419,899</b>	<b>10,589,338</b>	<b>12,426,721</b>	<b>13,244,824</b>
<b>Total assets<sup>1</sup></b>	<b>116,752,751</b>	<b>235,468,301</b>	<b>597,503,923</b>	<b>886,992,767</b>	<b>1,030,848,519</b>	<b>1,269,434,302</b>
Depreciable assets (net)	n.a.	113,124,969	239,139,823	485,402,717	581,643,219	695,878,822
Inventories, end of year	n.a.	11,985,431	33,218,272	n.a.	39,446,014	27,279,234
Land	n.a.	36,731,958	70,241,248	98,427,459	122,036,819	152,179,314
<b>Total liabilities<sup>1</sup></b>	<b>n.a.</b>	<b>193,875,629</b>	<b>488,734,023</b>	<b>886,992,774</b>	<b>1,030,848,464</b>	<b>1,269,434,367</b>
Accounts payable	n.a.	12,302,055	33,899,048	34,724,772	32,780,197	40,871,755
Short-term debt <sup>2</sup>	n.a.	22,709,476	48,001,839	67,294,519	68,625,844	102,760,363
Long-term debt <sup>3</sup>	n.a.	136,296,764	178,044,406	268,268,458	322,327,016	93,319,855
Nonrecourse loans	n.a.	n.a.	118,910,380	194,828,542	260,167,109	327,558,208
<b>Partners' capital accounts</b>	<b>n.a.</b>	<b>41,592,672</b>	<b>108,769,900</b>	<b>141,839,683</b>	<b>175,475,922</b>	<b>200,212,653</b>
<b>Total receipts<sup>4</sup></b>	<b>93,348,080</b>	<b>148,417,529</b>	<b>291,998,115</b>	<b>291,318,703</b>	<b>375,192,511</b>	<b>367,117,316</b>
Business receipts	90,208,834	142,505,781	271,108,832	243,248,370	318,342,380	302,733,374
Interest received	942,304	2,477,173	10,869,323	15,006,055	16,651,205	20,558,966
<b>Total deductions<sup>4</sup></b>	<b>83,557,684</b>	<b>140,679,959</b>	<b>283,749,460</b>	<b>293,928,744</b>	<b>378,692,535</b>	<b>376,000,991</b>
Cost of goods sold/operations	46,040,874	64,672,843	113,885,668	125,330,745	180,857,822	146,315,315
Purchases	31,820,581	42,608,734	70,439,607	n.a.	100,358,781	91,925,923
Cost of labor	4,146,927	4,585,836	7,015,547	n.a.	7,826,231	8,845,106
Salaries and wages <sup>4</sup>	8,129,233	12,489,039	22,336,337	24,733,780	28,522,626	33,884,204
Taxes paid	3,159,258	5,770,918	9,553,145	5,909,545	6,673,186	7,745,756
Interest paid <sup>4</sup>	4,470,206	12,097,100	28,362,385	22,364,264	25,437,588	28,674,933
Depreciation <sup>4,5</sup>	4,578,820	10,108,834	21,576,189	37,340,062	46,939,395	53,650,790
<b>Net income (less deficit)</b>	<b>9,790,396</b>	<b>7,737,570</b>	<b>8,248,655</b>	<b>-2,610,041</b>	<b>-3,500,024</b>	<b>8,883,674</b>
Net income	14,419,124	22,431,931	45,061,756	60,308,114	69,696,922	77,044,693
Deficit	4,628,728	14,694,361	36,813,100	62,918,155	73,196,946	85,928,367

See notes following Table 14.

Table 6.—Number of Business Income Tax Returns, by Size of Business, for Selected Years 1970-1985

[All figures are estimates based on samples—number of businesses are in thousands]

Size of business	Number of businesses reporting					
	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
<b>CORPORATIONS</b>						
<b>Receipt size<sup>1</sup></b>						
Under \$25,000 <sup>2</sup>	451.9	468.9	557.0	629.2	686.1	n.a.
\$25,000 - \$49,999	170.7	186.4	207.7	212.9	212.5	n.a.
\$50,000 - \$99,999	219.8	260.7	322.7	330.0	338.7	n.a.
\$100,000 - \$249,999			558.4	597.8	615.2	n.a.
\$250,000 - \$499,999	516.9	673.9	367.3	444.9	468.4	n.a.
\$500,000 - \$999,999	141.1	184.2	279.8	315.9	344.8	n.a.
\$1,000,000 or more	165.0	249.5	417.7	468.3	505.0	n.a.
<b>Asset size</b>						
Under \$100,000 <sup>3</sup>	961.0	1,177.7	1,514.6	1,665.5	1,773.7	n.a.
\$100,000 - \$1 million	599.1	704.6	968.9	1,074.7	1,119.8	n.a.
\$1 million - \$10 million	87.0	116.4	191.8	218.3	232.9	n.a.
\$10 million - \$25 million	9.8	12.2	16.6	18.8	20.8	n.a.
\$25 million - \$50 million	3.9	5.6	7.8	8.9	10.1	n.a.
\$50 million - \$100 million	2.1	3.1	4.8	5.7	6.0	n.a.
\$100 million - \$250 million	1.4	2.1	3.2	3.6	3.8	n.a.
\$250 million and over	1.2	1.9	2.9	3.4	3.7	n.a.
<b>PARTNERSHIPS</b>						
<b>Receipt size<sup>1</sup></b>						
Under \$25,000 <sup>2</sup>	501.7	549.7	638.0	r781.1 <sup>4</sup>	r820.4 <sup>4</sup>	840.1 <sup>4</sup>
\$25,000 - \$49,999	125.2	141.0	181.8	r176.5	r197.3	195.5
\$50,000 - \$99,999	119.6	133.7	183.6	r204.2	r200.5	199.5
\$100,000 - \$199,999	97.2	114.0	155.2	r146.6	r162.8	190.1
\$200,000 - \$499,999	65.2	90.6	135.6	r135.1	r149.9	165.5
\$500,000 - \$999,999	17.0	25.5	48.1	r54.3	r60.6	66.9
\$1,000,000 or more	10.3	18.6	37.4	r43.7	r52.1	56.0
<b>Asset size<sup>5</sup></b>						
Under \$25,000	635.7	611.0	541.9	r711.1	773.8	794.1
\$25,000 - \$49,999	80.8	105.9	156.3	115.5	118.6	132.7
\$50,000 - \$99,999	73.5	106.8	180.2	164.6	170.5	165.8
\$100,000 - \$249,999	74.7	116.0	219.1	207.0	208.5	210.9
\$250,000 - \$499,999	33.8	56.9	117.9	131.2	129.0	142.8
\$500,000 - \$999,999	19.3	35.3	72.1	86.3	93.8	100.0
\$1,000,000 or more	18.3	41.2	92.2	125.8	149.4	167.2
<b>NONFARM SOLE PROPRIETORSHIP</b>						
<b>Receipt size</b>						
Under \$2,500 <sup>2</sup>	1,894.3	2,299.9	2,783.1	2,908.5	2,988.9	3,067.5
\$2,500 under \$5,000	815.1	959.4	1,158.6	1,313.9	1,324.4	1,444.6
\$5,000 under \$10,000	891.5	1,041.7	1,262.9	1,452.3	1,482.4	1,633.6
\$10,000 under \$25,000	1,137.4	1,325.7	1,711.8	1,916.6	2,036.4	2,104.6
\$25,000 under \$50,000	746.4	849.5	1,079.1	1,187.0	1,261.3	1,393.9
\$50,000 under \$100,000	562.0	644.5	835.6	919.3	1,061.3	1,094.1
\$100,000 under \$200,000	297.4	380.9	795.8	888.7	984.4	1,060.2
\$200,000 under \$500,000	122.3	209.2				
\$500,000 under \$1,000,000	20.8	35.3	73.9	82.9	86.1	89.3
\$1,000,000 or more	6.6	13.5	29.2	34.9	36.8	40.7

See notes following Table 14.

