

Corporation Income Tax Returns, 1989

by Paula Karvounis and Nina Shumofsky

Although the Nation's gross domestic product continued to grow for 1989, the rate of growth was only moderate and corporate pre-tax profits as reported on income tax returns actually declined for the first time since 1982. The decline in net income (less deficit) to \$389.0 billion represented a 5.8 percent drop from 1988, as deductions claimed by corporations increased at a faster rate than receipts. Interest deductions alone increased from \$672.4 billion to \$831.5 billion. Net losses of companies without net income were up sharply, from \$142.9 billion for 1988 to \$167.3 billion for 1989, while the net income reported by companies reporting a profit hardly increased at all, \$556.3 billion compared to \$555.9 billion.

To compute the corporation income tax, net income first had to be reduced by the "net operating loss deduction," the deduction for dividends paid by regulated investment companies (and real estate investment trusts) and by certain other nonbusiness special deductions. Chiefly because of an increase in the dividends paid deduction, the result of this subtraction was less than 1988, so that the total corporation income tax (before credits) declined from \$131.4 billion to \$127.8 billion. However, total credits against this tax declined only from \$35.5 billion to \$31.6 billion (reflecting, in large part, a dropoff in the foreign tax credit, for taxes paid to foreign governments). This enabled total tax after credits, the amount actually payable to the U.S. Government, to show a slight increase for 1989, from \$95.9 billion to \$96.1 billion. Despite the changing economy, the corporation income tax for both 1988 and 1989, before and after credits, was at a record high level, exceeding the amounts recorded for any previous year.

Number of Returns

For Tax Year 1989, the number of active corporation income tax returns increased by 1.8 percent to over 3.6 million, resuming the upward trend interrupted for Tax Year 1988 [1]. Returns with net income, after declining for 1988, rose by 0.7 percent. This was the smallest increase since that recorded for Tax Year 1982 (Figure A). Returns without net income, which tend to fluctuate from year to year, increased by a larger 3.1 percent. There was a moderate increase in the number of returns filed for each industrial division, except services (Figure B). The largest increase, 4.5 percent, occurred in the transportation and public utilities division. The number

Pre-tax profits dropped for the first time since 1982, from \$413 billion (1988) to \$389 billion (1989).

of returns filed for the services division declined slightly to 989,850. Overall, the number of returns filed for Tax Year 1989 remained fairly consistent with the numbers filed for other recent years.

By return type, the largest increases in the number of returns filed were for Forms 1120-A and 1120S. The number of Forms 1120-A filed increased 17.2 percent to 268,149, due mostly to a change in the filing requirements. The Form 1120-A, *U.S. Short-Form Corporation Tax Return*, was introduced for Tax Year 1984 for certain small U.S. corporations. Prior to 1989, the most important of these requirements included the following: (1) gross receipts under \$250,000; (2) "total income" under \$250,000; and (3) total assets under \$250,000 [2]. During Tax Year 1989, the criteria for receipts, total income and total assets were raised to \$500,000. (For Tax Year 1989, the net income (less deficit) reported on Forms 1120-A was -\$284.7 million; for Tax Year 1988, it was -\$125.0 million.)

The number of Forms 1120S increased 13.2 percent to 1,422,967. After Tax Year 1986, the number of companies filing Form 1120S increased at a particularly high rate (Figure C). Since S Corporations are taxed through their shareholders, most of whom are individuals, this increase is related to the fact that individual income tax rates became more favorable than the corporate tax rates as a result of the Tax Reform Act of 1986 (TRA). (The net income taxed through shareholders was \$63.3 billion, compared to \$58.1 billion for 1988. Losses allocable to shareholders totaled \$30.9 billion for 1989, compared to \$24.7 billion for 1988.)

Income Statements

Net Income

Reflecting the relatively flat economy of 1989, pre-tax profits reported on corporate income tax returns decreased 5.8 percent to \$389.0 billion. Tax Year 1989 was the first year to show a decrease in pre-tax profits (net income less deficit) since 1982 (Figure D). The largest decline, percentage-wise, occurred in the construction division (Figure E). Almost half of the drop in profits for this division was attributable to general building contractors [3]. Private nonresidential construction decreased in 1989, reflecting the downturn in the real estate boom which began in 1983 [4]. Additionally, TRA instituted a

Paula Karvounis and Nina Shumofsky are economists with the Corporation Returns Analysis Section. This article was prepared under the direction of Ken Szeflinski, Chief.

Corporation Income Tax Returns, 1989

Figure A

Number and Growth Rate of Active Corporation Returns Filed, Tax Years 1981-1989

Tax year	Total active corporation returns	Percentage increase	Number of returns with net income	Percentage increase	Number of returns without net income	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)
1981.....	2,812,420	3.8	1,597,298	(¹)	1,215,122	9.1
1982.....	2,925,933	4.0	1,608,357	0.6	1,317,576	8.4
1983.....	2,999,071	2.5	1,676,288	4.2	1,322,783	0.4
1984.....	3,170,743	5.7	1,777,770	6.0	1,392,973	5.3
1985.....	3,277,219	3.4	1,820,120	2.4	1,457,099	4.6
1986.....	3,428,515	4.6	1,907,738	4.8	1,520,777	4.4
1987.....	3,612,133	5.4	1,995,452	4.6	1,616,681	6.3
1988 ²	3,562,789	-1.4	1,908,799	-4.3	1,653,990	2.3
1989 ²	3,627,863	1.8	1,921,805	0.7	1,706,058	3.1

¹ Less than 0.05 percent.

² Excludes Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations.

more restrictive depreciation of buildings and provided disincentives for investments in real estate when used for "tax shelters".

All of the industrial divisions showed a decrease in pre-tax profits except for the finance, insurance and real estate and services division (Figure E). The 18.5 percent increase in pre-tax profits for finance, insurance and real estate was primarily the result of a \$14.3 billion increase in the profits reported by regulated investment companies, as the mutual fund industry continued to prosper [5]. Total profits reported by regulated investment companies amounted to \$65.8 billion.

Pre-tax profits for the services division increased 18.8 percent to \$11.0 billion. Approximately 90 percent of the rise in net income for services was due to corporations whose principal business activity was motion picture production, distribution and services. Net income (less

deficit) for this industrial group tripled to \$2.4 billion.

The largest dollar decrease in net income (less deficit) was in manufacturing. This decrease was division-wide, as pre-tax profits dropped across the board for all industrial groups. Pre-tax profits for the manufacturing division, which comprises the largest dollar portion of total pre-tax profits, decreased from \$205.1 billion to \$180.5 billion. The largest portion of the decrease was reported for office, computing, and accounting machinery manufacturers, whose profits dropped 25 percent to \$10.3 billion. For the 10 years preceding 1989, pre-tax profits for manufacturers showed a fluctuating pattern (Figure F). Profits of non-manufacturers, on the other hand, steadily increased after 1982.

By asset size, 79.1 percent of all corporate profits for 1989 was attributable to the 5,450 returns with assets of \$250 million or more. This percentage continued to rise, reflecting the growing number of returns with assets of this size and the increasing proportion of corporate profits they accounted for (Figure G).

Pre-tax profits reported for foreign corporations engaged in a U.S. trade or business decreased from \$2.6 million to -\$130.7 million [6]. All of the industrial

Figure B

Number of Active Corporation Returns by Industrial Division, Tax Years 1988 and 1989

Industrial division	1988		1989	
	Number of returns	Percentage increase	Number of returns	Percentage increase
All industries ¹	3,562,789	-1.4	3,627,863	1.8
Agriculture, forestry and fishing.....	119,902	2.8	123,195	2.7
Mining.....	41,080	-2.3	41,631	1.3
Construction.....	381,499	2.9	393,103	3.0
Manufacturing.....	299,538	1.8	301,346	0.6
Transportation and public utilities.....	149,248	0.9	156,037	4.5
Wholesale and retail trade.....	984,553	1.3	1,012,980	2.9
Finance, Insurance and real estate.....	572,418	9.8	592,832	3.6
Services.....	995,425	-11.1	989,850	-0.6

¹ Includes returns not allocable by industrial division.

NOTE: Excludes Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations.

Figure C

Form 1120S Returns and All Other Active Corporation Returns, Tax Years 1986-1989

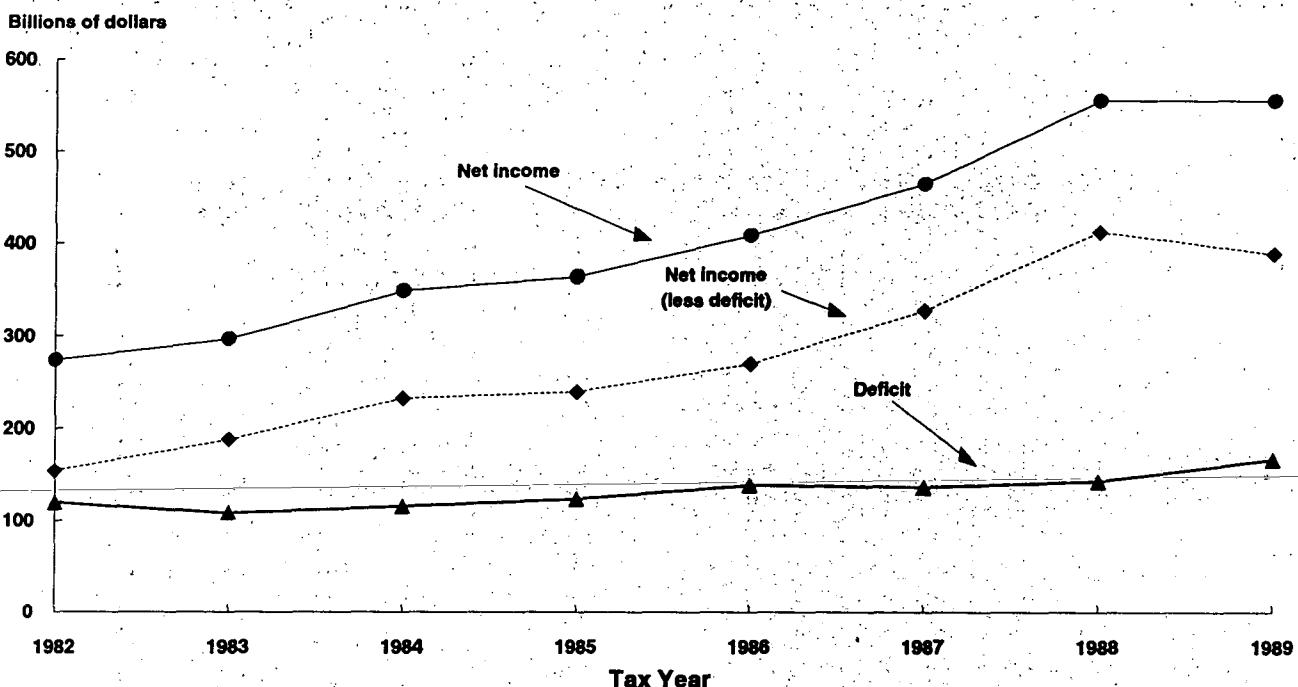
Tax year	Number of Form 1120S returns	Percentage increase	Number of all other returns	Percentage increase
	(1)	(2)	(3)	(4)
1986.....	826,214	14.0	3,428,515	4.6
1987.....	1,127,905	36.5	3,612,133	5.4
1988.....	1,257,191	11.5	3,562,789 ¹	-1.4 ¹
1989.....	1,422,967	13.2	3,627,863 ¹	1.8 ¹

¹ Excludes Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations.

