

Statistics of Income

SOI BULLETIN



Department of the Treasury
Internal Revenue Service

Volume 9, Number 3

Winter 1989–1990

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Statistics of Income

SOI BULLETIN

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Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, R:S Internal Revenue Service, Washington, DC 20224.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

Robert A. Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Wendy Alvey and Beth Kilss, who wrote the SOI Bulletin Board column, and Clementine Brittain who provided editorial support and prepared the copy. Any views expressed in the articles are those of the authors and do not necessarily represent the views of the Treasury Department.

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STATISTICS OF INCOME DIVISION PUBLICATIONS AND TAPES

**Statistical Information Service Desk
(202) 233-1755
FAX (202) 233-1620**

The following Statistics of Income reports and tapes can be purchased from the Statistics of Income Division (unless otherwise indicated). Prepayment is required, with checks made payable to the IRS Accounting Section. For copies from the Statistics of Income Division, please write:

Director, Statistics of Income Division (R:S)
Internal Revenue Service
P. O. Box 2608
Washington, DC 20013

BUSINESS SOURCE BOOKS:

- ***Corporation Source Book, 1986, Publication I053 -- Price \$175.00***

This 480-page document presents detailed income statement, balance sheet, tax and investment credit items by major and minor industries and size of total assets. The report, which underlies the *Statistics of Income--Corporation Income Tax Returns* publication, is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150 per year). A magnetic tape containing the tabular statistics for 1986 can be purchased for \$1,500.

- ***Partnership Source Book, 1957-1983, Publication I289 -- Price \$30.00***

This 291-page document shows key partnership data for 1957 through 1983, at the minor, major and division industry levels. It includes a historical definition of terms section and a summary of legislative changes affecting the comparability of partnership data during that period. Tables show:

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

(A magnetic tape containing the tabular statistics for partnerships can be purchased for \$300 from the National Technical Information Service, U.S. Department of Commerce, Springfield, VA 22161.) More recent partnership data are published annually in the *Statistics of Income Bulletin*.

- ***Sole Proprietorship Source Book, 1957-1984, Publication I323 -- Price \$95.00***

This *Source Book* is a companion to that for partnerships, described above. It is a 244-page document showing key proprietorship data for 1957 through 1984. Each page contains statistics for a particular industry. Tables show:

- | | | |
|------------------------|------------------------|--------------|
| o Number of businesses | o Depreciation | o Payroll |
| o Business receipts | o Taxes paid deduction | o Net income |
| o Interest paid | | |

STATISTICS OF INCOME DIVISION

PUBLICATIONS AND TAPES

A magnetic tape containing the tabular statistics can be purchased for \$245. As with partnerships, more recent (nonfarm) sole proprietorship data are published annually in the *Statistics of Income Bulletin*.

COMPENDIUMS:

○ *Studies of International Income and Taxes, 1979-1983, Publication 1267 -- Price \$45.00*

This report presents information from 13 *Statistics of Income* studies in the international area (many of them previously published in the *SOI Bulletin*), including:

- Foreign activity of U.S. corporations
 - Activity of foreign corporation in the United States
 - 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

○ *Partnership Returns, 1978-1982, Publication 369 -- Price \$22.00*

This report presents previously unpublished *Statistics of Income* data for 1980, 1981 and 1982, as well as data previously issued in the *SOI Bulletin* and 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

REIMBURSABLE SERVICES (prices dependent on the request):

● **Public Use Magnetic Tape Microdata Files**

This includes individual income tax returns for 1978-1986. (Individual income tax returns for 1966-1977 are available from the Center for Electronic Records (NNX) of the National Archives and Records Administration, Washington, DC 20408.) Files containing more limited data for each State are also available for 1985. All of these files have been edited to protect the confidentiality of individual taxpayers. Private foundations for 1982, 1983 and 1985 and nonprofit charitable organizations for 1983 and 1985 are also available from the Statistics of Income Division. The individual, private foundation and charitable organization files are the only microdata files that can be released to the public.

○ **Migration Data**

Compilations showing migration patterns, from where to where, by State and county, based on year-to-year changes in the tax return address. Data are available for selected time periods (according to the years in which returns were filed) between 1978 and 1988 and include counts of the number of individual income tax returns and personal exemptions. In addition, county income totals are available for Income Years 1982 and 1984 through 1987.