Table 7.—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970-1984

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

Items	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total</b> .....	<b>1,665,477</b>	<b>2,023,647</b>	<b>2,710,538</b>	<b>2,925,933</b>	<b>2,999,071</b>	<b>3,170,743</b>
Number with net income .....	1,008,337	1,226,208	1,596,632	1,608,363	1,676,288	1,777,770
Consolidated returns <sup>1</sup> .....	19,871	38,307	57,890	73,029	73,645	80,256
S Corporation returns <sup>1,2</sup> .....	257,475	358,413	545,389	564,219	648,267	701,339
DISC returns <sup>1,3</sup> .....	N/A	6,431	8,665	9,663	9,898	12,480
<b>Total assets</b> .....	<b>2,634,706,564</b>	<b>4,286,556,273</b>	<b>7,617,238,403</b>	<b>9,354,138,695</b>	<b>10,201,084,144</b>	<b>11,106,701,948</b>
Cash .....	176,924,573	290,426,439	528,914,747	r540,079,588	590,386,817	595,773,262
Notes and accounts receivable .....	614,667,367	1,051,542,806	1,984,601,790	2,420,475,398	2,677,367,962	2,896,980,896
Less: Allowance for bad debts .....	20,030,327	31,032,998	50,057,307	46,645,987	51,162,613	54,341,671
Inventories .....	190,401,642	317,718,545	534,806,547	581,241,455	599,445,162	664,243,060
Investments in Government obligations .....	196,625,390	316,131,699	472,059,737	605,513,662	685,146,228	725,695,801
Other current assets .....	73,058,482	145,101,716	310,177,160	436,507,859	433,594,597	513,743,712
Loans to stockholders .....	4,774,082	9,355,636	29,873,250	38,304,326	47,836,294	58,430,009
Mortgage and real estate loans .....	327,593,354	548,054,483	894,323,489	r940,604,903	982,415,018	1,126,962,114
Other investments .....	401,389,022	626,266,074	1,213,986,210	1,604,730,616	1,798,295,351	1,972,830,815
Depreciable assets .....	868,908,018	1,276,564,500	2,107,027,914	2,583,060,326	2,730,371,698	2,913,301,626
Less: Accumulated depreciation .....	334,646,086	483,798,526	767,841,763	942,704,683	1,024,756,282	1,116,171,771
Depletable assets .....	18,517,264	38,511,396	71,901,490	r94,149,731	107,958,232	114,808,431
Less: Accumulated depletion .....	6,774,796	14,501,561	19,569,556	29,442,570	32,682,172	36,340,299
Land .....	46,626,157	66,819,206	92,931,935	110,318,941	119,350,378	128,269,064
Intangible assets (amortizable) .....	12,818,168	12,823,183	45,480,694	81,178,989	87,852,590	117,467,829
Less: Accumulated amortization .....	5,984,184	4,491,990	18,393,037	24,869,273	25,062,592	36,190,604
Other assets .....	69,838,438	121,065,665	187,015,106	r361,635,417	474,727,482	521,126,077
<b>Total liabilities</b> .....	<b>2,634,706,564</b>	<b>4,286,556,273</b>	<b>7,617,238,403</b>	<b>9,354,138,695</b>	<b>10,201,084,144</b>	<b>11,106,701,948</b>
Accounts payable .....	148,812,597	263,417,584	542,172,368	678,630,282	671,495,438	741,372,874
Mortgages, notes, and bonds payable in less than 1 year .....	170,884,261	272,123,551	504,802,288	667,060,956	759,536,076	866,546,604
Other current liabilities .....	892,218,397	1,577,425,991	2,706,796,360	r3,220,099,515	3,513,512,199	3,760,174,725
Loans from stockholders .....	24,573,814	38,143,936	85,718,510	117,424,462	131,025,956	145,250,514
Mortgages, notes, and bonds payable in 1 year or more .....	362,700,303	586,703,526	986,663,932	1,224,277,725	1,323,209,421	1,494,350,573
Other liabilities .....	283,106,029	451,676,880	846,696,691	r977,072,770	1,156,873,507	1,214,879,371
Capital stock .....	201,213,719	251,715,862	417,153,783	658,259,634	787,278,549	839,344,197
Paid-in or capital surplus .....	196,642,421	298,534,854	532,039,407	782,269,156	873,620,667	1,066,288,359
Retained earnings, appropriated .....	16,657,051	29,955,676	41,461,644	54,727,615	52,538,370	51,100,507
Retained earnings, unappropriated .....	349,225,750	537,631,026	1,027,902,049	1,173,094,293	1,221,793,087	1,256,771,201
Less: Cost of treasury stock .....	11,327,778	20,772,613	74,168,627	198,777,714	289,799,122	329,376,924
<b>Total receipts</b> .....	<b>1,750,776,503</b>	<b>3,198,627,860</b>	<b>6,361,284,012</b>	<b>7,024,097,766</b>	<b>7,135,494,059</b>	<b>7,800,711,226</b>
Business receipts .....	1,620,886,576	2,961,729,640	5,731,616,337	6,156,994,009	6,334,602,711	6,948,481,893
Interest on State and local Government obligations .....	3,775,917	6,711,606	12,620,876	14,124,877	16,667,263	16,613,501
Other interest .....	67,794,508	136,587,304	354,243,674	515,628,874	496,648,009 <sup>4</sup>	r566,537,974
Dividends received from domestic corporations .....	5,238,421	8,818,282	18,654,800	18,155,559	19,696,776	21,185,391
Dividends received from foreign corporations .....	3,466,515	5,467,726	14,563,353	13,950,908	13,892,070	15,373,474
Rents .....	13,938,502	21,765,130	41,371,141	69,614,109	69,580,411	75,834,113
Royalties .....	2,586,387	5,167,141	12,450,250	13,437,404	13,876,095	14,535,929
Net short-term capital gain reduced by net long-term capital loss .....	190,439	301,601	2,013,510	2,882,207	5,048,854	3,233,999
Net long-term capital gain reduced by net short-term capital loss .....	5,481,580	8,364,523	24,910,957	26,318,184	33,924,549	38,518,792
Net gain, noncapital assets .....	5,315,562	7,757,287	20,117,615	20,992,023	26,134,711	26,506,096
Other receipts .....	22,102,096	35,957,620	128,721,498	171,999,616	105,422,613	133,948,728