Corporation Income Tax Returns, 1989

Figure D

Net Income (Less Deficit), Tax Years 1982-1989



divisions reported declines in net income (less deficit), except for transportation and public utilities. Although there was a large decline in net income (less deficit) reported by foreign companies, the size of their overall net losses was similar to the losses reported for years prior to 1988.

Positive income for all corporations rose only 0.1 percent to \$556.3 billion for 1989. Net income would have shown a decline for 1989 were it not for the major increases reported by regulated investment companies and S Corporations, which together accounted for nearly one-fourth of net income for 1989. For 1988, these corporations accounted for only one-fifth of the total.

Corresponding to the 3.1 percent increase in the number of deficit returns, total deficit rose from \$142.9 billion to \$167.3 billion, an increase of 17.1 percent. Although all industrial divisions shared in the increase in total deficit for 1989, the largest contributors were, in particular, transportation and public utilities (34.9 percent), manufacturing (32.4 percent) and wholesale and retail trade (23.8 percent) (Figure E). Increases were reported across the board for the transportation and public utilities and wholesale and retail trade divisions. However, the \$8.8 billion rise in the manufacturing division was most prominent in the following industrial groups: office, computing, and

accounting machines (\$1.7 billion); tobacco manufacturers (\$1.4 billion); and soap, cleaners, and toilet goods (\$1.1 billion).

By asset size, the largest total deficit was recorded for giant corporations, with assets of \$250 million or more. These giant corporations were responsible for \$56.0 billion, or 33.5 percent, of the total deficit. They were also responsible for 42.9 percent or \$11.6 of the \$24.4 billion increase in the deficit reported for 1989.

Receipts

Total receipts reported on corporate income tax returns for 1989 increased \$0.7 trillion to \$10.9 trillion [Table 1]. Despite the expansionary economy of the 1980's, the increase in receipts for Tax Year 1989 was smaller than 1988, reflecting the more moderate overall economic growth that occurred that year. Business receipts (in general, gross operating receipts) rose 5.3 percent to \$9.4 trillion. Similar to Tax Year 1988, the largest dollar gains occurred in wholesale and retail trade and in manufacturing.

In addition to business receipts, total receipts includes investment income (some of which comprised the gross operating receipts of financial institutions). For Tax Year 1989, taxable interest income showed a substantial gain,

Corporation Income Tax Returns, 1989

Figure E

Net Income and Deficit, by Industrial Division, Tax Years 1988 and 1989

[Money amounts are in thousands of dollars]

Industrial division	1988		1989	
	Net income or deficit	Percentage increase	Net income or deficit	Percentage increase
	(1)	(2)	(3)	(4)
NET INCOME (LESS DEFICIT)				
All Industries ¹	412,982,753	25.8	389,010,675	-5.8
Agriculture, forestry and fishing.....	1,615,921	-0.7	1,550,580	-4.0
Mining.....	4,111,855	1,395.0 ²	3,144,686	-2.4
Construction.....	11,343,920	30.4	8,736,930	-23.0
Manufacturing.....	205,083,651	41.0	180,476,024	-12.0
Transportation and public utilities.....	46,943,801	25.3	39,073,953	-16.8
Wholesale and retail trade.....	42,844,883	12.6	36,155,437	-15.6
Finance, insurance and real estate.....	91,892,954	5.1	108,907,351	18.5
Services.....	9,276,631	0.3	11,020,194	18.8
NET INCOME				
All Industries ¹	555,850,912	19.5	556,332,401	0.1
Agriculture, forestry and fishing.....	4,184,927	4.3	4,347,165	3.9
Mining.....	8,581,355	42.1	8,217,568	-4.2
Construction.....	17,946,717	16.8	16,312,212	-9.1
Manufacturing.....	232,182,692	34.7	216,357,256	-6.8
Transportation and public utilities.....	59,870,499	19.6	56,518,343	-5.6
Wholesale and retail trade.....	66,594,873	10.5	65,409,500	-1.8
Finance, insurance and real estate.....	136,443,479	5.6	155,238,423	13.8
Services.....	29,951,299	8.0	33,839,910	13.0
DEFICIT				
All Industries ¹	142,868,159	4.3	167,321,725	17.1
Agriculture, forestry and fishing.....	2,569,006	7.7	2,796,586	8.9
Mining.....	4,469,500	-22.5	5,072,882	13.5
Construction.....	6,602,797	-0.9	7,575,282	14.7
Manufacturing.....	27,099,041	1.0	35,881,232	32.4
Transportation and public utilities.....	12,926,698	2.6	17,444,390	34.9
Wholesale and retail trade.....	23,749,990	6.8	29,254,062	23.2
Finance, insurance and real estate.....	44,550,525	6.6	46,331,072	4.0
Services.....	20,674,668	11.9	22,819,716	10.4

¹ Includes net income or deficit not allocable by industrial division.

² This increase was due mostly to several large corporations whose principal business activity for 1988 (but not 1987) was in mining.

NOTES: Excludes net income or deficit of Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations. Detail may not add to totals because of rounding.

increasing 20.5 percent to \$930.9 billion. The finance, insurance and real estate division accounted for 90 percent of this increase, rising from \$659.4 billion to \$793.7 billion. As would be expected, banks and bank holding companies accounted for most of this increase, with gains of 32.7 percent and 16.9 percent, respectively. Gains were also reported for savings and loan associations and other credit agencies [7]. Tax-exempt interest on State and local Government obligations also rose, from \$32.3 billion to \$36.3 billion, an increase of 12.3 percent.

Percentage-wise, the largest gains in total receipts for 1989 were from net short-term capital gains (less net long-term capital losses). Short-term capital gains increased 93 percent from \$5.6 billion to \$10.8 billion. Regulated investment companies accounted for a large portion of these gains.

Net long-term capital gains (less net short-term capital losses) increased 10 percent to \$62.5 billion. This was the first increase reported in long-term capital gains since 1986. Net long-term capital gains had declined for 1987 and 1988, probably a result of the less beneficial tax treatment of capital gains allowed under TRA [8].

Deductions

Total deductions increased 7.0 percent to \$10.5 trillion for 1989. This rate of increase was 0.5 percent larger than the rate of increase reported for total receipts. For 1989, this differential was sufficient to cause a decrease in overall net income (as net income is the difference between total receipts and total deductions).

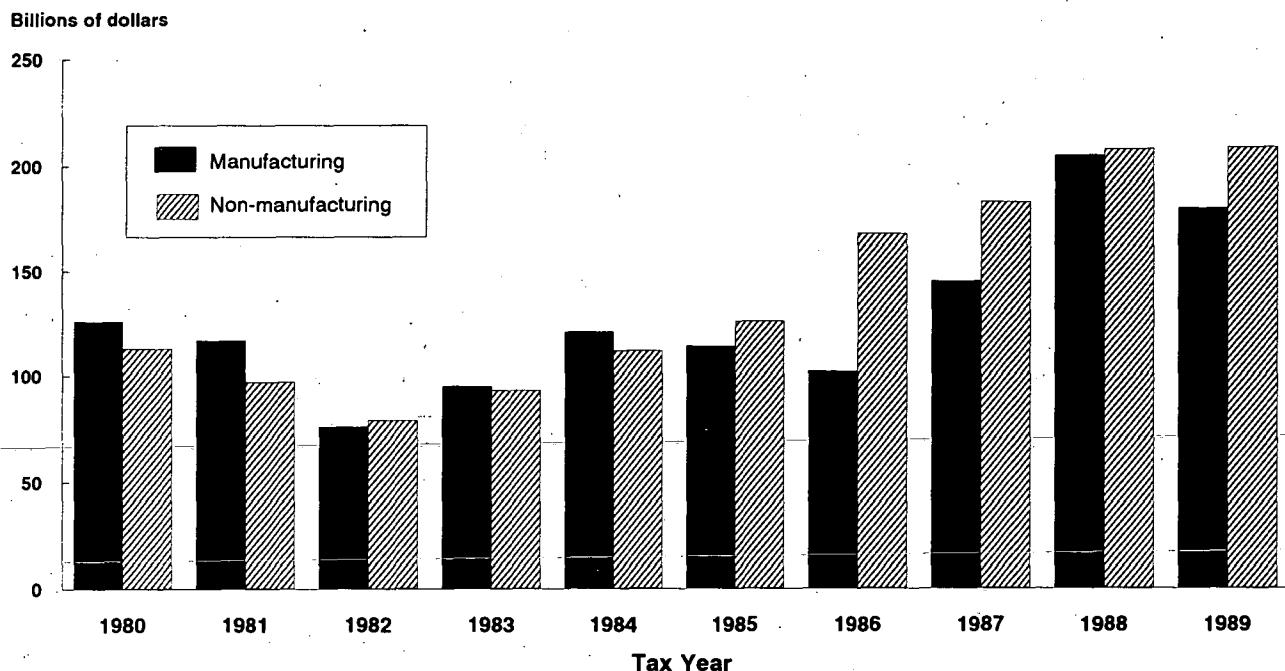
Interest paid, the largest identifiable deduction item aside from cost of sales and operations, rose \$159.1 billion to \$831.5 billion for 1989. Interest paid had increased only modestly for previous years (Figure H). The 1989 increase of 23.7 percent was similar in magnitude to the 20.5 percent increase in interest income on the receipts side. As with previous years, the finance, insurance and real estate division accounted for \$105.9 billion, or two-thirds, of the increase. Within that division, bank holding companies were responsible for \$45.5 billion of the increase, while banks and savings and loan associations accounted for \$24.9 billion and \$14.8 billion of the increase, respectively.

While most of the interest paid deduction was concentrated in the financial industries, interest paid also in-

Corporation Income Tax Returns, 1989

Figure F

Net Income (Less Deficit), Manufacturing and Non-manufacturing Industries, Tax Years 1980-1989



creased for the non-financial industries -- by 20.7 percent, to \$309.7 billion. Unlike finance, insurance and real estate, where interest paid typically takes the form of amounts paid on bank and savings deposits and withdrawable shares, interest paid for other industries represents amounts paid on other kinds of corporate debt, especially on long-term bonds. For 1989, the non-financial industries comprised 70.9 percent of total long-term mortgages, notes and bonds payable in 1 year or more, and 37.2 percent of the total interest paid deduction (Figure I).

Figure G

Returns with Total Assets of \$250 Million or More Compared with All Returns, Tax Years 1985-1989

[Money amounts are in millions of dollars]

Tax year	Returns		Net income (less deficit)	
	Number	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)
1985.....	4,052	0.12	177.2	73.8
1986.....	4,471	0.13	197.5	73.4
1987.....	4,794	0.13	247.6	75.4
1988.....	5,120	0.14 ¹	320.7	78.0 ¹
1989.....	5,450	0.15 ¹	307.6	79.1 ¹

¹Excludes Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations.

Net loss from sales of property other than capital assets (treated as a deduction for the statistics) rose 50 percent or \$7.0 billion. Bank holding companies were responsible for over half of the increase. The net loss was the result of several large bank holding companies that had either liquidated their assets or merged with another company.

The depreciation deduction rose a modest 3.0 percent to \$337.3 billion, continuing the slow rate of growth experienced in the latter half of the 1980's [9]. From 1980 through 1985, the depreciation deduction rose at an average annual rate of 14.1 percent. Then, between Tax Years 1985 and 1989, the average annual rate of increase dropped to 2.4 percent (Figure J). The lower depreciation deductions for recent years may be related to the changes mandated by TRA. TRA instituted a modified Accelerated Cost Recovery System (ACRS) that lengthened the periods over which assets could be depreciated and changed the depreciation methods for business property placed in service after 1986.