STATISTICS OF INCOME DIVISION
PUBLICATIONS AND TAPES

● **Other Unpublished Tabulations**

Unpublished tabulations also from *Statistics of Income (SOI)*, including detailed tables underlying those published in the *SOI Bulletin*. Special tabulations may also be produced, depending on the availability of SOI computer programming resources.

OTHER PUBLICATIONS:

The following *Statistics of Income* publications are available from the Superintendent of Documents, U.S. Government Printing Office. For copies write:

Superintendent of Documents
U.S. Government Printing Office
Washington, DC 20402

Statistics of Income (SOI) Bulletin (Quarterly), Publication No. 1136
Stock Number 748-005-00000-5 -- Subscription price \$20.00; Single copy price \$7.50

Provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on sole proprietorships and partnerships, as well as from periodic or special studies of particular interest to tax analysts and administrators and to economists. Historical tables include data from *SOI* as well as on tax collections and refunds by type of tax.

Statistics of Income--1986, Corporation Income Tax Returns, Publication No. 16
Stock Number 048-004-02290-7 -- Price \$10.00

This report presents more comprehensive and complete data on corporation income tax returns with accounting periods ended July 1986 through June 1987, than those published earlier in the *SOI Bulletin*.

Presents information on--

- o Receipts
- o Deductions
- o Net income
- o Taxable income
- o Income tax
- o Tax credits
- o Assets
- o Liabilities

o Data classified by--

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

Statistics of Income--1986, Individual Income Tax Returns, Publication No. 1304
Stock number 048-004-02285-1 -- Price \$11.00

This report presents more comprehensive and complete data on individual income tax returns for 1986 than those published earlier in the *SOI Bulletin*.

o Presents information on--

- Sources of income
- Exemptions
- Itemized deductions
- Tax computations

o Data presented by--

- size of adjusted gross income
- marital status

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Partnership Returns, 1987 5

By Joseph H. Middough

For 1987, partnerships reported an overall net loss of \$5.4 billion, down by nearly 70 percent from the \$17.4 billion overall net loss reported for 1986. Net losses reported by real estate operators and lessors of buildings contributed significantly to the size of the overall loss. The number of active partnerships declined for the second consecutive year, to 1,648,032 for 1987. These are among the first tax return statistics reflecting some of the effects of the Tax Reform Act of 1986 on partnerships.

Partnerships, Passive Losses, and Tax Reform, 1981-1987 31

By Susan Nelson and Tom Petska

Partnerships responded during 1987 to the 1986 Tax Reform provisions to curb partnership tax shelter activity, but not nearly as much as the \$12.0 billion improvement in net income implies. While net losses did decline, those of real estate limited partnerships continued to grow, but by only \$1.0 billion or 4 percent. Oil and gas partnerships shared in the increased profit picture even though they were exempted from the 1986 "passive loss" restrictions. The early effects of Tax Reform were more evident among individual partners than among partnerships. Partners' net income increased for 1987 by at least \$21 billion. About \$10 billion resulted from disallowed passive losses under the 1986 Act. Results were particularly notable among high-income individuals with low effective tax rates; for these taxpayers use of partnership losses to offset other income declined substantially for 1987.

Foreign Recipients of U.S. Income, and Tax Withheld, 1987 41

By Marilyn J. Flaherty

U.S. source income paid to foreign persons rose 4 percent in 1987 to \$22.7 billion. Japan was, for the first time ever, the largest recipient with \$4.5 billion. Tax withheld on U.S. source income rose by more than 13 percent, to \$1.3 billion. The disproportionate increase in tax relative to income was due to the rise in dividend income which was rarely exempt from tax withholding. Tax withheld on dividends made up the major portion of all tax withheld (68 percent).

Corporate Foreign Tax Credit, by Industry, 1984 57

By Vergle Mose

Foreign tax credits enabled U.S. companies to reduce their U. S. income tax for 1984 by \$21.4 billion. Between 1982 and 1984, the foreign tax credit claimed by U.S. corporations rose by \$2.5 billion, an increase of 13 percent. The credit declined from \$24.9 billion for 1980, to \$18.9 billion for 1982, then rose to \$21.4 billion for 1984 and then afterward to \$24.3 billion for 1985. The swaying pattern of the foreign tax credit reflects the changing levels of both foreign and domestic profits and income taxes of U.S. companies between 1980 and 1985.