**Table 7. (Continued)—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970-1984**

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

Items	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total deductions</b>	<b>1,682,778,847</b>	<b>3,052,674,597</b>	<b>6,125,365,155</b>	<b>r6,869,226,020</b>	<b>6,945,457,358</b>	<b>7,628,772,066</b>
Cost of sales and operations	1,146,263,273	2,129,928,467	4,204,905,905	4,270,850,310	4,308,238,989	4,692,505,746
Compensation of officers	32,846,381	57,832,552	108,973,751	129,481,025	141,193,212	157,028,565
Repairs	13,986,819	23,422,171	42,407,967	72,524,061	74,652,495	76,367,591
Bad debts	6,479,814	13,781,147	18,769,771	r26,639,271	30,543,184	33,803,267
Rent paid on business property	23,842,355	40,769,829	71,990,832	94,917,540	104,717,965	119,476,469
Taxes paid	49,523,243	81,530,302	163,003,622	165,888,353	173,420,116	191,748,629
Interest paid	62,055,010	129,307,921	344,612,542	515,032,667	475,060,444	535,814,101
Contributions or gifts	797,029	1,202,130	2,358,554	2,906,476	3,626,605	4,057,112
Amortization	745,005	717,398	1,374,658	r3,774,896	4,309,952	5,170,089
Depreciation	52,941,266	86,295,664	157,345,828	213,179,160	241,491,819	264,882,261
Depletion	5,623,339	5,341,489	8,871,993	7,021,176	7,574,216	8,051,260
Advertising	18,089,097	26,605,786	52,266,004	64,987,632	72,393,870	82,023,440
Pension, profit-sharing, stock bonus, and annuity plans	12,225,912	26,526,129	51,529,310	54,232,011	54,355,062	52,555,188
Employee benefit programs	7,398,283	15,690,563	40,179,104	51,838,884	59,115,141	64,547,638
Net loss, noncapital assets	1,289,305	1,804,079	5,903,104	10,367,020	7,615,697	9,647,008
Other deductions	248,672,716	411,918,970	850,872,216	1,185,585,538	1,187,148,601	1,331,088,812
<b>Total receipts less total deductions</b>	<b>67,997,656</b>	<b>145,953,263</b>	<b>235,918,858</b>	<b>154,768,854</b>	<b>190,036,702</b>	<b>231,939,061</b>
Constructive taxable income from related foreign corporations	1,679,875	3,395,169	15,708,560	13,628,716	14,944,490	17,575,037
<b>Net income (less deficit)</b>	<b>65,901,614</b>	<b>142,636,826</b>	<b>239,006,542</b>	<b>r154,272,693</b>	<b>188,313,928</b>	<b>232,900,596</b>
Net income	83,710,924	169,483,336	296,787,201	r274,291,492	296,932,146	349,179,415
Deficit	17,809,310	26,846,510	57,780,659	120,018,799	108,618,218	116,278,819
<b>Income subject to tax</b>	<b>72,374,437</b>	<b>146,589,287</b>	<b>246,598,486</b>	<b>205,175,407</b>	<b>218,686,396</b>	<b>257,054,060</b>
<b>Income tax, total</b>	<b>33,293,018<sup>5</sup></b>	<b>66,144,308</b>	<b>105,142,436</b>	<b>86,766,154</b>	<b>92,218,567</b>	<b>107,968,407</b>
Regular and alternative tax	32,949,937	65,769,822	103,831,172	85,077,493	90,461,858	106,013,271
Tax from recomputing prior-year investment credit	77,832	217,138	867,571	1,181,074	1,175,071	1,382,945
Tax from recomputing prior-year work incentive (WIN) credit	N/A	608	4,873	N/A	N/A	N/A
Additional tax for tax preferences	265,249	156,740	438,820	478,457	561,505	544,863
Foreign tax credit	4,548,986	19,987,724	r24,879,737	r18,932,390	19,951,165	21,075,296
U.S. possessions tax credit	N/A	N/A	1,565,681	2,026,980	1,583,007	1,978,578
Investment credit	865,954	6,459,746	15,102,812	17,342,890	16,145,173	(6)
Work incentive (WIN) credit	N/A	5,321	36,483	29,020	N/A	N/A
Jobs credit	N/A	N/A	601,444	r321,863	449,224	(6)
Nonconventional source fuel credit	N/A	N/A	2	6,787	33,012	69,695
Alcohol fuel credit	N/A	N/A	4	600	7,178	(6)
Research activities credit	N/A	N/A	N/A	839,220	1,277,474	1,589,048
Employees stock ownership credit	N/A	N/A	N/A	14,450	909,880	(6)
Orphan drug credit	N/A	N/A	N/A	N/A	*236	*105
General business credit	N/A	N/A	N/A	N/A	N/A	19,265,475 <sup>6</sup>
<b>Distributions to stockholders:</b>						
Cash and property except in own stock	32,012,677	45,224,392	97,378,617	r131,499,537	128,298,545	144,871,643
Corporation's own stock	1,922,810	2,066,559	3,525,549	3,642,024	4,810,283	5,889,191

See notes following Table 14.

Table 8.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division for Selected Years, 1970-1984

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

Industrial division and items	1970	1975	1980	1982 <sup>1</sup>	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>AGRICULTURE, FORESTRY AND FISHING</b>						
Number of returns, total	37,283	56,280	80,883	91,320	92,125	98,361
Number with net income	19,843	33,328	43,827	47,858	47,636	r50,037
Total assets	11,909,403	21,177,941	40,738,977	50,409,537	50,292,891	50,699,926
Net worth	4,012,068	6,844,949	11,460,935	14,119,922	13,559,332	14,310,555
Total receipts	14,277,707	28,118,514	52,089,915	65,356,911	59,208,642	66,645,119
Business receipts	13,591,763	26,624,149	48,850,056	60,643,550	55,114,507	62,093,338
Interest received	69,742	171,732	476,654	758,699	r677,378	723,118
Total deductions	14,209,713	27,369,286	51,418,280	65,442,003	59,386,796	66,436,289
Cost of sales and operations	10,555,539	19,738,447	35,798,332	43,222,379	38,308,491	42,991,472
Interest paid	356,225	797,420	2,184,441	3,048,844	2,866,689	2,952,198
Net income (less deficit)	65,295	746,908	673,158	-86,418	-196,528	202,522
Net income	493,400	1,493,168	2,464,381	2,528,479	2,499,829	2,874,899
Deficit	428,105	746,260	1,791,222	2,614,897	2,696,357	2,672,377
Income tax before credits	113,115	351,059	533,768	490,228	430,119	509,081
Total income tax after credits <sup>2</sup>	107,023	294,584	422,356	375,422	313,537	373,115
Distributions to stockholders except in own stock	65,824	244,524	304,733	409,070	172,301	417,177
<b>MINING</b>						
Number of returns, total	14,465	14,242	25,576	36,676	37,066	40,564
Number with net income	7,303	8,297	12,698	15,950	15,526	18,177
Total assets	23,972,812	64,505,341	126,947,880	192,380,473	194,417,434	209,036,474
Net worth	13,381,821	32,765,690	54,068,148	79,876,480	85,602,456	94,335,000
Total receipts	17,747,750	65,909,994	176,672,390	203,098,557	132,419,750	123,496,633
Business receipts	16,699,586	63,670,496	167,397,918	191,152,749	122,510,903	111,030,063
Interest received	176,728	522,757	1,301,266	2,695,216	r2,529,873	3,089,562
Total deductions	15,927,348	42,348,765	169,051,624	203,045,736	134,305,739	124,627,966
Cost of sales and operations	9,955,600	30,171,612	116,989,880	151,521,066	85,540,564	74,213,000
Interest paid	388,032	1,166,182	3,440,080	7,623,777	6,763,864	7,077,300
Net income (less deficit)	1,834,315	23,574,833	7,750,561	543,578	-1,586,098	-353,185
Net income	2,399,507	24,347,893	10,133,685	8,429,100	5,929,343	6,991,815
Deficit	565,192	773,060	2,383,124	7,885,522	7,515,441	7,344,999
Income tax before credits	1,031,550	11,361,037	3,947,569	3,203,406	2,100,692	2,381,154
Total income tax after credits <sup>2</sup>	342,928	1,051,138	1,674,566	1,282,044	722,353	1,014,361
Distributions to stockholders except in own stock	1,177,550	1,015,895	4,757,780	3,926,230	2,710,318	3,057,411
<b>CONSTRUCTION</b>						
Number of returns, total	138,905	191,219	272,432	282,345	283,519	306,906
Number with net income	82,078	108,852	150,368	138,783	150,138	173,351
Total assets	42,719,792	76,691,947	132,939,026	153,085,046	161,365,795	195,272,738
Net worth	11,819,604	19,029,077	32,826,174	38,934,496	41,540,682	50,338,974
Total receipts	90,610,644	146,955,117	267,205,356	281,747,868	290,798,843	338,575,635
Business receipts	88,945,385	143,412,715	260,387,692	271,633,721	280,896,210	326,752,784
Interest received	219,698	614,583	2,073,650	3,137,599	r2,762,556	3,540,430
Total deductions	89,070,022	144,717,309	262,116,275	279,555,128	288,574,577	335,696,154
Cost of sales and operations	73,434,969	116,845,554	208,064,925	212,698,363	221,189,268	257,057,538
Interest paid	711,496	1,973,244	4,278,502	5,455,056	4,861,075	5,990,178
Net income (less deficit)	1,538,418	2,236,262	5,271,209	2,323,952	2,265,564	2,906,704
Net income	2,548,013	4,514,864	8,911,143	8,106,061	7,990,419	9,147,150
Deficit	1,009,595	2,278,602	3,639,934	5,782,109	5,724,855	6,240,445
Income tax before credits	776,979	1,320,196	2,521,507	2,069,718	1,859,927	1,767,756
Total income tax after credits <sup>2</sup>	756,637	1,131,960	1,973,659	1,578,330	1,393,042	1,296,301
Distributions to stockholders except in own stock	299,204	464,553	793,764	916,690	846,579	738,873
<b>MANUFACTURING</b>						
Number of returns, total	197,807	217,354	242,550	259,106	261,927	272,050
Number with net income	120,814	136,839	153,640	146,415	152,304	162,584
Total assets	612,912,516	944,581,970	1,709,471,700	2,060,710,683	2,232,987,922	2,417,631,605
Net worth	308,923,293	442,587,674	749,186,774	896,871,144	953,108,742	1,025,028,491
Total receipts	722,952,890	1,296,359,650	2,404,323,844	2,488,331,915	2,552,830,718	2,768,247,655
Business receipts	700,090,661	1,258,338,650	2,301,056,550	2,357,973,059	2,418,344,305	2,608,971,901
Interest received	4,748,499	8,691,092	28,315,784	38,134,480	r37,958,034	42,749,996
Total deductions	692,455,462	1,230,689,496	2,290,593,808	2,423,254,936	2,469,257,725	2,661,153,853
Cost of sales and operations	495,879,549	925,111,030	1,707,143,900	1,660,537,002	1,678,378,729	1,796,313,155
Interest paid	12,570,242	22,055,903	54,177,356	79,322,435	73,973,082	85,039,616
Net income (less deficit)	31,846,078	68,406,627	125,667,815	75,791,264	95,330,965	121,215,254
Net income	37,925,489	74,466,554	141,547,510	108,170,744	124,417,490	147,852,003
Deficit	6,079,411	6,059,927	15,879,695	32,379,481	29,086,525	26,636,749
Income tax before credits	16,744,905	32,306,739	59,577,413	45,015,096	50,950,876	58,542,710
Total income tax after credits <sup>2</sup>	13,242,226	21,024,964	32,729,629	26,631,933	24,960,640	30,429,379
Distributions to stockholders except in own stock	14,616,282	19,973,061	37,306,509	43,912,134	43,295,901	45,630,537