The amortization deduction increased 25.8 percent to \$25.6 billion. Although the amount of amortization rose for all industrial divisions, the largest dollar increases were found in the manufacturing and services divisions, respectively. Within manufacturing, the largest increase was recorded by tobacco companies, followed by book

Corporation Income Tax Returns, 1989

Figure H

Interest Paid Deduction, Tax Years 1985-1989

[Money amounts are in millions of dollars]

Tax year	Finance, insurance and real estate		All other industries	
	Interest paid deduction	Percentage increase	Interest paid deduction	Percentage increase
	(1)	(2)	(3)	(4)
1985.....	363.0	4.6	205.6	9.0
1986.....	351.9	-3.1	221.0	7.5
1987.....	364.5	3.6	225.4	2.0
1988.....	416.0	14.1	256.5 ¹	13.8 ¹
1989.....	521.9	25.5	309.7 ¹	20.7 ¹

¹ Excludes Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations.

publishers. The services division reported an increase of \$1.6 billion. Over half of the total increase was attributable to corporations engaged primarily in motion picture production, distribution or services.

Balance Sheets

Assets

For Tax Year 1989, year-end net growth in total assets was relatively stagnant compared to other recent years. The 7.0 percent increase for 1989 raised total assets from \$16.6 trillion for 1988 to \$17.6 trillion. The \$1.0 trillion increase was the smallest since 1984. The increases in total assets for Tax Years 1988 and 1987 were 8.1 and 8.2 percent, respectively.

The largest increase in total assets occurred in manufacturing; however, even here, assets increased only 9.8 percent, from \$3.4 billion to \$3.7 billion (Figure K). Motor vehicles and equipment made up the largest increase, recording a gain of \$0.03 billion. This industrial group also showed large increases in "other assets" and "other investments." These increases may be related to investments made in international companies' acquisitions by U.S. manufacturers during 1989 [10]. Overall, manufacturing continued to be the second largest industrial division with 21.1 percent of total assets. Finance, insurance and real estate remained the largest, representing 56.6 percent of the whole.

The largest individual asset accounts on the balance sheet were for notes and accounts receivable (\$4.2 trillion) and gross depreciable assets (\$4.1 trillion). After a \$334.4 billion increase in 1988, receivables increased only \$96.9 billion in 1989. Declines in the mining and service divisions contributed to the slower growth. The increase in gross depreciable assets of \$248.8 billion can be compared to the \$218.0 billion increase in 1988.

Similar to the non-financial industries, finance, insur-

ance and real estate, the largest industrial division in terms of total assets, showed notes and receivables as the largest asset account, followed by "other investments" (Figures L and M). "Other investments" increased 8.3 percent to \$2.5 trillion, while notes and receivables were more stable, increasing only 1.1 percent to \$2.8 trillion. Some examples of "other investments" for the finance division include land and buildings owned by real estate operators and real estate holdings of insurance carriers (other than home offices and branch office buildings and equipment), bank certificates, and common stock. The largest asset category within non-financial industries was net depreciable assets which increased 5.7 percent to \$2.1 trillion dollars.

Intangible assets increased 33 percent or \$108.6 billion for 1989. The majority of this increase (68.7 percent) was reported by manufacturers, specifically those classified as tobacco manufacturers. Intangible assets, which include the acquisition costs of goodwill, trademarks, copyrights and like assets, tend to increase during periods when high levels of mergers and acquisitions occur [11].

Liabilities

Mortgages, notes and bonds payable in less than 1 year showed the largest relative increase for 1989. The 12 percent gain brought the total for the short-term mortgage, notes and bonds account to \$1.6 trillion. The largest portion of the gain (11.7 percent) was reported by motor vehicle and equipment manufacturers.

"Other current liabilities" was the largest account on the liabilities side of the balance sheet (Figure N) and includes most of the deposits and withdrawable shares of banking and savings institutions. This account remained relatively stable, with only a slight increase to \$5.1 billion. Almost all of this increase was due to manufacturers,

Figure I

Comparison of Interest Paid Deduction and Mortgages, Notes and Bonds Payable in 1 Year or More for Nonfinancial Industries, Tax Years 1985-1989

[Money amounts are in millions of dollars]

Tax year	Interest paid deduction		Mortgages, notes and bonds payable in 1 year or more	
	Amount	Percentage of total	Amount	Percentage of total
			(1)	(2)
1985.....	205.6	36.2	1,196.2	70.4
1986.....	221.0	38.6	1,387.9	70.9
1987.....	225.4	38.2	1,520.2	71.0
1988 ¹	256.5	38.1	1,673.2	71.1
1989 ¹	309.7	37.2	1,764.7	70.9

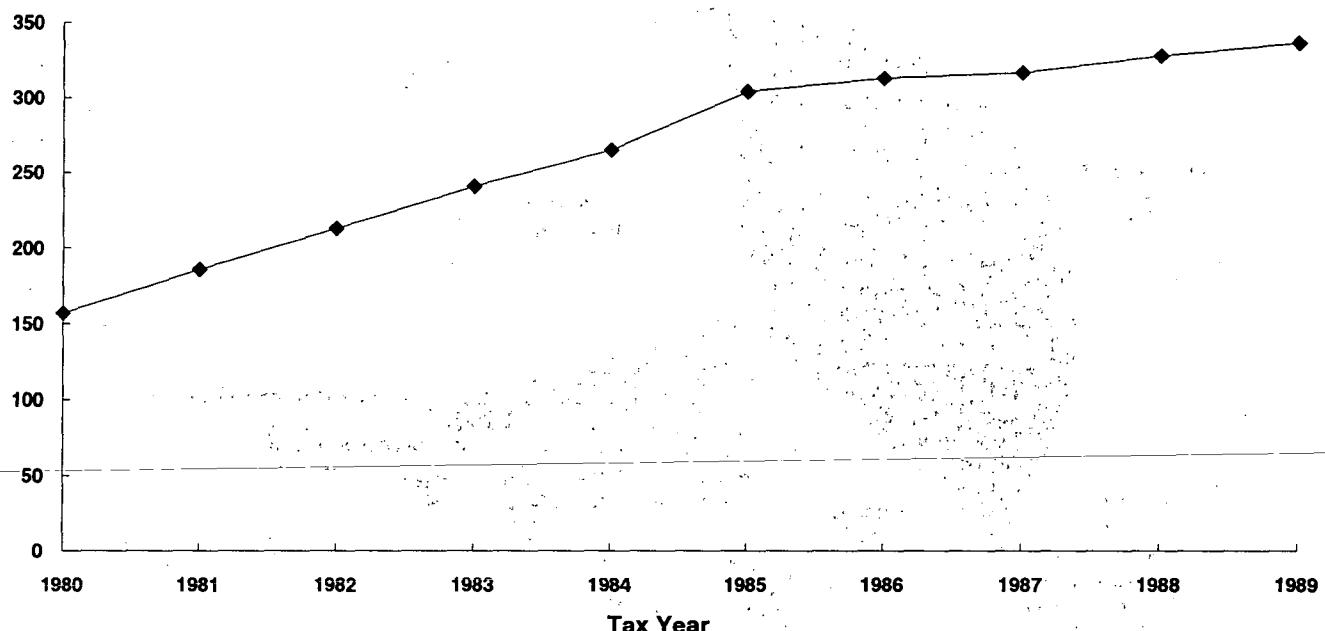
¹ Excludes Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations.

Corporation Income Tax Returns, 1989

Figure J

Depreciation Deduction, Tax Years 1980-1989

Billions of dollars



rather than financial institutions.

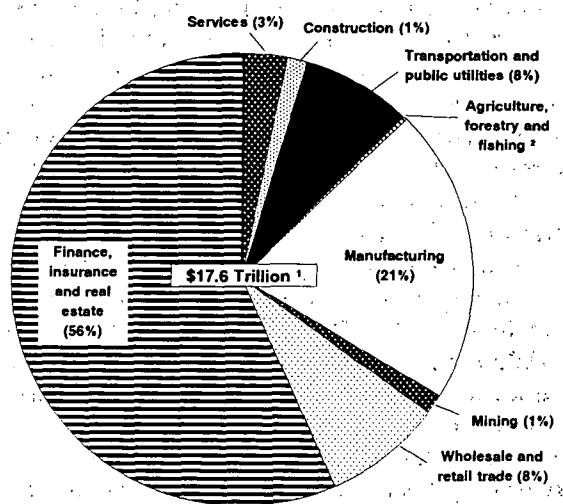
Large increases were also reported for the "other liabilities" account, which contains not-allocable long-term liabilities on the tax return balance sheet. Some examples of these liabilities include provisions for certain deferred taxes, profit sharing plans and unearned interest. If "other liabilities" were included along with bonds, notes and mortgages payable in 1 year or more and loans from stockholders, then long-term debt as a whole, increased \$395 billion to \$5,211 billion.

Income Tax and Credits

In contrast to the slight increase in positive net income, income subject to tax (the term used for the statistics to describe the corporate tax base) declined \$12.1 billion to \$371.0 billion for 1989 (Figure O). For most corporations, income subject to tax is equal to net income less certain statutory special deductions. The latter include the dividends paid deductions unique to regulated investment companies and real estate investment trusts. As a result of these deductions, these two groups of companies (as well as S Corporations) are in effect income conduits. Nearly all their net income is taxed through the shareholders. The increases in positive net income for these companies are therefore not reflected in the statistics for income subject

Figure K

Total Assets by Industrial Division, Tax Year 1989



¹ Includes "Nature of business not allocable," not shown separately.

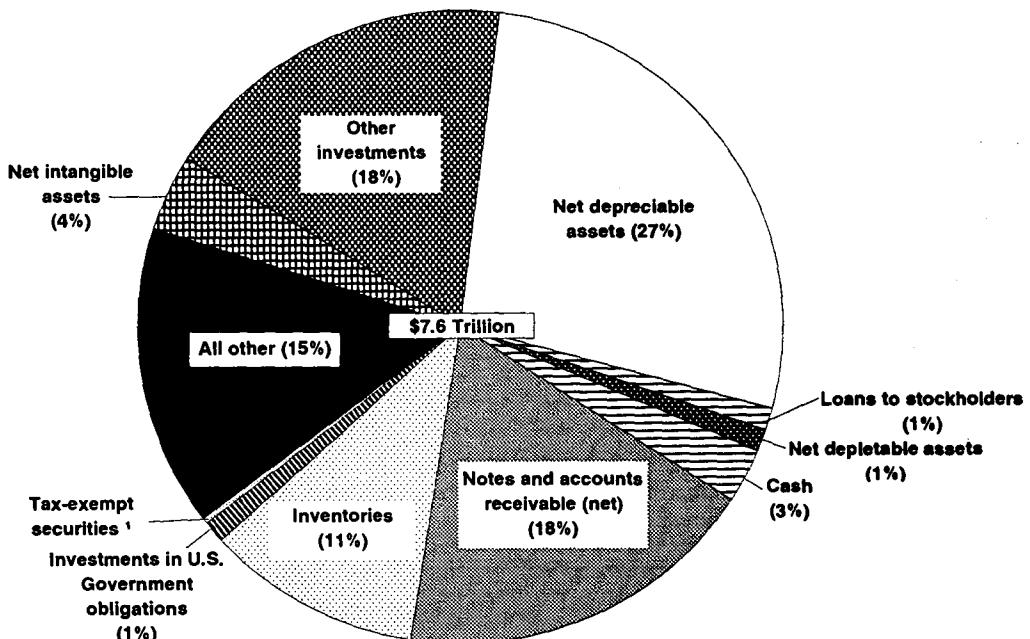
* Less than 0.5 percent.