Projections of Returns to be Filed in Fiscal Years 1990-1997 91

By Marlon W. Mak

A total of 202.8 million primary tax returns and supplemental documents are projected to be filed with the Internal Revenue Service in Fiscal Year 1990, an increase of 1.7 percent over the number filed in FY 1989. Although projected year-to-year increases will range between 2 to 5 million returns, the yearly rates of growth in total filings are expected to decline from 2.6 percent in 1989 to 1.7 percent in 1997.

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SOI Bulletin Board

SOME OBSERVATIONS AND INSIGHTS

For the first time in nearly 20 years, the Statistics of Income Division has a new home. Our offices are now located at 500 North Capitol Street, NW, very near Union Station and the U.S. Capitol, but further away from the Main IRS Building and the Department of the Treasury.

We moved out of our previous location -- 1201 E Street, NW, is soon to be torn down -- in the middle of January. After many months of concerted and careful planning, and weeks of packing and unpacking, we are finally getting settled in and are starting to feel at home. The effects of all the changes associated with moving are gradually unfolding (and, when necessary, being resolved). Some of the more immediate benefits include better conference and training rooms; larger, more adequate space to accommodate the ongoing computer modernization efforts; and an office environment that will better enable us to serve our numerous customers.

As for the drawbacks, there have been some minor inconveniences -- e.g., distance from the Main IRS building; disrupted carpools; and a new telephone system -- but we're learning to adjust. Other, more serious, drawbacks (although they're temporary ones) have been the disruption to our work flow and work schedules. The delay in publishing this issue of the *Bulletin*, for example, is due in large part to the move.

The moving process rekindled old memories of previous moves from other Division residences for many of our "long timers." In fact, for some of our staff, this new residence becomes their fifth change of address since working in the Division. You may be interested to know that, over the years, the Statistics of Income Division (originally created in 1917 as the Statistical Section of the Income Tax Unit, Clearing Division of the Bureau of Internal Revenue) has occupied quite a variety of sites around the District of Columbia. Chronologically, these include:

- *Annex Building (1918-1931)*-- One of our earliest (if not our first) locations, according to the 1924 Treasury Department phone book, was the Annex Building located at Pennsylvania Avenue and Madison Place, near the Treasury Building. We may have actually been there as early as 1918, since the phone numbers for 1918 and 1924 were the same, although no address was given in the earlier phone book. It wasn't until the main Internal Revenue Building was built, however, that we changed addresses.
- *Main IRS Building (1931-1963)*-- Little did the Statistical Section know when it relocated to the Main IRS Building at 1111 Constitution Avenue, NW, in 1931, that it would be at home there for the next 32 years. During this era the many changes taking place in the national and international arenas were paralleled by changes in leadership, pro-

gram content, technology and staff right within our own organization. At one point, in the late 1940's, the number of employees in the Division reached its all-time highest level (close to 500 people), consisting almost entirely of clerical-level women who manually processed all of the returns for the Statistics of Income programs. This was in the days prior to the advent of computers, when SOI processing was conducted entirely in-house. It was also at a time when statistical sampling, as we know it today, was just beginning and the samples of returns to be processed were much larger than they are now. Eventually, SOI purchased a one-third interest in a UNIVAC computer at the Census Bureau (in 1956) and "SOI modernization" was underway!