**Table 8. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division for Selected Years, 1970-1984**

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

Industrial division and items	1970	1975	1980	1982 <sup>1</sup>	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
<b>TRANSPORTATION AND PUBLIC UTILITIES</b>						
Number of returns, total	67,398	80,701	111,324	115,470	122,567	128,184
Number with net income	38,204	45,360	62,232	59,793	61,588	65,405
Total assets	287,740,207	443,236,797	758,364,400	919,861,069	998,870,785	1,084,873,718
Net worth	121,205,022	176,444,407	290,655,693	352,880,625	394,284,132	423,937,357
Total receipts	135,495,271	243,480,637	523,807,396	632,294,442	657,421,487	725,631,232
Business receipts	131,463,171	234,689,427	507,372,820	606,039,657	627,836,585	693,105,168
Interest received	930,266	1,520,913	5,760,072	9,138,892	19,491,678	11,250,353
Total deductions	127,931,131	233,409,166	503,954,285	614,397,320	638,194,372	697,240,089
Cost of sales and operations	77,743,359	143,932,463	336,868,172	338,796,961	339,191,696	373,236,459
Interest paid	7,364,200	13,761,062	27,638,591	36,839,460	36,787,550	40,178,514
Net income (less deficit)	7,543,718	10,099,571	20,046,155	18,335,959	19,492,314	28,851,644
Net income	9,471,595	12,088,189	24,917,293	27,378,633	28,040,349	37,897,899
Deficit	1,927,877	1,988,618	4,871,138	9,042,673	8,548,036	9,041,255
Income tax before credits	4,342,334	5,107,158	10,532,722	11,356,073	11,621,625	15,579,597
Total income tax after credits <sup>2</sup>	4,036,650	2,836,470	5,322,655	4,925,936	5,429,973	8,532,848
Distributions to stockholders except in own stock	5,837,565	8,900,353	17,329,807	21,438,500	24,540,824	27,505,378
<b>WHOLESALE AND RETAIL TRADE</b>						
Number of returns, total	518,062	614,632	799,628	839,547	851,785	896,524
Number with net income	339,987	399,668	487,300	468,108	492,057	516,750
Total assets	192,181,800	323,496,726	646,901,005	753,351,132	804,242,963	899,032,645
Net worth	77,002,132	122,649,734	222,289,687	251,417,098	265,222,391	289,338,722
Total receipts	522,547,923	969,938,872	1,955,523,778	2,017,701,364	2,119,444,862	2,307,612,139
Business receipts	511,316,883	951,463,550	1,919,347,689	1,972,305,356	2,071,264,407	2,250,774,641
Interest received	1,291,906	3,857,318	10,503,989	14,373,589	15,049,512	18,406,334
Total deductions	512,910,193	947,511,780	1,919,454,218	1,989,739,286	2,084,482,953	2,265,843,128
Cost of sales and operations	392,391,856	745,299,204	1,538,128,634	1,556,263,179	1,626,952,423	1,759,718,001
Interest paid	4,309,663	8,587,173	25,645,855	30,429,310	27,598,584	33,204,502
Net income (less deficit)	9,671,044	22,489,430	38,309,671	28,442,678	35,292,870	42,010,706
Net income	12,395,411	27,681,721	49,426,500	45,747,936	50,844,081	58,584,558
Deficit	2,724,367	5,192,291	11,116,829	17,305,258	15,551,210	16,573,852
Income tax before credits	4,476,047	8,103,316	13,515,653	11,372,087	12,910,870	15,082,817
Total income tax after credits <sup>2</sup>	4,237,181	7,348,619	10,552,250	9,422,188	10,653,391	12,414,978
Distributions to stockholders except in own stock	2,068,501	5,029,897	10,343,087	12,069,015	12,722,120	13,057,047
<b>FINANCE, INSURANCE, AND REAL ESTATE</b>						
Number of returns, total	406,235	411,846	493,426	461,630	479,656	497,366
Number with net income	248,586	243,409	273,853	252,689	269,267	274,171
Total assets	1,401,153,520	2,321,965,956	4,022,206,073	4,987,466,401	5,487,225,439	5,938,984,929
Net worth	196,480,448	269,770,527	530,541,317	766,939,210	816,806,465	901,658,317
Total receipts	177,321,173	315,795,981	697,460,846	949,867,877	902,822,472	1,033,146,416
Business receipts	92,091,887	157,126,715	256,892,475	337,493,098	362,627,365	431,157,290
Interest received	63,694,046	127,040,303	315,146,115	456,333,537	439,937,980	497,044,327
Total deductions	161,630,060	297,963,817	652,637,787	915,164,762	856,678,689	985,687,308
Cost of sales and operations	48,434,362	84,614,209	129,644,330	169,435,694	172,818,057	213,655,427
Interest paid	34,548,509	77,677,659	219,167,684	340,960,334	310,356,963	347,164,947
Net income (less deficit)	12,214,079	11,663,330	33,122,792	21,804,088	31,714,771	32,677,046
Net income	15,081,939	18,825,003	46,040,390	57,745,075	601,135,503	66,225,666
Deficit	2,867,860	7,161,673	12,917,599	35,940,986	28,398,732	33,548,620
Income tax before credits	4,404,449	5,558,647	9,680,755	7,643,631	8,540,701	9,619,055
Total income tax after credits <sup>2</sup>	4,150,009	4,673,705	7,699,628	5,497,808	5,696,723	6,730,460
Distributions to stockholders except in own stock	7,387,211	8,729,977	24,692,146	46,504,963	41,592,101	51,315,346
<b>SERVICES</b>						
Number of returns, total	281,218	435,672	671,338	819,706	848,394	899,370
Number with net income	150,525	249,641	408,716	472,799	481,888	508,336
Total assets	61,875,140	90,534,067	178,163,737	237,876,895	269,797,251	307,895,160
Net worth	19,529,062	26,855,374	52,865,513	67,785,385	74,710,659	84,773,772
Total receipts	69,572,626	131,377,364	279,883,187	380,767,394	416,462,427	490,332,811
Business receipts	66,459,515	125,747,462	266,088,619	355,090,610	392,064,594	458,038,533
Interest received	435,070	875,506	3,269,412	5,120,807	4,880,958	6,277,591
Total deductions	68,384,452	127,996,443	271,792,974	373,717,841	410,486,562	484,990,160
Cost of sales and operations	37,733,747	63,724,869	129,352,692	135,273,962	143,277,759	170,889,613
Interest paid	1,802,802	3,279,438	8,033,612	11,265,412	11,798,141	14,068,343
Net income (less deficit)	1,198,703	3,396,744	8,193,903	7,199,258	6,002,928	5,464,130
Net income	3,384,869	6,025,592	13,246,601	16,061,222	16,959,225	19,373,912
Deficit	2,186,166	2,628,848	5,052,698	8,861,964	10,956,298	13,909,782
Income tax before credits	1,058,264	1,625,093	3,497,265	3,885,618	3,779,735	4,458,267
Total income tax after credits <sup>2</sup>	1,003,130	1,323,637	2,617,889	2,613,020	2,673,706	3,175,178
Distributions to stockholders except in own stock	558,452	855,402	1,841,945	3,269,285	2,407,362	3,126,700