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

Corporation Income Tax Returns, 1989

Figure L

Total Assets by Type of Account, Non-financial Industries, Tax Year 1989



¹ Less than 0.5 percent.

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

to (the corporation income) tax. Also contributing to the discrepancy between net income and income subject to tax for 1989 was the change in the overall total for statutory special deductions, which increased at a more rapid rate than net income. For Tax Year 1989, the total for these deductions increased 5.7 percent or \$6.7 billion.

The sharp increase in the deductions for dividends paid by regulated investment companies (and, to a lesser extent real estate investment trusts) was the principal reason for the increase in total statutory deductions for 1989. The size of these, as well as other special deductions, was sufficient to reduce income subject to tax for these companies to \$2.6 million even though their combined net income before statutory special deductions amounted to \$67.1 billion. For Tax Year 1988, their net income was \$52.6 billion and income subject to tax was \$7.7 million.

The second largest statutory special deduction after the dividends paid deduction was the net operating loss deduction, or NOLD [12]. The NOLD, for purposes of the statistics, reflects certain prior-year losses carried forward and applied against current-year net income [13]. While total special statutory deductions increased overall, the part attributable to NOLD decreased 16 percent from \$51.4 billion to \$43.0 billion. The decrease in NOLD was

widespread, particularly in the manufacturing division.

The deduction for intercorporate dividends received was the third largest component of the statistics for statutory special deductions. This deduction increased only 5.9 percent compared to the 13.8 percent increase for Income Year 1988. The largest increases occurred in transportation and public utilities, followed by finance, insurance and real estate.

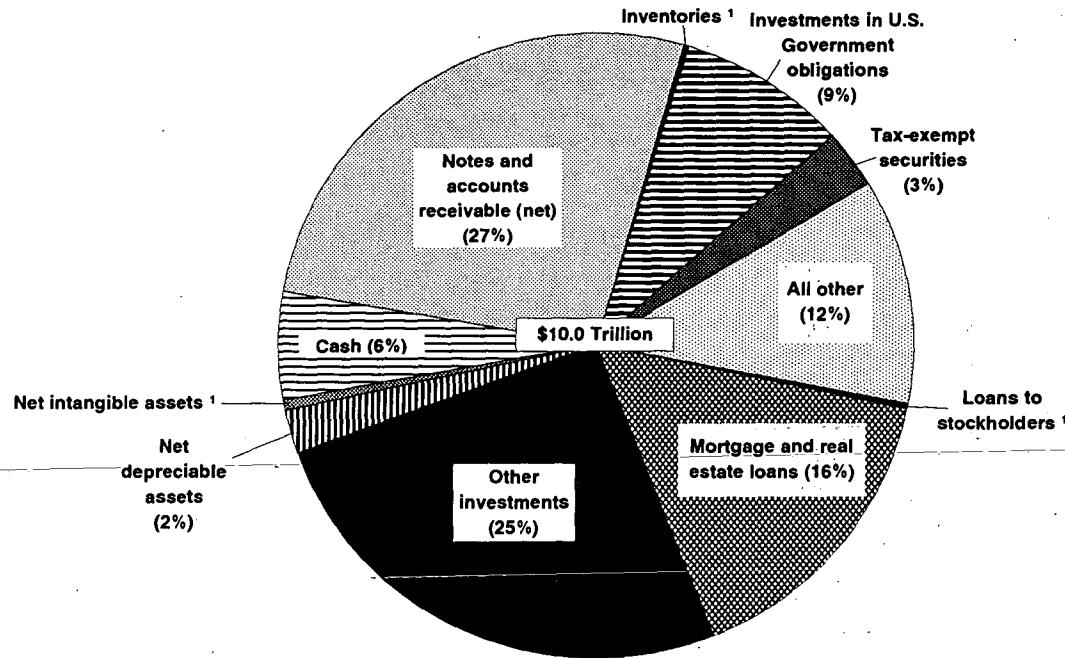
Reflecting the decline in income subject to tax, income tax before credits (which, for Statistics of Income, includes the alternative minimum tax) decreased from \$131.4 billion to \$127.8 billion. Forty percent of this decrease was due to the manufacturing division, mostly to the manufacturers of aircraft, guided missiles and parts. Regular income tax, the main component, decreased 2.9 percent from \$126.9 billion to \$123.2 billion [14].

The alternative minimum tax (AMT), a separate tax related to regular taxable income, increased only \$0.2 billion to \$3.5 billion. For comparison, the tax for 1988 was \$3.3 billion and \$2.2 billion for 1987. The number of returns reporting AMT for 1989 was 25,237, about the same as for 1988. For 1988, AMT for the manufacturing division alone increased \$0.7 billion, but then decreased by \$0.3 billion for 1989.

Corporation Income Tax Returns, 1989

Figure M

Total Assets by Type of Account, Finance, Insurance and Real Estate Industries, Tax Year 1989



¹ Less than 0.5 percent.

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

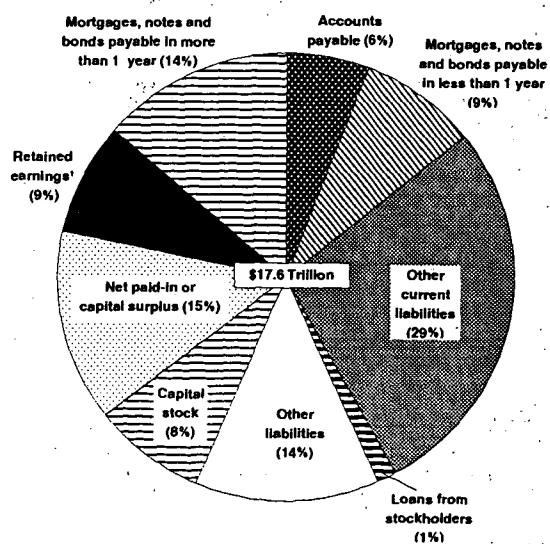
In determining the tax due to the U.S. Government, regular tax first was reduced by credits. The foreign tax credit continued to be the largest credit. After a \$6.3 billion dollar increase for 1988, the foreign tax credit dropped by \$3.1 billion to \$24.0 billion for 1989. This decrease reversed the upward trend evidenced since 1982. One-quarter of the decrease was due to corporations classified as tobacco manufacturers.

The general business credit continued to decline, reflecting the changes instituted by TRA. This credit decreased by 30.2 percent to \$3.8 billion. With exceptions, the investment tax credit, the largest component of the general business credit, was rescinded by TRA on January 1, 1986. TRA also reduced the maximum amount of tax against which the general business credit could be applied. Two credits of lesser size showed sharp increases, the orphan drug credit and the nonconventional source fuel credit.

The prior year minimum tax credit rose 78.5 percent to \$836.6 million. The largest part of the increase was due to the petroleum refining industry which increased from \$5.5 million to \$92.5 million. In general, this tax credit is taken by companies who have paid alternative minimum tax for the prior tax year but are not paying it for the

Figure N

Total Liabilities by Type of Account, Tax Year 1989



¹Includes appropriated and unappropriated retained earnings.

NOTES: Cost of treasury stock, reported as an adjustment to total liabilities, is not shown. Detail may not add to total because of rounding.

Corporation Income Tax Returns, 1989

Figure O

Selected Tax and Tax Credit Items, Tax Years 1988 and 1989

[Money amounts are in thousands of dollars]

Item	1988	1989	Percentage increase
	(1)	(2)	(3)
Income subject to tax.....	383,201,978	371,054,512	-3.2
Income tax, total ¹	131,367,397	127,754,021	-2.8
Regular tax.....	126,899,211	123,236,461	-2.9
Personal Holding Company tax ²	17,729	25,618	44.5
Tax from recapture of investment and low-income housing credits ²	552,398	354,889	-35.8
Alternative minimum tax ²	3,352,845	3,540,918	5.6
Environmental tax ²	487,926	471,779	-3.3
Tax credits, total.....	35,567,532	31,702,962	-10.9
Foreign tax credit.....	27,068,104	23,996,821	-11.3
U.S. possessions credit.....	2,318,021	2,793,603	20.5
Orphan drug credit.....	8,053	14,190	76.2
Nonconventional fuel source credit.....	49,517	82,792	67.2
General business credit.....	5,559,174	3,882,728	-30.2
Prior-year minimum tax credit.....	468,767	836,681	78.5
Total income tax after credits.....	95,896	96,147	0.3

¹ Includes certain other taxes, not shown below.

² For purposes of the statistics, this tax is included in both income tax before and after credits. By law, tax credits can only offset regular tax.

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

current year. Since, for purposes of the statistics, the first full-year that the alternative minimum tax was in effect was 1988, the first full year for which the prior year minimum tax credit applied was 1989 [15].

Despite the decline in total tax before credits, total tax after credits, the amount actually owed the Federal Government, showed a slight increase, from \$95.9 billion to \$96.1 billion. This outcome was the result of total tax credits declining by less than the decline in tax before credits (Figure P).

for 1988. By industrial division, there were moderate increases in the total number of returns filed across the board.

Corporate pre-tax profits decreased for the first time since Tax Year 1982, dropping by 5.8 percent, from \$413 billion to \$389 billion. All of the industrial divisions reported decreases except for the finance, insurance and real estate and the services divisions. The 18.5 percent increase for the finance, insurance and real estate division was attributable to regulated investment companies.

Interest income and interest paid both showed significant increases for 1989. Taxable interest income rose 20.5 percent to \$930.9 billion, while interest paid increased \$159.1 billion to \$831.5 billion. As expected, the finance, insurance and real estate division accounted for most of the gains.

As overall net income reported by corporations (other than those that were income conduits, i.e., S Corporations and certain investment companies) declined, so did income subject to tax, the tax base tabulated for Statistics of Income. For 1989, income subject to tax decreased 3.2 percent to \$371.1 billion. Statutory special deductions from net income used to determine the corporate tax base, however, increased. This rise countered the slight increase in positive net income and led to a correspondingly slight decrease in the corporation income tax before credits. This amount decreased from \$131.4 billion to \$127.8 billion. Tax after credits, however, increased because total tax credits increased by a lesser amount. For 1989, total income tax after credits, the amount due the U.S. Government, was \$96.1 billion compared to \$95.9 billion for 1988.

Foreign tax credit continued to be the largest credit, even though it declined for the first time since 1982. The decline in the general business credit, continuing to reflect the rescinding of the investment credit instituted by TRA, dropped by 30.2 percent to \$3.9 billion.

Data Sources and Limitations

The data for Income Year 1989 cited in this article are based on a sample of corporation income tax returns with accounting periods ending July 1989 through June 1990. The returns represented domestic corporations filing Form 1120 or Form 1120-A (short form); foreign corporations with income "effectively connected" with a U.S. business filing Form 1120F; life insurance companies filing Form 1120L; mutual or stock property and casualty insurance companies filing Form 1120PC; S Corporations filing Form 1120S; regulated investment companies filing Form 1120RIC; and real estate investment trusts filing Form 1120REIT. Forms IC-DISC filed by certain Domestic

Figure P

Total Income Tax Before and After Credits, Tax Years 1988 and 1989

[Money amounts are in thousands of dollars]

Item	1988	1989	Increase
	(1)	(2)	(3)
Total income tax before credits.....	131,367,397	127,754,021	-3,613,376
Total tax credits.....	35,471,636	31,606,815	-3,864,821
Total income tax after credits.....	95,895,762	96,147,206	253,535

NOTE: For purposes of the statistics, Personal Holding Company tax, tax from recapture of investment and low-income housing credits, alternative minimum tax, environmental tax and certain other taxes are included in both tax before and after credits. By law, tax credits can only offset regular tax (see Figure O).