See notes following Table 14.

Table 9.—Crude Oil Windfall Profit Tax Before and After Adjustments, by Quarter, 1980-1986

[Money amounts are in millions of dollars]

Quarter ending	Tax before adjustments	Total adjustments <sup>1</sup>	Tax after adjustments <sup>2</sup>
	(1)	(2)	(3)
<b>Total<sup>3</sup></b> .....	<b>84,209</b>	<b>-5,994</b>	<b>78,215</b>
March 1980 <sup>4</sup> .....	788	—	788
June 1980 .....	2,842	-21	2,821
September 1980 .....	3,413	-88	3,325
December 1980 .....	3,918	-927	2,991
March 1981 .....	6,953	*242	7,195
June 1981 .....	7,253	-107	7,146
September 1981 .....	6,344	-251	6,093
December 1981 .....	6,007	-497	5,510
March 1982 .....	5,222	-221	5,001
June 1982 .....	4,283	-295	3,988
September 1982 .....	4,404	-445	3,959
December 1982 .....	4,440	-634	3,806
March 1983 .....	3,320	-193	3,127
June 1983 .....	2,951	-203	2,748
September 1983 .....	2,822	-300	2,522
December 1983 .....	2,736	-465	2,271
March 1984 .....	2,622	-228	2,394
June 1984 .....	2,468	-218	2,250
September 1984 .....	2,447	-200	2,247
December 1984 .....	2,236	-256	1,980
March 1985 .....	1,850	-117	1,733
June 1985 .....	1,653	-132	1,521
September 1985 .....	1,442	-146	1,296
December 1985 .....	1,254	-209	1,045
March 1986 .....	541	-83	458

See notes following Table 14.

**Table 10.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1983-1987**

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return					
	Total	Individual income taxes <sup>1</sup>	Corporation income taxes <sup>2</sup>	Excise taxes <sup>3</sup>	Employment taxes <sup>4</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FISCAL YEAR 1983, TOTAL</b> .....	<b>627,247</b>	<b>349,628</b>	<b>61,780</b>	<b>35,766</b>	<b>173,848</b>	<b>6,226</b>
October 1982 - December 1982 .....	132,205	70,312	13,404	8,498	38,404	1,588
January 1983 - March 1983 .....	150,019	86,853	11,494	8,222	41,930	1,519
April 1983 - June 1983 .....	194,431	111,721	22,027	8,947	50,219	1,516
July 1983 - September 1983 .....	150,591	80,742	14,855	10,097	43,294	1,602
<b>FISCAL YEAR 1984, TOTAL</b> .....	<b>680,475</b>	<b>362,892</b>	<b>74,179</b>	<b>38,017</b>	<b>199,210</b>	<b>6,177</b>
October 1983 - December 1983 .....	141,849	73,379	16,208	9,654	41,132	1,476
January 1984 - March 1984 .....	164,681	89,316	14,337	8,862	50,545	1,622
April 1984 - June 1984 .....	208,814	114,525	25,990	9,680	57,061	1,558
July 1984 - September 1984 .....	165,131	85,672	17,644	9,822	50,472	1,521
<b>FISCAL YEAR 1985, TOTAL</b> .....	<b>742,871</b>	<b>396,659</b>	<b>77,413</b>	<b>37,005</b>	<b>225,214</b>	<b>6,580</b>
October 1984 - December 1984 .....	155,919	79,775	17,546	9,732	47,286	1,580
January 1985 - March 1985 .....	176,324	89,325	17,350	8,650	59,352	1,647
April 1985 - June 1985 .....	233,946	136,141	24,843	9,013	62,313	1,636
July 1985 - September 1985 .....	176,682	91,418	17,674	9,610	56,263	1,717
<b>FISCAL YEAR 1986, TOTAL</b> .....	<b>782,252</b>	<b>416,568</b>	<b>80,442</b>	<b>33,672</b>	<b>244,375</b>	<b>7,195</b>
October 1985 - December 1985 .....	167,836	86,608	18,854	9,321	51,354	1,699
January 1986 - March 1986 .....	186,178	97,804	16,243	8,175	62,309	1,647
April 1986 - June 1986 .....	240,680	134,129	25,703	8,191	70,687	1,970
July 1986 - September 1986 .....	187,558	98,027	19,642	7,985	60,025	1,879
<b>FISCAL YEAR 1987</b>						
October 1986 - December 1986 .....	180,580	92,346	22,466	8,281	55,615	1,872
January 1987 - March 1987 .....	209,032	105,483	22,649	7,925	71,156	1,819

See notes following Table 14.

**Table 11.—Internal Revenue Refunds: Amount Refunded By Quarter and Fiscal Year, 1983-1987**

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total	Individual income taxes <sup>1</sup>	Corporation income taxes <sup>2</sup>	Excise taxes <sup>3</sup>	Employment taxes <sup>4</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>FISCAL YEAR 1983, TOTAL</b> .....	<b>89,761</b>	<b>61,198</b>	<b>26,012</b>	<b>493</b>	<b>1,849</b>	<b>208</b>
October 1982 - December 1982 .....	9,411	1,875	7,030	58	397	52
January 1983 - March 1983 .....	23,928	16,548	6,838	108	372	62
April 1983 - June 1983 .....	46,715	38,341	7,421	194	721	38
July 1983 - September 1983 .....	9,705	4,434	4,723	133	359	56
<b>FISCAL YEAR 1984, TOTAL</b> .....	<b>85,872</b>	<b>64,629</b>	<b>17,889</b>	<b>657</b>	<b>2,486</b>	<b>211</b>
October 1983 - December 1983 .....	7,201	2,064	4,548	195	325	69
January 1984 - March 1984 .....	25,285	19,613	4,850	129	646	47
April 1984 - June 1984 .....	44,859	38,161	5,452	230	968	47
July 1984 - September 1984 .....	8,527	4,790	3,039	103	547	48
<b>FISCAL YEAR 1985, TOTAL</b> .....	<b>86,322</b>	<b>66,908</b>	<b>16,725</b>	<b>892</b>	<b>1,606</b>	<b>191</b>
October 1984 - December 1984 .....	6,729	2,246	4,177	122	138	46
January 1985 - March 1985 .....	17,664	12,808	4,286	91	439	40
April 1985 - June 1985 .....	52,376	46,370	4,701	556	702	47
July 1985 - September 1985 .....	9,551	5,484	3,561	123	326	57
<b>FISCAL YEAR 1986, TOTAL</b> .....	<b>94,424</b>	<b>73,078</b>	<b>18,297</b>	<b>962</b>	<b>1,800</b>	<b>287</b>
October 1985 - December 1985 .....	7,948	3,003	4,268	128	488	61
January 1986 - March 1986 .....	25,895	19,950	4,997	320	577	51
April 1986 - June 1986 .....	50,200	44,375	5,058	232	435	100
July 1986 - September 1986 .....	10,381	5,750	3,974	282	300	75
<b>FISCAL YEAR 1987</b>						
October 1986 - December 1986 .....	8,668	3,406	4,789	111	312	50
January 1987 - March 1987 .....	37,090	25,604	10,085	590	705	106

See notes following Table 14.

## Selected Statistical Series, 1970-87

Table 12.—Classes of Excise Taxes by Selected Fiscal Years, 1970-1987

[Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
<b>ALCOHOL TAXES, TOTAL</b>	<b>4,746,382</b>	<b>5,350,858</b>	<b>5,704,768</b>	<b>5,402,467</b>	<b>5,398,100</b>	<b>5,647,485</b>
Distilled spirits	3,501,538	3,865,162	3,945,377	3,566,482	3,520,697	3,731,368
Wine	163,337	177,113	211,538	319,920	305,966	415,196
Beer	1,081,507	1,308,583	1,547,853	1,516,064	1,571,436	1,500,921
<b>TOBACCO TAXES, TOTAL</b>	<b>2,094,212</b>	<b>2,315,090</b>	<b>2,446,416</b>	<b>4,663,610</b>	<b>4,483,193</b>	<b>4,607,845</b>
Cigarettes	2,036,101	2,261,116	2,402,857	4,623,288	4,448,916	4,566,338
Cigars	56,834	51,226	39,500	30,372	24,294	30,418
<b>MANUFACTURERS EXCISE TAXES, TOTAL</b>	<b>6,683,061</b>	<b>5,516,611</b>	<b>6,487,421</b>	<b>r10,107,930</b>	<b>10,020,574</b>	<b>9,927,742</b>
Gasoline and lubricating oil	3,517,586	4,071,465	4,326,549	9,020,413	9,062,630	8,857,380
Tires, tubes and tread rubber <sup>1</sup>	614,795	697,660	682,624	423,315	242,923	285,728
Motor vehicles, bodies, parts <sup>2</sup>	1,753,327	662,556	1,088,696	-14,777	N/A	N/A
Recreational products	53,427	84,946	136,521	132,448	166,666	174,898
Black Lung taxes	N/A	N/A	251,288	525,422	548,356	561,158
<b>SPECIAL FUELS AND RETAILERS TAXES, TOTAL<sup>3</sup></b>	<b>257,820</b>	<b>404,187</b>	<b>560,144</b>	<b>r2,579,747</b>	<b>3,802,608</b>	<b>3,783,295</b>
Diesel and special motor fuels	257,712	370,489	512,718	1,571,437	2,430,165	2,613,980
Trucks and buses	N/A	N/A	N/A	932,645	1,289,750	1,091,356
<b>MISCELLANEOUS EXCISE TAXES, TOTAL</b>	<b>2,084,730</b>	<b>3,306,077</b>	<b>6,359,198</b>	<b>r13,319,322</b>	<b>11,044,833</b>	<b>15,131,146</b>
Telephone and teletype <sup>4</sup>	1,469,562	2,023,744	1,117,834	2,034,965	2,307,607	2,339,153
Air transportation	250,802	850,567	1,748,837	2,456,712	2,589,818	2,707,534
Highway use tax	135,086	207,663	263,272	175,054	456,143	566,675
Foreign insurance <sup>5</sup>	8,614	19,458	74,630	56,037	73,494	139,720
Exempt organization net investment income	N/A	63,828	65,280	146,806	136,153	217,191
Crude oil windfall profit	N/A	N/A	3,051,719	8,120,274	5,073,159	8,866,967
Environmental taxes (Superfund) <sup>6</sup>	N/A	N/A	N/A	275,389	272,957	68,538
Selected class of tax	Fiscal year quarter ending					
	Dec. 1985	Mar. 1986	June 1986	Sept. 1986	Dec. 1986	Mar. 1987
	(7)	(8)	(9)	(10)	(11)	(12)
<b>ALCOHOL TAXES, TOTAL</b>	<b>r1,117,426</b>	<b>1,567,328</b>	<b>1,569,703</b>	<b>1,393,027</b>	<b>1,394,412</b>	<b>1,615,688</b>
Distilled spirits	776,644	1,048,523	1,012,792	891,958	n.a.	n.a.
Wine	77,478	138,732	88,688	110,298	n.a.	n.a.
Beer	261,853	380,073	468,224	390,772	n.a.	n.a.
<b>TOBACCO TAXES, TOTAL</b>	<b>816,606</b>	<b>1,246,160</b>	<b>1,165,802</b>	<b>1,379,276</b>	<b>1,045,588</b>	<b>1,183,710</b>
Cigarettes	810,418	1,237,089	1,154,727	1,364,104	1,031,001	1,170,327
Cigars	3,651	7,315	8,844	10,608	9,063	7,268
<b>MANUFACTURERS EXCISE TAXES, TOTAL</b>	<b>2,148,292</b>	<b>2,525,371</b>	<b>2,850,438</b>	<b>2,403,640</b>	<b>2,606,798</b>	<b>2,531,445</b>
Gasoline and lubricating oil	1,890,306	2,275,074	2,605,913	2,086,087	2,341,860	2,214,271
Tires, tubes and tread rubber <sup>1</sup>	r76,051	74,557	60,246	74,874	76,947	77,586
Recreational products	46,855	41,697	42,455	43,890	43,018	40,224
Black Lung taxes	135,080	134,042	141,825	150,211	-144,974	143,564
<b>SPECIAL FUELS AND RETAILERS TAXES, TOTAL<sup>3</sup></b>	<b>931,944</b>	<b>979,041</b>	<b>906,929</b>	<b>965,381</b>	<b>915,477</b>	<b>937,409</b>
Diesel and special motor fuels	642,800	650,678	666,448	654,053	672,119	646,030
Trucks and buses, chassis, bodies, etc.	268,615	309,123	222,441	291,177	222,455	271,891
<b>MISCELLANEOUS EXCISE TAXES, TOTAL</b>	<b>4,557,274</b>	<b>4,622,109</b>	<b>3,565,175</b>	<b>2,386,588</b>	<b>1,838,554</b>	<b>1,367,972</b>
Telephone and teletype <sup>4</sup>	556,278	633,066	590,082	559,726	679,150	583,799
Air transportation	717,665	665,993	623,037	700,839	770,929	747,811
Highway use tax	53,447	135,774	99,743	277,711	59,958	126,163
Foreign insurance <sup>5</sup>	21,075	29,059	64,354	25,389	25,523	34,321
Exempt organization net investment income	26,073	55,476	71,659	63,984	22,318	43,256
Crude oil windfall profit	3,079,427	3,062,418	2,035,442	689,680	223,634	-230,799
Environmental taxes (Superfund) <sup>6</sup>	68,538	N/A	N/A	N/A	N/A	N/A

See notes following Table 14.