Summary

The number of returns filed for Tax Year 1989 increased 1.8 percent, offsetting the one-time decrease that occurred

Corporation Income Tax Returns, 1989

International Sales Corporations and 1120-FSC filed by Foreign Sales Corporations were not included for 1989. The revisions to the Standard Industrial Classification (SIC) for 1987 are not reflected in the statistics.

The statistics were estimated based on a stratified probability sample of approximately 82,400 active corporation income tax returns selected after administrative processing but before audit examination. The returns were stratified based on combinations of net income and total assets at rates ranging from 0.25 to 100 percent.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account (Figure Q). The CV's for frequency estimates are intended only as a general indication of the reliability of the data. For numbers of returns other than those shown, the corresponding CV's can be estimated by interpolation.

Figure Q

Coefficients of Variation (CV) for Frequency Estimates, Tax Year 1989

Estimated number of returns	Approximate coefficient of variation (CV)
2,000,000.....	1.42
500,000.....	2.84
250,000.....	4.02
50,000.....	8.99
25,000.....	12.71
10,000.....	20.10
5,000.....	28.42

NOTES AND REFERENCES

[1] For 1988, the number of returns declined for the first time since the end of World War II. This decline was prompted by the Tax Reform Act of 1986, which caused some companies to be included in the 1987 statistics twice, both by a part-year return and a full-year return, each with an accounting period that ended during the span of months July 1987 through June 1988 (the accounting periods represented in the 1987 statistics). The unusually large number of part year returns filed, in turn, led to an unusually large increase in the total number of returns for the year. The increase in part-year returns was due to many S Corporations (and Personal Service Corporations) having to change their accounting periods from a non-calendar year to a calendar year as required by the 1986 Act. In addition, other corporations changed to S Corporation status in order to take advantage of the lower individual income tax rates on corporate profits allowed under the Act; some of these compa-

nies also had to file part-year returns if they were not already using the required calendar year accounting period. Thus, since the increase in returns for Tax Year 1987 was followed by a decline for 1988, the escalation was an anomaly. The increase recorded for 1989 is only significant in that it reflects a return to the more gradual upward trend in filings that previously existed.

- [2] For a more detailed description of all the requirements for filing Form 1120-A, see U.S. Department of the Treasury, Internal Revenue Service, 1989 *Instructions for Form 1120-A*.
- [3] General building contractors include contractors primarily engaged in construction (including new work, additions, alterations, remodeling and repair) of single-family houses, other residential buildings, industrial buildings and warehouses, and other nonresidential buildings. Apartment building construction and motel/hotel construction are also included in this industrial group.
- [4] "Construction," *U.S. Industrial Outlook*, U.S. Department of Commerce, International Trade Commission, 1990.
- [5] "Mutual Funds," *U.S. Industrial Outlook*, U.S. Department of Commerce, International Trade Commission, 1990.
- [6] This will be the subject of a future *Bulletin* article, on foreign controlled U.S. corporations.
- [7] Other credit agencies include one or more of the following: mortgage banks and brokers; rediscount and financing institutions for credit agencies other than banks; Federal Home Loan banks; agricultural credit institutions; and credit agencies and finance companies not elsewhere classified.
- [8] The preferential alternative tax rate on net long-term capital gain (less net short-term capital loss) was repealed for tax years beginning on or after July 1, 1987, effectively taxing corporate capital gains at the regular corporate tax rates.
- [9] The depreciation deduction includes identifiable amounts of depreciation reported in the "Cost of Goods Sold and/or Operations" or "Other Deductions" schedules.
- [10] *Mergers & Acquisitions*, 1990 Almanac and Index, May/June 1990, Volume 24, Number 6.
- [11] *Ibid.*

Corporation Income Tax Returns, 1989

- [12] The other components of statutory special deductions include the several dividends received deductions and the deductions for dividends paid by regulated investment companies and real estate investment trusts and on certain preferred stock of public utilities.
- [13] The net operating loss deduction must first be carried back for a period of 3 years; only the remainder is carried forward to subsequent years. Carryback adjustments from future years could not be shown on the tax returns used for these statistics and no attempt was made to obtain them.
- [14] Regular tax is the tax based on the regular corporate tax rates applied to "income subject to tax." It is

therefore before all credits. This amount is reduced by tax credits for the following: foreign taxes, U.S. possessions tax, orphan drug research, the production or sale of fuels from nonconventional sources, general business incentives, and the prior year minimum tax.

- [15] The corporate statistics include returns with accounting periods ending from July 1989 though June 1990. The first tax year the alternative minimum tax was in effect was 1987. Thus, the 1987 corporate statistics only partly reflect the effects of the tax change. Since the prior year minimum tax credit can only be taken in the year following the payment of AMT, the first full year it was in effect was Tax Year 1989.

Corporation Income Tax Returns, 1989

Table 1.—Selected Balance Sheet, Income Statement and Tax Items, by Industrial Division and Asset Size

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

Item, industrial division	Total ¹	Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
ALL INDUSTRIES ³						
Number of returns.....	3,627,863	209,208	1,833,773	617,139	364,017	249,674
Total assets.....	17,647,120,286	—	58,373,473	99,794,218	128,716,039	176,219,089
Total receipts.....	10,934,973,405	217,765,745	314,115,671	306,033,231	318,666,631	390,035,804
Business receipts.....	9,427,277,533	119,658,265	306,814,460	298,539,600	309,844,175	377,212,890
Interest paid.....	831,521,305	74,123,238	2,800,632	3,830,483	4,539,238	5,978,550
Net income (less deficit).....	389,010,675	3,309,326	1,470,913	1,704,326	1,834,208	3,741,666
Total income tax. ⁴	127,754,021	3,127,585	403,434	685,181	867,233	1,291,371
Total income tax after credits. ⁴	96,147,206	2,145,436	385,782	680,429	832,021	1,240,609
Net worth.....	4,602,704,974	—	4,749,460	23,805,863	36,744,341	57,358,884
AGRICULTURE, FORESTRY AND FISHING						
Number of returns.....	123,195	7,166	48,769	23,770	19,333	14,152
Total assets.....	63,413,253	—	1,657,774	3,845,494	6,959,467	10,060,419
Total receipts.....	86,627,044	809,903	6,464,730	7,280,859	12,985,250	10,370,555
Business receipts.....	81,159,501	684,163	6,068,061	6,738,719	12,407,758	9,561,679
Interest paid.....	2,788,784	65,573	141,200	189,560	260,564	417,825
Net income (less deficit).....	1,550,580	13,784	53,947	114,858	90,366	286,709
Total income tax. ⁴	605,850	7,790	11,141	27,874	31,737	61,102
Total income tax after credits. ⁴	557,583	6,969	9,609	26,894	29,129	57,382
Net worth.....	21,097,130	—	-280,930	658,253	2,428,117	4,532,520
MINING						
Number of returns.....	41,631	3,160	19,594	7,119	4,132	3,095
Total assets.....	236,339,172	—	573,298	1,066,323	1,473,669	2,121,571
Total receipts.....	102,378,796	1,626,952	1,220,577	1,616,330	2,623,318	2,772,248
Business receipts.....	87,977,574	1,452,504	1,076,738	1,461,520	2,491,351	2,532,409
Interest paid.....	6,529,206	76,760	28,040	31,054	42,633	60,705
Net income (less deficit).....	3,144,686	-109,708	-71,448	-13,674	-77,312	-58,570
Total income tax. ⁴	1,771,670	9,619	6,292	5,973	3,121	18,938
Total income tax after credits. ⁴	1,080,476	8,287	6,253	5,849	2,775	18,031
Net worth.....	126,413,627	—	-541,444	285,492	-1,796,634	790,733
CONSTRUCTION						
Number of returns.....	393,103	16,283	206,748	62,853	44,244	28,114
Total assets.....	249,711,210	—	6,266,878	10,397,585	15,793,726	20,315,897
Total receipts.....	517,477,336	6,804,751	46,246,628	40,049,160	46,720,512	49,264,081
Business receipts.....	504,906,544	6,506,984	45,763,028	39,696,621	46,130,591	48,512,243
Interest paid.....	7,369,122	98,432	361,303	377,561	521,482	492,018
Net income (less deficit).....	8,736,930	-10,111	469,100	517,224	360,491	469,861
Total income tax. ⁴	2,327,882	36,101	50,695	99,468	120,449	167,508
Total income tax after credits. ⁴	2,106,624	33,865	50,112	97,497	118,876	160,839
Net worth.....	66,723,453	—	-608,857	3,457,237	5,125,181	6,598,451
MANUFACTURING						
Number of returns.....	301,346	12,458	112,543	50,825	35,499	29,709
Total assets.....	3,721,219,914	—	3,793,707	8,422,156	12,821,086	21,198,804
Total receipts.....	3,531,219,028	38,579,237	17,288,937	27,478,884	32,628,240	52,208,594
Business receipts.....	3,276,012,925	34,487,774	16,980,488	27,114,470	32,192,798	51,284,170
Interest paid.....	147,452,397	1,186,366	179,114	320,252	463,821	769,616
Net income (less deficit).....	180,476,024	2,755,321	-207,191	154,861	-164,122	664,681
Total income tax. ⁴	63,780,169	1,158,239	27,311	70,195	111,414	223,020
Total income tax after credits. ⁴	38,969,929	526,580	24,972	61,792	100,683	210,956
Net worth.....	1,373,491,815	—	-965,121	2,318,734	3,662,678	7,486,133

Footnotes at end of table.

Corporation Income Tax Returns, 1989

**Table 1.—Selected Balance Sheet, Income Statement and Tax Items, by Industrial Division and Asset Size
—Continued**

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

Item, industrial division	Total ¹	Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns.....	156,037	10,978	75,037	27,349	15,116	11,902
Total assets.....	1,474,412,864	--	2,554,399	4,487,228	5,441,390	8,334,345
Total receipts.....	906,501,335	15,382,331	14,739,962	15,757,753	15,702,427	19,912,609
Business receipts.....	844,076,080	13,057,585	14,491,849	15,328,203	15,401,001	19,228,708
Interest paid.....	56,900,550	613,328	137,094	222,113	261,079	378,331
Net income (less deficit).....	39,073,953	496,144	-141,897	144,134	-11,579	188,017
Total income tax ⁴	17,176,596	204,892	17,692	26,943	42,981	72,914
Total income tax after credits ⁴	15,664,580	171,353	14,688	26,173	37,964	67,915
Net worth.....	511,303,115	--	-48,896	802,225	785,574	1,899,891
WHOLESALE AND RETAIL TRADE						
Number of returns.....	1,012,980	54,578	438,915	206,341	119,141	83,772
Total assets.....	1,390,555,774	--	17,032,582	33,399,347	41,915,760	58,877,262
Total receipts.....	3,184,946,370	45,886,139	89,771,887	128,344,540	138,759,253	187,203,578
Business receipts.....	3,094,814,670	44,281,659	88,507,333	126,694,851	136,593,127	184,108,908
Interest paid.....	61,697,168	748,693	713,605	1,242,405	1,476,298	2,054,238
Net income (less deficit).....	36,155,437	-91,081	-841,875	159,235	925,023	1,246,899
Total income tax ⁴	13,595,625	230,512	93,505	186,242	283,209	405,162
Total income tax after credits ⁴	12,673,766	169,264	92,026	181,178	276,338	395,222
Net worth.....	342,748,950	--	-2,301,252	6,983,019	13,384,612	19,932,136
FINANCE, INSURANCE AND REAL ESTATE						
Number of returns.....	592,832	44,686	268,308	93,168	63,486	44,202
Total assets.....	9,957,481,118	--	8,100,764	15,089,401	22,532,841	30,950,252
Total receipts.....	1,868,003,359	96,987,259	27,206,314	12,648,276	14,822,158	15,353,316
Business receipts.....	855,752,870	8,807,634	24,933,381	10,824,776	11,805,838	12,367,470
Interest paid.....	521,868,248	70,818,623	461,594	496,404	726,804	885,924
Net income (less deficit).....	108,907,351	161,229	384,112	107,483	51,194	455,642
Total income tax ⁴	22,693,200	1,311,771	73,939	99,752	121,539	160,953
Total income tax after credits ⁴	20,146,630	1,154,787	72,357	97,847	121,144	158,987
Net worth.....	2,028,200,908	--	-382,925	3,950,499	6,985,499	9,971,973
SERVICES						
Number of returns.....	989,850	55,821	656,781	143,725	61,861	34,680
Total assets.....	552,132,138	--	18,158,985	22,713,534	21,370,885	24,526,726
Total receipts.....	735,497,193	11,620,422	110,653,074	72,017,079	54,141,274	52,932,644
Business receipts.....	680,350,095	10,360,712	108,479,061	69,828,264	52,552,018	49,599,276
Interest paid.....	26,858,974	517,419	775,191	938,250	772,836	919,877
Net income (less deficit).....	11,020,194	68,816	1,855,878	513,401	657,872	523,229
Total income tax ⁴	5,785,655	158,793	122,215	186,696	148,782	181,875
Total income tax after credits ⁴	4,930,443	64,464	115,122	161,380	141,113	171,278
Net worth.....	132,375,217	--	281,575	5,280,558	6,085,277	6,152,540

Footnotes at end of table.

Corporation Income Tax Returns, 1989

**Table 1.--Selected Balance Sheet, Income Statement and Tax Items, by Industrial Division and Asset Size
--Continued**

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

Item, industrial division	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ALL INDUSTRIES³							
Number of returns.....	261,895	38,236	24,810	10,781	7,276	5,604	5,450
Total assets.....	548,078,126	265,542,278	386,563,232	379,638,611	515,157,094	883,741,291	14,205,296,634
Total receipts.....	1,169,509,547	505,641,183	558,213,868	385,450,722	368,918,334	567,476,613	5,833,146,057
Business receipts.....	1,136,097,227	487,998,253	532,518,636	357,251,897	328,755,631	497,836,861	4,674,749,638
Interest paid.....	19,928,178	9,839,418	14,323,081	15,318,546	21,846,315	38,195,183	620,798,443
Net income (less deficit).....	12,877,814	7,229,251	9,910,703	8,717,560	11,318,118	19,269,427	307,627,364
Total income tax. ⁴	4,433,038	2,452,937	3,402,799	3,243,646	4,002,108	6,725,906	97,118,783
Total income tax after credits.....	4,247,668	2,313,921	3,130,176	2,880,190	3,429,556	5,801,878	69,079,540
Net worth.....	155,166,056	76,708,485	112,698,597	100,388,919	138,826,605	253,870,170	3,651,886,540
AGRICULTURE, FORESTRY AND FISHING							
Number of returns.....	8,841	695	272	101	52	35	7
Total assets.....	16,067,836	4,781,626	4,024,387	3,553,453	3,612,621	5,710,858	3,139,317
Total receipts.....	18,412,545	5,413,534	5,715,845	4,526,997	4,975,205	5,605,014	4,086,606
Business receipts.....	17,134,135	5,065,492	5,427,071	4,316,259	4,614,551	5,311,948	3,829,673
Interest paid.....	735,281	205,928	195,057	138,299	152,732	223,717	63,047
Net income (less deficit).....	195,485	26,948	-25,679	122,851	155,779	124,879	390,852
Total income tax. ⁴	103,155	46,923	17,205	41,467	57,475	66,319	133,661
Total income tax after credits. ⁴	95,117	46,506	16,482	37,924	51,805	64,878	114,887
Net worth.....	5,412,489	1,175,621	1,049,684	1,180,213	1,096,182	2,128,885	1,716,098
MINING							
Number of returns.....	2,878	751	441	177	123	74	87
Total assets.....	6,293,741	5,304,656	6,760,619	6,487,609	10,332,965	12,496,700	183,408,023
Total receipts.....	6,972,274	3,918,222	5,252,689	4,041,987	6,941,417	9,027,997	56,364,786
Business receipts.....	6,413,464	3,392,549	4,690,380	3,500,799	6,024,770	8,177,016	46,764,074
Interest paid.....	187,840	150,366	203,325	173,723	265,817	366,904	4,942,018
Net income (less deficit).....	40,838	-77,035	77,228	63,070	350,663	425,990	2,594,644
Total income tax. ⁴	47,996	47,610	59,932	47,001	172,972	153,273	1,198,942
Total income tax after credits. ⁴	45,128	40,048	54,475	44,570	107,240	125,351	622,670
Net worth.....	1,683,200	1,796,637	2,439,842	2,826,775	4,414,324	6,333,425	108,181,276
CONSTRUCTION							
Number of returns.....	29,299	3,381	1,522	367	163	86	43
Total assets.....	60,198,802	23,574,640	22,378,699	12,381,829	11,030,572	15,204,873	52,167,712
Total receipts.....	130,659,156	44,750,638	44,835,991	22,038,672	17,760,517	23,396,322	44,950,907
Business receipts.....	128,349,043	43,744,529	43,770,296	21,418,895	17,217,471	22,565,796	41,231,048
Interest paid.....	1,419,656	394,797	450,439	247,621	254,405	422,584	2,328,823
Net income (less deficit).....	2,366,449	1,173,328	1,211,840	508,032	491,744	438,784	740,188
Total income tax. ⁴	609,915	258,860	276,042	141,357	124,964	106,631	335,892
Total income tax after credits. ⁴	573,720	245,869	261,337	135,005	121,561	103,149	204,793
Net worth.....	16,577,644	6,606,851	5,968,642	3,113,542	2,908,725	3,515,343	13,460,694
MANUFACTURING							
Number of returns.....	41,337	8,092	5,785	2,138	1,172	932	1,056
Total assets.....	91,182,187	56,979,354	90,151,423	74,583,175	82,846,065	146,197,469	3,133,044,487
Total receipts.....	206,296,271	113,257,954	165,191,225	116,516,950	116,501,537	185,132,193	2,460,139,005
Business receipts.....	202,513,699	110,907,142	161,991,643	113,321,531	112,757,181	177,886,709	2,234,575,320
Interest paid.....	3,263,136	2,085,843	3,101,712	2,693,445	3,052,856	5,847,347	124,488,887
Net income (less deficit).....	3,679,817	2,790,020	4,716,967	4,045,718	4,787,279	7,429,181	149,823,492
Total income tax. ⁴	1,080,449	798,455	1,326,134	1,302,087	1,597,151	2,921,940	53,163,774
Total income tax after credits. ⁴	1,022,176	726,197	1,153,283	1,021,663	1,198,196	2,234,306	30,689,123
Net worth.....	34,096,456	22,046,340	36,201,101	29,364,013	33,480,134	56,124,564	1,149,676,786

Footnotes at end of table.

Corporation Income Tax Returns, 1989

Table 1.--Selected Balance Sheet, Income Statement and Tax Items, by Industrial Division and Asset Size--Continued

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

Item, industrial division	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
TRANSPORTATION AND PUBLIC UTILITIES							
Number of returns.....	11,515	1,939	1,065	381	210	188	358
Total assets.....	23,852,598	13,365,007	16,276,698	13,722,808	15,573,350	30,189,841	1,340,815,201
Total receipts.....	47,341,600	20,235,300	19,972,746	15,843,492	13,822,735	26,946,118	680,844,264
Business receipts.....	45,988,473	19,460,010	19,107,237	14,757,776	13,040,861	24,854,605	629,359,774
Interest paid.....	1,058,065	624,733	738,085	661,200	767,503	1,814,698	49,626,322
Net income (less deficit).....	142,684	-15,673	-97,372	248,471	-101,837	266,895	37,955,665
Total income tax ⁴	230,344	139,066	159,425	206,739	145,076	411,364	15,519,260
Total income tax after credits ⁴	218,932	134,496	154,175	199,842	132,437	393,149	14,113,456
Net worth.....	4,170,931	2,688,469	3,281,961	3,268,028	3,211,183	5,142,330	486,103,412
WHOLESALE AND RETAIL TRADE							
Number of returns.....	89,771	11,477	5,742	1,627	727	483	407
Total assets.....	187,938,980	78,433,216	86,366,390	55,753,748	50,763,071	76,122,344	704,153,075
Total receipts.....	617,631,883	260,178,181	247,425,432	155,371,889	127,439,515	181,338,236	1,005,596,038
Business receipts.....	607,469,351	255,566,367	242,127,083	151,914,897	124,294,500	176,735,904	956,540,690
Interest paid.....	7,421,551	3,143,427	3,411,677	2,136,222	2,052,688	3,259,881	34,038,482
Net income (less deficit).....	5,338,366	2,550,160	3,231,742	1,667,842	1,792,071	2,566,275	17,610,779
Total income tax ⁴	1,434,054	624,768	801,484	580,374	607,070	1,080,736	7,288,511
Total income tax after credits ⁴	1,402,124	614,129	781,417	535,274	591,389	1,029,237	6,806,167
Net worth.....	54,725,898	21,290,191	24,035,733	15,086,367	14,312,070	22,520,587	152,779,593
FINANCE, INSURANCE AND REAL ESTATE							
Number of returns.....	48,421	8,170	7,886	5,235	4,460	3,521	3,290
Total assets.....	102,324,914	57,271,704	128,213,506	187,198,460	315,048,494	547,678,919	8,543,071,863
Total receipts.....	37,579,890	20,706,965	33,150,167	38,035,379	55,613,887	92,410,573	1,423,489,174
Business receipts.....	28,961,102	15,083,968	22,080,540	21,011,066	27,544,282	42,838,327	829,494,488
Interest paid.....	3,339,250	2,128,463	4,829,338	8,116,551	14,011,415	23,881,421	392,172,461
Net income (less deficit).....	509,138	482,758	728,434	1,487,061	3,595,164	7,939,473	93,025,662
Total income tax ⁴	450,459	298,435	493,094	648,807	1,033,687	1,581,325	16,441,437
Total income tax after credits ⁴	442,616	293,348	470,745	631,239	986,914	1,485,386	14,231,263
Net worth.....	26,271,148	15,165,732	32,424,771	39,355,163	73,647,856	148,406,306	1,672,404,887
SERVICES							
Number of returns.....	29,589	3,723	2,078	754	370	287	202
Total assets.....	59,934,141	25,759,292	32,123,666	25,957,529	25,949,956	50,140,287	245,497,156
Total receipts.....	104,225,381	37,179,025	36,493,981	29,075,355	25,863,522	43,620,160	157,675,277
Business receipts.....	98,882,298	34,776,841	33,177,810	27,010,674	23,262,017	39,466,557	132,954,569
Interest paid.....	2,485,718	1,105,843	1,386,425	1,151,484	1,288,898	2,378,631	13,138,402
Net income (less deficit).....	639,729	318,744	57,025	574,715	247,055	77,849	5,486,080
Total income tax ⁴	476,412	238,820	268,913	297,814	263,713	424,318	3,037,305
Total income tax after credits ⁴	447,599	213,328	237,891	274,672	240,014	366,421	2,497,180
Net worth.....	12,142,356	5,938,840	7,278,708	6,196,818	5,756,119	9,698,730	67,563,797

¹ Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120 IC-DISC).