Table 13.—Selected Returns and Forms Filed or to be Filed During Selected Calendar Years, 1970-1987

Type of return or form	Number Filed In Calendar Year						
	1970	1975	1980	1984	1985	1986	1987 (Projected)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income	77,281,384	84,026,785	93,196,076	96,651,754	99,704,246	101,952,850	104,145,699
Form 1040	77,143,251	61,450,279	55,360,030	61,185,893	64,010,068	66,359,095	69,086,500
Nonbusiness	68,129,351	51,377,153	43,957,141	47,411,432	49,873,300	51,733,688	54,009,945
Business	9,013,900	10,073,126	11,402,889	13,774,461	14,136,768	14,625,407	15,076,555
Schedule C	6,351,304	7,438,968	8,944,298	11,326,739	11,767,348	12,329,218	12,965,837
Schedule F	2,662,596	2,634,158	2,458,591	2,447,722	2,369,420	2,296,189	2,110,718
Form 1040A	N/A	22,462,776	37,692,282	19,590,110	18,779,084	18,408,426	18,008,724
Form 1040EZ	N/A	N/A	N/A	15,720,860	16,739,767	16,983,394	16,843,776
Other <sup>1</sup>	138,133	113,730	143,764	154,891	175,327	201,935	206,699
Corporation income	1,758,600	2,132,758	2,675,704	3,166,715	3,437,249	3,700,851	3,841,594
Forms 1120, L, and M	1,487,244	1,762,920	2,115,542	2,453,162	2,432,265	2,523,240	2,630,976
Form 1120A	N/A	N/A	N/A	N/A	199,665	285,134	297,308
Form 1120S	248,936	367,219	528,070	653,640	736,945	811,987	826,254
Other <sup>2</sup>	1,414	2,619	32,092	59,913	68,374	80,490	87,026
Partnership, Form 1065	991,904	1,132,839	1,401,567	1,675,605	1,755,339	1,831,600	1,887,165
Fiduciary, Forms 1041 and 1041S	1,149,445 <sup>3</sup>	1,558,570	1,876,392	2,012,954	2,124,969	2,276,245	2,344,660
Estate Tax, Forms 706 and 706NA	141,156	225,827	147,303	81,334	80,768	67,591	56,352
Gift Tax, Form 709	146,338	273,184	214,789	88,991	97,720	101,322	106,503
Exempt Organization	387,469	403,809	442,607	399,987	454,097	488,046	501,065
Form 990	377,030 <sup>4</sup>	346,627	362,632	319,859	365,506	375,834	386,454
Form 990-PF	N/A	29,637	33,137	29,107	32,005	40,931	40,493
Form 990-T	5,046	19,683	23,455	25,115	26,181	32,731	34,516
Forms 990C, 4720, and 5227	5,393	7,862	23,383	25,906	30,405	38,312	39,602

See notes on following Table 14.

Table 14.—Taxpayers Receiving Assistance, Paid and Unpaid, by Tax Year of Return, 1983-86

[Some estimates based on samples—all amounts are in thousands]

Type of assistance	Tax Year			
	1983	1984 <sup>1</sup>	1985 <sup>1</sup>	1986 <sup>1</sup>
	(1)	(2)	(3)	(4)
Returns with paid preparer signature: <sup>2</sup>				
All returns	43,258	45,220	46,685	48,049
1040EZ	694	728	740	655
1040A	5,144	4,470	4,389	4,135
1040, total	37,421	40,022	41,556	43,259
1040 Business, total	9,563	10,081	10,658	11,087
Nonfarm	7,764	8,288	8,924	9,385
Farm	1,800	1,793	1,734	1,702
1040 Nonbusiness, total	27,858	29,941	30,898	32,172
With itemized deductions	16,475	17,866	18,996	18,732
Without itemized deductions	11,383	12,075	11,902	12,627
Assistance provided by IRS: <sup>3</sup>				
Telephone inquiries	42,212	41,904	38,195	23,093
Recorded telephone information	3,406	8,307	7,850	7,991
Office walk-ins, information	8,963	8,144	8,114	5,077
Written inquiries	163	160	241	99
Special programs:				
Community classes and seminars (taxpayers assisted)	313	400	374	707
Volunteer Income Tax Assistance (VITA) (returns prepared)	285	295	302	248
Tax Counseling for the Elderly (returns prepared)	185	199	333	203

See notes on following page.

**General notations**

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

\* - See Appendix, General Description of Statistics of Income, Sample Procedures and Data Limitations.

**Table 1**

- [1] Includes unemployment compensation starting with 1979 and certain social security income starting with 1984.
- [2] Includes total itemized deductions, charitable contributions for nonitemizers, and zero bracket amount on non-itemized deduction returns.
- [3] Includes deductions not shown separately below.
- [4] Includes surcharge of \$2,018,078,000.
- [5] Includes credits not shown separately below.
- [6] Investment credit was included in the more-inclusive general business tax credit introduced beginning with 1984.
- [7] Includes income tax after credits and the additional tax for tax preferences, i.e., minimum tax and alternative minimum tax.

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

**Table 2**

- [1] Includes exemptions for age and blindness.
- [2] Totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. For purposes of Table 2:
  - a. Number of returns by State include, in addition to Forms 1040, 1040A and 1040EZ filed by U.S. citizens and residents, Forms 1040NR filed by nonresident aliens, as well as self-employment tax returns used in Puerto Rico and certain U.S. territories and

possessions.

- b. "Total tax" liability includes total income tax plus tax from recomputing prior-year investment credit, tax applicable to Individual Retirement Arrangements (IRA's), self-employment tax, social security tax on tip income, and certain other income-related taxes. Total tax is before reduction by earned income credit (see also footnote (c), below).
- c. Earned income credit, available to certain low-income workers, could result in a refund (1) if there was no "total tax" (as defined in footnote 2(b), above), in which case the full amount was refundable, or (2) if the credit exceeded "total tax," in which case the excess was refundable. The difference between columns 19 and 21 is the refundable portion.

Total tax (column 16) minus earned income credit (column 21) is the amount most comparable to total tax in Tables 1 and 3. The total tax which results from this subtraction differs from Tables 1 and 3 because it includes additional taxes (see footnote 2(b), above) and because earned income credit used to offset tax (column 21) also includes amounts offset against these additional taxes.

- [3] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by servicemen and women stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1986. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Tax Processing Systems Division, IMF Returns Systems Branch.

**Table 3**

- [1] Includes income tax after credits and the additional tax for tax preferences, i.e., minimum tax, and alternative minimum tax.
- [2] Social security income was included in adjusted gross income for Tax Years 1984 and 1985.
- [3] Includes returns with adjusted gross deficit.
- [4] For many taxpayers in this size class includes additional tax for tax preferences not included in "taxable income."

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

#### Table 4

[1] Includes breakeven businesses.

SOURCE: *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

#### Table 5

[1] Total assets, total liabilities and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.

[2] Short-term debt is the abbreviated title given to mortgages, notes and bonds payable in less than 1 year.

[3] Long-term debt is the abbreviated title given to mortgages, notes and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.

[4] See footnote 4 Table 6, for changes in the comparability of the statistics for receipts and deductions starting with 1981. Also, statistics for interest received are combined with dividends beginning with 1982.

[5] Beginning with 1981, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (plus depreciation identified in cost of sales and operations schedules).

SOURCE: *Statistics of Income—Partnership Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

#### Table 6

[1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except finance, insurance and real estate. For the latter

industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, see also footnote 4, below.

[2] Includes returns with no receipts as defined in footnote 1.

[3] Includes corporations with zero assets and liabilities.

[4] Beginning with 1981, "total receipts" in Table 5 includes, in part, only the net income or loss from farming and rentals. Previously, "total receipts" included the gross receipts from farming and rentals and, if rental receipts were the principal source of total receipts, they were treated as "business receipts" for the statistics. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made starting with 1981 to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 6.

In Table 5, since only the net income or loss from farming and rentals was included starting with 1981, the deductions reported in computing these net incomes are excluded from the deduction statistics. For previous years, these deductions are reflected in the deduction statistics.

[5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under \$25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years, *Statistics of Income—Partnership Returns*, appropriate years, *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

#### Table 7

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

[1] Included in "Number of returns, total" and "Number with net income."

[2] Corporations with no more than 10 shareholders (35 beginning with 1983), most of them individuals, electing to be taxed at the shareholder level.

- [3] Domestic International Sales Corporations were taxed through parent corporations when profits were distributed or deemed distributed to them.
- [4] Includes dividends reported in combination with interest on Form 1120-S by S Corporations, i.e., corporations that elect to be taxed through shareholders. Based on prior years, when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.
- [5] Includes a surcharge of \$784,437,000.
- [6] General business credit includes alcohol fuel, investment, jobs, and employee stock ownership plan (ESOP) credit which were shown separately in previous years.