² For the definition of zero assets, see Table 2, footnote 2.

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

⁴ For purposes of the statistics, includes not only regular tax, but alternative minimum tax, tax from recapture of investment and low-income housing credits and certain other taxes. By law, only regular tax could be reduced by tax credits.

NOTE: Detail may not add to totals because of rounding (see also footnote 3).

Corporation Income Tax Returns, 1989

Table 2.--Balance Sheets, Income Statements and Tax Items, by Asset Size

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

Item	Total ¹	Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns.....	3,627,863	209,208	1,833,773	617,139	364,017	249,674
Total assets.....	17,647,120,286	—	58,373,473	99,794,218	128,716,039	176,219,089
Cash.....	823,705,622	—	12,826,058	16,913,348	18,122,585	21,772,315
Notes and accounts receivable.....	4,195,999,662	—	6,621,823	15,581,364	22,134,915	35,090,931
Less: Allowance for bad debts.....	104,026,839	—	73,680	184,106	208,927	424,998
Inventories.....	879,318,508	—	7,147,587	15,976,542	21,164,493	32,028,309
Investments in U.S. Government obligations.....	927,940,976	—	35,762	149,354	300,695	460,233
Other current assets.....	333,792,829	—	11,865	82,148	235,119	345,379
Tax-exempt securities.....	1,025,760,249	—	2,487,683	4,580,821	6,126,496	8,393,817
Loans to stockholders.....	81,223,634	—	4,012,398	4,940,242	4,990,207	4,058,787
Mortgage and real estate loans.....	1,610,211,866	—	331,449	1,150,714	1,970,490	2,035,403
Other Investments.....	3,970,942,298	—	1,561,822	4,313,424	6,628,204	9,592,578
Depreciable assets.....	4,069,775,039	—	56,038,544	68,418,651	83,557,733	99,530,497
Less: Accumulated depreciation.....	1,718,268,625	—	38,495,273	42,307,255	50,542,847	57,320,522
Depletable assets.....	134,392,549	—	248,680	392,373	256,496	408,352
Less: Accumulated depletion.....	56,491,222	—	161,848	152,958	98,980	174,834
Land.....	191,299,047	—	1,629,139	4,385,973	7,898,411	12,424,825
Intangible assets.....	438,136,945	—	2,223,685	3,027,241	2,870,342	3,552,871
Less: Accumulated amortization.....	82,406,932	—	1,109,758	1,283,541	1,250,150	1,286,112
Other assets.....	925,814,680	—	3,035,536	4,409,882	4,760,755	5,731,257
Total liabilities.....	17,647,120,286	—	58,373,473	99,794,218	128,716,039	176,219,089
Accounts payable.....	1,090,421,687	—	8,687,857	13,560,035	17,495,925	25,226,202
Mortgages, notes and bonds payable in less than 1 year.....	1,501,540,823	—	7,784,843	10,582,863	16,614,713	20,223,500
Other current liabilities.....	5,141,333,387	—	7,019,486	8,017,701	9,351,234	13,081,422
Loans from stockholders.....	247,166,196	—	22,640,204	18,488,253	16,523,324	16,605,918
Mortgages, notes and bonds payable in 1 year or more.....	2,490,067,919	—	13,356,882	21,899,370	28,344,410	38,496,788
Other liabilities.....	2,473,885,302	—	3,633,662	3,440,134	3,642,092	5,226,395
Capital stock.....	1,477,273,520	—	13,951,478	12,112,094	12,960,955	15,884,475
Paid-in or capital surplus.....	2,595,241,587	—	10,498,363	9,287,024	10,786,158	15,248,042
Retained earnings, appropriated.....	75,039,921	—	128,318	161,272	364,015	546,767
Retained earnings, unappropriated.....	1,335,773,741	—	-11,332,582	9,283,819	14,182,106	25,383,575
Other retained earnings (Form 1120S).....	111,613,230	—	-15,434,757	-3,461,170	2,183,453	5,634,753
Less: Cost of treasury stock.....	992,237,024	—	2,560,280	3,577,176	3,732,346	5,338,748
Total receipts.....	10,934,873,405	217,765,745	314,115,671	306,033,231	318,666,631	390,035,804
Business receipts.....	9,427,277,533	119,658,265	306,814,460	298,539,600	309,844,175	377,212,890
Interest on State and local Government obligations.....	36,278,852	181,137	1,852	12,134	13,662	29,443
Other interest.....	930,912,502	79,814,279	618,402	1,124,464	1,339,407	1,882,457
Rents.....	102,685,563	1,361,433	657,454	985,635	1,433,036	1,779,623
Royalties.....	26,810,742	393,178	105,922	35,283	62,535	86,486
Net short-term capital gain reduced by net long-term capital loss.....	10,759,508	112,300	38,172	52,663	42,772	63,035
Net long-term capital gain reduced by net short-term capital loss.....	62,471,314	3,378,569	894,910	369,368	588,828	684,695
Net gain, noncapital assets.....	34,997,062	1,465,802	688,712	633,931	578,995	777,319
Dividends, domestic corporations.....	15,480,200	667,171	17,122	52,495	91,425	111,789
Dividends, foreign corporations.....	33,503,834	781,104	*27	*213	*1,304	*6,426
Other receipts.....	253,796,196	9,952,507	4,298,636	4,227,444	4,670,491	7,401,641

Footnotes at end of table.

Corporation Income Tax Returns, 1989

Table 2.--Balance Sheets, Income Statements and Tax Items, by Asset Size--Continued

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

Item	Total ¹	Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions.....	10,544,705,529	215,647,581	312,606,946	304,316,771	318,818,895	388,255,146
Cost of sales and operations.....	6,317,467,181	74,569,670	140,283,144	167,650,150	189,940,828	244,265,145
Compensation of officers.....	197,766,376	2,749,986	32,051,772	23,488,638	19,369,331	19,680,854
Repairs.....	90,044,130	1,724,683	2,741,842	2,536,471	2,696,538	2,867,781
Bad debts.....	68,805,675	3,187,880	778,560	761,405	1,034,192	1,223,276
Rent on business property.....	173,079,979	3,888,103	14,381,914	10,071,184	8,700,055	8,838,906
Taxes paid.....	236,145,632	3,939,392	9,375,887	8,813,618	8,510,966	10,031,549
Interest paid.....	831,521,305	74,123,238	2,800,632	3,830,483	4,539,238	5,978,550
Contributions or gifts.....	4,892,920	48,884	41,582	59,569	64,862	94,577
Amortization.....	25,569,134	521,715	337,921	406,093	409,581	417,587
Depreciation.....	337,302,354	3,926,034	6,069,432	7,039,908	7,562,300	8,681,259
Depletion.....	9,251,107	55,395	36,342	13,744	21,694	30,814
Advertising.....	124,432,075	2,408,531	5,074,400	2,969,926	2,866,898	3,587,757
Pension, profit sharing, stock bonus and annuity plans.....	44,159,248	357,011	1,488,243	1,352,200	1,222,935	1,593,676
Employee benefit programs.....	109,561,360	1,417,072	1,703,701	1,751,669	1,782,684	2,524,330
Net loss, noncapital assets.....	21,121,222	6,183,434	401,508	177,041	179,449	230,578
Other deductions.....	1,953,585,833	36,548,553	95,040,065	73,394,673	67,917,246	76,208,507
Total receipts less total deductions.....	390,267,875	2,118,163	1,508,725	1,716,460	1,847,736	3,780,658
Constructive taxable income from related foreign corporations.....	35,100,199	1,372,300	--	--	*482	*3
Net income (less deficit).....	389,010,675	3,309,326	1,470,913	1,704,326	1,834,208	3,741,666
Net income (less deficit), Form 1120-A.....	-284,700	-36,598	-287,949	36,439	3,404	*3
Net income (less deficit), Form 1120-S ³	32,469,877	37,778	3,088,456	908,333	1,162,593	1,505,018
Net income (less deficit), Form 1120-F.....	-130,658	-226,975	*59	*43	--	--
Net income.....	556,333,401	13,704,199	13,295,911	10,124,776	9,729,492	11,959,073
Deficit.....	167,321,725	10,394,873	11,824,998	8,420,450	7,895,285	8,217,408
Statutory special deductions, total⁴.....	124,182,714	3,476,044	2,158,940	1,842,015	1,297,733	1,612,928
Net operating loss deduction.....	43,188,453	2,496,696	2,131,737	1,604,242	1,204,711	1,503,498
Dividends received deduction.....	13,647,756	528,322	12,138	37,773	65,151	87,584
Public utility dividends paid deduction.....	53,367	--	--	--	--	--
Income subject to tax⁵.....	371,054,512	9,002,168	2,450,519	4,024,342	4,476,413	5,569,072
Income tax before credits, total⁵.....	127,754,021	3,127,585	403,434	685,181	867,233	1,291,371
Regular tax.....	123,236,461	3,006,033	400,466	678,687	854,695	1,265,997
Personal Holding Company tax.....	25,618	--	*873	*499	*4,134	*357
Tax from recapture of investment and low-income housing credits ⁷	354,889	3,445	1,409	632	770	2,026
Alternative minimum tax.....	3,540,918	76,188	*743	4,152	6,123	22,175
Environmental tax.....	471,779	8,763	*33	*77	*50	*73
Adjustments to total tax.....	28,063	-5,852	*96	*6	*101	*39
Foreign tax credit.....	23,996,821	846,445	(6)	*3,123	*794	4,915
U.S. possessions tax credit.....	2,793,603	77,112	102	121	104	723
Orphan drug credit.....	14,190	--	--	--	--	--
Nonconventional source fuel credit.....	82,792	*20	--	--	--	*29
General business credit.....	3,882,728	43,033	17,539	19,866	33,565	41,998
Prior year minimum tax credit.....	836,681	15,539	*11	*1,643	*748	3,097
Total income tax after credits.....	96,147,206	2,145,436	385,782	660,429	832,021	1,240,609

Footnotes at end of table.

Corporation Income Tax Returns, 1989

Table 2.--Balance Sheets, Income Statements and Tax Items, by Asset Size--Continued

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

Item	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	261,895	38,238	24,810	10,781	7,276	5,604	5,450
Total assets.....	548,078,126	265,542,278	388,563,232	379,638,611	515,157,094	883,741,291	14,205,296,834
Cash.....	51,205,608	20,268,497	27,867,520	23,806,748	29,367,887	41,696,333	559,298,723
Notes and accounts receivable.....	117,139,037	59,826,810	94,249,443	104,565,218	143,458,644	213,022,139	3,384,309,339
Less: Allowance for bad debts.....	1,803,425	1,095,276	2,068,103	2,349,702	3,617,382	6,031,305	86,169,956
Inventories.....	121,028,446	53,786,899	61,100,815	39,733,865	36,920,683	57,087,612	431,943,258
Investments in U.S. Government obligations.....	2,888,591	3,318,341	16,211,553	28,148,638	44,537,281	67,777,286	764,115,243
Other current assets.....	1,153,714	1,087,506	2,900,423	5,595,262	12,501,721	18,248,757	291,830,935
Tax-exempt securities.....	29,014,079	15,072,958	21,330,273	20,304,546	22,793,495	41,485,022	854,171,059
Loans to stockholders.....	7,667,155	2,600,532	2,197,120	1,914,696	1,939,030	3,779,772	43,123,695
Mortgage and real estate loans.....	6,091,025	2,884,475	6,593,380	16,850,390	43,087,736	101,969,731	1,427,487,074
Other Investments.....	33,895,966	22,332,537	43,504,493	48,347,392	76,470,951	166,374,027	3,555,920,902
Depreciable assets.....	258,714,112	114,622,588	143,463,767	107,607,191	111,721,547	171,829,115	2,854,271,293
Less: Accumulated depreciation.....	134,182,071	54,259,296	64,402,888	45,469,922	45,667,121	65,289,123	1,120,332,307
Depletable assets.....	1,654,817	1,797,603	2,883,227	2,849,036	3,263,133	4,608,638	116,030,194
Less: Accumulated depletion.....	579,496	858,751	1,359,155	1,256,285	1,188,725	1,641,663	49,018,528
Land.....	31,194,838	11,878,037	13,530,447	9,689,178	8,778,893	12,532,112	77,557,193
Intangible assets.....	9,888,585	6,214,308	8,495,991	9,706,181	14,329,273	28,139,959	349,688,510
Less: Accumulated amortization.....	3,568,401	2,116,664	2,352,944	2,131,839	3,063,988	4,771,139	59,472,395
Other assets.....	16,675,546	7,643,175	12,417,871	11,930,019	15,524,018	32,924,017	810,762,603
Total liabilities.....	548,078,126	265,542,278	388,563,232	379,638,611	515,157,094	883,741,291	14,205,296,834
Accounts payable.....	83,557,271	37,140,194	44,205,902	31,453,258	31,784,197	48,300,878	749,009,969
Mortgages, notes and bonds payable in less than 1 year.....	92,512,137	46,043,894	54,095,478	35,093,861	38,399,530	55,508,671	1,224,681,333
Other current liabilities.....	47,840,703	28,169,231	73,208,412	121,864,960	203,445,831	331,376,250	4,297,958,156
Loans from stockholders.....	34,791,759	10,401,347	9,790,551	5,855,640	5,496,930	8,407,002	98,165,269
Mortgages, notes and bonds payable in 1 year or more.....	114,687,888	55,914,498	74,068,467	65,079,106	71,485,805	130,419,606	1,876,317,098
Other liabilities.....	19,522,314	11,164,630	18,497,824	19,902,868	25,718,198	55,858,716	2,307,278,469
Capital stock.....	37,056,350	17,509,610	23,503,602	20,884,373	27,208,420	62,969,883	1,233,232,280
Paid-in or capital surplus.....	48,969,054	26,748,972	47,009,337	51,781,625	81,151,329	150,242,841	2,143,518,843
Retained earnings, appropriated.....	1,145,057	450,134	678,003	823,163	1,552,873	2,911,312	66,279,007
Retained earnings, unappropriated.....	45,802,517	14,712,730	19,526,630	16,899,925	24,524,109	45,586,787	1,131,104,128
Other retained earnings (Form 1120S).....	36,940,093	21,599,240	27,222,193	13,756,754	10,674,766	7,747,425	4,750,482
Less: Cost of treasury stock.....	14,747,015	4,312,201	5,241,168	3,856,921	6,284,892	15,588,078	926,998,200
Total receipts.....	1,169,509,547	505,641,183	558,213,888	385,450,722	368,918,334	587,476,613	5,833,146,057
Business receipts.....	1,136,097,227	487,998,253	532,518,636	357,251,897	328,755,631	497,836,861	4,674,749,638
Interest on State and local Government obligations.....	129,607	124,689	360,263	679,348	1,368,959	2,612,934	30,764,827
Other interest.....	5,090,175	3,182,969	8,142,764	13,512,758	23,762,164	42,428,678	750,013,985
Rents.....	5,186,669	2,564,540	3,185,838	2,237,324	2,197,230	4,241,180	76,875,601
Royalties.....	503,621	132,809	379,687	364,618	841,187	981,981	23,123,434
Net short-term capital gain reduced by net long-term capital loss.....	155,266	89,295	196,760	296,379	421,095	947,326	8,344,444
Net long-term capital gain reduced by net short-term capital loss.....	2,012,958	1,124,956	1,463,407	1,543,398	1,595,394	2,866,516	45,948,315
Net gain, noncapital assets.....	2,329,063	1,064,573	1,387,818	822,864	1,131,386	1,322,011	22,794,886
Dividends, domestic corporations.....	355,811	218,449	279,912	339,719	364,277	564,836	12,417,194
Dividends, foreign corporations.....	38,215	44,660	124,415	165,379	351,252	846,201	31,144,638
Other receipts.....	17,610,935	9,095,990	10,174,568	8,237,041	8,329,760	12,828,088	156,969,095

Footnotes at end of table.

Corporation Income Tax Returns, 1989

Table 2.--Balance Sheets, Income Statements and Tax Items, by Asset Size--Continued

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

Item	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total deductions.....	1,156,548,054	498,338,377	547,987,660	376,148,783	356,462,480	546,269,326	5,527,305,510
Cost of sales and operations.....	826,178,674	369,617,082	395,389,948	264,892,929	234,412,257	354,269,542	3,055,997,811
Compensation of officers.....	37,354,850	11,028,237	9,894,825	5,471,671	4,503,839	5,405,540	26,766,834
Repairs.....	5,918,845	2,124,237	2,316,936	1,716,132	1,712,161	2,781,019	60,907,485
Bad debts.....	3,701,506	1,584,996	2,015,809	1,942,108	2,052,918	3,004,665	47,518,558
Rent on business property.....	17,285,146	5,850,511	6,662,009	4,653,052	5,259,064	7,676,433	79,813,603
Taxes paid.....	22,690,694	8,837,803	10,270,152	6,506,784	6,737,642	10,253,966	130,177,180
Interest paid.....	19,928,178	9,839,418	14,323,081	15,318,546	21,846,315	38,195,183	620,798,443
Contributions or gifts.....	224,905	94,709	152,041	137,712	143,383	274,799	3,555,898
Amortization.....	1,223,827	806,273	1,071,140	1,088,498	1,159,657	2,350,566	15,776,176
Depreciation.....	22,026,047	9,749,574	12,345,823	8,756,567	9,343,398	14,780,191	227,021,822
Depletion.....	189,351	134,655	213,863	247,517	342,145	408,284	7,557,304
Advertising.....	10,470,126	4,170,032	4,963,350	3,628,113	3,915,690	6,414,491	73,962,761
Pension, profit sharing, stock bonus and annuity plans.....	3,728,769	1,304,909	1,643,698	1,046,597	1,105,805	1,859,945	27,455,461
Employee benefit programs.....	7,231,913	3,365,501	4,164,898	2,949,017	3,459,573	5,997,412	73,213,588
Net loss, noncapital assets.....	607,300	322,535	484,713	376,419	451,938	703,021	11,003,286
Other deductions.....	177,787,923	69,507,905	82,075,573	57,417,121	60,016,695	91,894,270	1,065,779,302
Total receipts less total deductions.....	12,961,493	7,302,806	10,226,208	9,301,940	12,455,854	21,207,287	305,840,547
Constructive taxable income from related foreign corporations.....	*50,935	51,152	69,936	95,206	231,785	676,756	32,551,644
Net Income (less deficit).....	12,877,814	7,229,251	9,910,703	8,717,560	11,318,118	19,269,427	307,627,364
Net income (less deficit), Form 1120-A.....	--	--	--	--	--	--	--
Net income (less deficit), Form 1120-S ³	7,833,992	4,244,311	5,371,665	3,180,800	2,562,633	1,609,296	965,002
Net income (less deficit), Form 1120-F.....	*5,466	*3,321	*49,536	--	2,533	37,625	2,799
Net income.....	33,053,966	15,684,833	20,228,045	16,295,152	18,655,095	29,939,161	363,663,698
Deficit.....	20,176,152	8,455,582	10,317,341	7,577,591	7,336,977	10,669,734	56,035,334
Statutory special deductions, total⁴.....	3,574,840	1,729,158	2,839,367	3,017,652	4,195,602	8,944,757	89,693,878
Net operating loss deduction.....	3,163,336	1,341,079	1,936,397	1,824,845	1,890,738	2,919,569	21,171,605
Dividends received deduction.....	250,659	166,968	256,857	273,159	363,367	552,286	11,053,494
Public utility dividends paid deduction.....	--	--	*34	*8	510	107	52,708
Income subject to tax⁵.....	14,494,429	7,099,013	9,718,570	9,212,350	11,333,669	19,045,354	274,628,612
Income tax before credits, total⁶.....	4,433,038	2,452,937	3,402,799	3,243,646	4,002,108	6,725,906	97,118,783
Regular tax.....	4,298,192	2,371,570	3,283,377	3,126,843	3,854,662	6,482,194	93,613,746
Personal Holding Company tax.....	5,992	*535	*348	*170	2,316	353	10,040
Tax from recapture of investment and low-income housing credits ⁷	7,433	6,260	6,272	6,079	4,930	8,286	307,348
Alternative minimum tax.....	111,029	69,373	104,474	97,086	114,456	194,169	2,740,950
Environmental tax.....	456	967	3,780	7,423	10,742	22,271	417,145
Adjustments to total tax.....	3,114	2,988	744	3,731	2,528	7,504	14,743
Foreign tax credit.....	24,414	31,670	62,599	67,829	194,479	406,474	22,354,079
U.S. possessions tax credit.....	20,340	40,658	123,101	212,170	274,890	331,159	1,713,123
Orphan drug credit.....	--	--	--	--	--	--	14,190
Nonconventional source fuel credit.....	--	*209	*611	*1,420	722	506	79,275
General business credit.....	106,463	50,315	66,437	60,995	81,699	144,735	3,216,082
Prior year minimum tax credit.....	34,153	16,163	19,875	21,042	20,762	41,154	662,493
Total income tax after credits.....	4,247,668	2,313,921	3,130,176	2,880,190	3,429,556	5,801,878	69,079,540

¹ Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120 IC-DISC).

² Zero assets class includes returns of liquidating or dissolving corporations which had disposed of all assets, final returns of merging corporations whose assets were included in the returns of the acquiring corporations, part-year returns (except those of newly incorporated businesses), returns of foreign corporations with income "effectively connected" with a U.S. trade or business (except foreign insurance companies providing separate data for U.S. branches, assets for which are included in the appropriate size class).

³ Net income of S Corporations was taxed (with few exceptions) through their shareholders. Therefore, the net income of these corporations is excluded from the statistics on income subject to tax. (In general, income subject to tax equals net income minus statutory special deductions on returns with both net income and income tax.)

⁴ Also includes deductions for dividends paid allowed regulated investment companies and real estate investment trusts. These deductions are not shown separately.

⁵ See footnote 3.

⁶ For purposes of the statistics, all of the taxes shown below plus certain others not shown, are included in both income tax before and after credits. By law, tax credits could only offset regular tax.

⁷ There were no sample returns showing tax from recapture of low-income housing credit; the amount of this tax is considered to be minor as a result.

⁸ Less than \$500.

⁹ 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 totals because of rounding.