NOTES: Net long-term capital gain reduced by net short-term capital loss includes amounts from Forms 1120S, which are not included in computed total receipts nor net income for Tax Year 1984. Therefore, the components of total receipts do not equal the computed total receipts. Also, detail may not add to totals because of rounding.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

#### Table 8

- [1] Revisions shown in Table 7 for total assets, total liabilities, net income (less deficit), net income, total income tax after credits and distributions to stockholders except in own stock, were not tabulated by industry.
- [2] Includes additional tax for tax preferences (minimum tax), tax from recomputing prior-year investment credit and Personal Holding Company tax.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

#### Table 9

- [1] Adjustments were for a under- or over-withholding of tax from previous quarters that the depositing or withholding agent (usually the first purchaser of the oil after extraction) corrected by adjusting amounts withheld in succeeding quarters or, more frequently, because of

application of the net income limitation. (Windfall profit subject to tax was limited in that it could not exceed 90 percent of the net income attributable to a barrel of oil.)

- [2] Quarterly totals for tax liability after adjustments from Forms 6047 differ from the quarterly totals of tax collected (Table 12) because of the time elapsed between the close of the quarter to which the tax liability data relate and the quarter in which the Forms 6047 were actually processed through the IRS Business Master File system and the tax collected. Therefore, collection data for a specific quarter may include data for more than one quarter and, correspondingly, exclude data for the same reason. As a result, the data in Tables 9 and 12 are not directly comparable.
- [3] Crude Oil Windfall Profit Tax Act of 1980 provided for a gradual 33-month phaseout of the tax, beginning in January 1988, if \$227.3 billion in tax (after certain income tax adjustments not reflected in columns 2 and 3) was realized by that time; otherwise the phaseout was to begin no later than January 1991.
- [4] Windfall profit excise tax was first applicable to domestic crude oil extracted after February 1980. Therefore, data for the quarter ended March 1980 are for the month of March only.

SOURCE: Internal Revenue Service, Statistics of Income Division. For quarters ending March 1980 through December 1985, see the *SOI Bulletin*, quarterly issues, Fall 1981 through Fall 1986. Tax law changes affect the comparability of the data over the time periods shown. See specific issues of the *SOI Bulletin* for a description of these law changes and of the samples on which the statistics were based.

#### Tables 10 and 11

- [1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fiduciary income tax collected (from estates and trusts). Fiduciary income tax collected was \$4.5 billion in 1986, \$4.1 billion in 1985, \$2.9 billion in 1984, and \$2.7 billion in 1983. Presidential election campaign designations amounted to \$35.9 million in 1986, \$34.8 million in 1985 and 1984, and \$35.5 million in 1983.
- [2] Corporation income tax collected includes various taxes applicable to tax-exempt organizations, including the tax on "unrelated business income." Total taxes collected from tax-exempt organizations were \$153.0 million (1986), \$69.8 million (1985), \$50.0 million (1984), and \$45.1 million (1983).
- [3] Excise taxes are imposed on selected products, serv-

ices and activities, such as those on alcohol and tobacco products and the windfall profit tax on domestically-produced crude oil.

- [4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement and unemployment taxes; plus the self-employment tax imposed on "self-employment income."

NOTES: Collections (or refunds) are those made during the time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties.

Refunds result chiefly from tax overpayments determined at time of filing a return. Included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of examination and other activities. Individual income tax refunds are net of offsets under laws which require IRS to act as collection agent for delinquent payments owed various U.S. agencies under specific programs. All refund data include interest paid by IRS.

Detail may not add to totals because of rounding.

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

#### Table 12

- [1] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.
- [2] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, motor vehicles are excluded.
- [3] Special fuels, total, includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Beginning with the quarter ending December 1983, motor vehicles are included.

- [4] Effective January 1, 1983, the excise tax increased from 1 percent to 3 percent.

- [5] The negative amounts are due to refunds of this tax under the United States - United Kingdom Income Tax Treaty, which provides for an exemption from the tax retroactive to January 1, 1975. Also, a similar United States - France treaty provides for an exemption retroactive to January 1, 1979.

- [6] Expired September 30, 1985 (P.L. 96-510).

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. For 1980-86, the fiscal year was defined as October of the previous calendar year through September of the year noted.

Additional detail is published in the *Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service*.

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

#### Table 13

- [1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS.
- [2] Includes Forms 1120F, 1120 POL, and 1120H.
- [3] Includes Form 1041A.
- [4] Includes Form 990A.

SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

#### Table 14

- [1] Estimates of returns with paid assistance for 1984 and earlier years are based on the full-year sample of returns used for *Statistics of Income—Individual Income Tax Returns*. For 1985, the estimates are projections based on the 1985 Statistics of Income Preliminary Data File and extra-polation from the 1985 Taxpayer Usage Study (TPUS) sample. For additional information about the TPUS sample, see the Summer 1986 issue of the *SOI Bulletin*.
- [2] 1984 projections are based on converting 1984 Taxpayer Usage Study sample (TPUS) to the equivalent of the Statistics of Income (SOI) sample. This was done because the TPUS sample represents returns filed through April, while the SOI sample represents all individual income tax returns filed for a calendar year. For additional information about the TPUS sample, see the

Summer 1985 issue of the *SOI Bulletin*.

- [3] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during the fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 13, which are presented on a tax year basis, are actually for a fiscal year, e.g., data shown as for Tax Year 1985 are actually for Fiscal Year 1986.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

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# Appendix\*

## 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 reports (see the References at the end of this Appendix). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

### 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 an audit. The samples are based on such criteria as: industry, presence or absence of a return form schedule, accounting period, State from which filed and various income factors or other measures of economic size (such as total assets in the case of corporations).

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 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 based on the allowable total cost or predetermined size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN) which is either the social security

number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from 1 year to the next.

### METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used—the lower the rate, the larger the weight.

The data on each return in a stratum are then multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

### 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 usually vary. The standard error of the estimate is a measure of the variation among

\*Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Team Leader. Major contributions were made by Paul McMahon, Corporation Statistics Branch, Operations Section.

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 sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

150,000	(sample estimate)
× 0.02	(coefficient of variation)
= 3,000	(standard error of estimate)

150,000	(sample estimate)
+ or - 3,000	(standard error)
= 147,000-153,000	(68% confidence interval)

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained on request by writing the Director, Statistics of Income Division.

Generally in the SOI Bulletin only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

### **NONSAMPLING ERROR CONTROLS AND LIMITATIONS**

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer

reporting errors, processing errors, and effects of an early cut-off of sampling. More extensive information on nonsampling error 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. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field followup. More often though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100-percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. 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.

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 weighed 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 [3]. These combinations and deletions are indicated by a double asterisk (\*\*).

#### NOTES

- [1] For an example of the recent SOI Division research, see Hinkins, S., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in 1984 Proceedings: American Statistical Association, Section on Survey Research Methods p. 245. Other research efforts are included in Statistical Uses of Administrative Records: Recent Research and Present Prospects, Volume 1, pages 179-184, Internal Revenue Service, March 1984.
- [2] Quality control activities for all SOI studies will be published in a series of forthcoming reports. These reports will provide detailed information relating to quality in all phases of SOI processing.
- [3] In the case of geographic statistics, steps to avoid dis-

closure are taken when a weighted frequency is less than 10.

#### REFERENCES

For information about the samples used for specific SOI programs see:

*Individual Income Tax Returns, 1983*, (see especially pages 4-7).

*Statistics of Income—1982, Corporation Income Tax Returns* (see especially pages 9-15).

*Statistics of Income—1978-82, Partnership Returns* (see especially pages 237-244).

*Statistics of Income—1979-83, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns* (see information about the samples used at the end of each chapter)

*SOI Bulletin* (see each issue).

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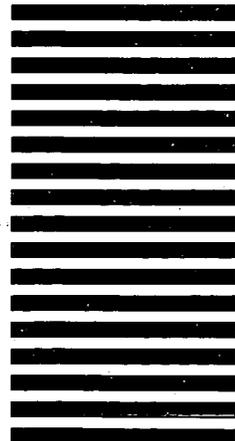


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