- *Pension Building (1963-1968)*. -- Following the more than three decades at the Main IRS Building, our offices were relocated to the old Pension Building (now known as the National Building Museum) at F Street between 4th and 5th Streets, NW. This site, built after the Civil War, may be remembered, by some, more for the large pigeon population that was often observed flying or nesting in its cavernous atrium than for the home it provided for the Division. The story goes that, because of all the feathered tenants in the building, some of the women of the Division took to wearing shawls or carrying umbrellas to protect themselves. These years also

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coincided with the establishment of the Detroit Data Center and the relocation of our computer operations (and much of our manual operations, as well) to that site.

o *Main IRS Building (1968-1971).*--

We thought perhaps it was a case of "deja vu," but rather it was just that another move, in 1968, brought us back among the labyrinthian halls of the IRS Building for yet another 3 years' residence.

o *1201 E Street, NW (1971-1990).*--

The year was 1971, and the Statistics Division, once again, found itself packing and unpacking a mere two blocks from its former home. For the next 19 years (until the present), we carried on the business of producing statistics from tax return information, while at the same time we continued to undergo more changes. Just to mention a few, we revised our organizational structure and changed our name (both "again"), introduced many technological innovations to help us do our jobs better and timelier -- e.g.,

o increasing our computer capabilities and acquiring our own (again);

o moving most of our data processing operations from Detroit to the IRS service centers located throughout the country;

o changing sample sizes, program content, and number of publications in response

to budgetary constraints and user needs; and

- o introducing direct on-line editing of returns for SOI.

We also began publishing the SOI Bulletin!

A part of our history, then, has been tied to our physical location. We are now looking forward to utilizing the new opportunity we have at 500 North Capitol Street, NW, to continue to improve as an organization and to provide the kind and quality of services our users expect. We welcome you to come by and see us in our new "digs."

Fritz Scheuren
Director
Statistics of Income
Division

THIS ISSUE AT A GLANCE

The Winter 1989-1990 issue of the *Bulletin* contains information from domestic as well as foreign business income tax returns, and presents projections of tax return filings through 1997. A brief abstract of each article is provided below:

Partnership Returns, 1987.-- Provides data on partnership income, deductions and profits derived from a sample of partnership tax returns, Form 1065, processed by IRS during 1988. For 1987, the Study presents the first statistics on the effects of the Tax Reform Act of 1986.

Partnerships, Passive Losses, and Tax Reform, 1981-1987.-- Provides

data on the use of partnerships as a means for individuals to shelter income from taxation and the first indications of the effects of the Tax Reform Act of 1986 on curbing partnership tax shelter activity.

Foreign Recipients of U.S. Income, and Tax Withheld, 1987.-- Provides data by country on U.S. source income paid to foreign persons in 1987 and the U.S. tax that was withheld on it, all based on Forms 1042S filed with the IRS in 1987.

Corporate Foreign Tax Credits, 1984.-- Provides data on foreign income and tax, by U.S. industry and by country, reported by U.S. corporations in computing their foreign tax credits, with comparisons to their recent years.

Projections of Tax Return Filings, 1990-1997.-- Provides projections of the major types of returns to be filed in Fiscal Years 1990-1997. Projections reflect adjustments made for recent legislation, including the Tax Reform Act of 1986 and the Technical and Miscellaneous Revenue Act of 1988.

BEHIND THE SCENES

As you might expect, the relocation of the Division didn't just "happen." Looking back over the many months, weeks, days and hours devoted to "the move," it is appropriate to recognize those responsible for the careful planning and complex implementation which resulted in a very smooth transition to our new home. It was truly a team effort to get nearly 200 people relocated, while at the same

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time trying to keep projects as close to or on schedule as possible. Unfortunately, space does not permit mentioning everyone involved -- they are just too numerous to list here. Nevertheless, all of the SOI individuals involved deserve special thanks for the long hours put in (often on weekends) and for the important roles they played in making the move possible. I would, however, like to devote the remainder of this section to highlighting one individual who provided the leadership necessary to bring it all about so effectively.

Special acknowledgment goes to JIM KADY, the key person in the myriad details of the entire move operation. He tirelessly oversaw every aspect of the process -- from coordinating with IRS logistical support officials to the NTEU (National Treasury Employees Union) representatives and chairing the IRS Management Negotiating Team, from the vendors to the movers, from the old building managers to the new building managers, and from one SOI Division manager to another (all concerned about space and storage allotments). Jim was truly "grace under pressure" personified, as he so ably participated in the seemingly endless round of discussions and meetings required. We are all indebted to him for a job well done.

YOUR CALL

As you might have guessed, not only do we have a new physical location, but also we have new phone

numbers that you, as our customers, will need to know.

Of particular importance is our Statistical Information Service (SIS) desk, which we have brought to your attention on previous occasions. This special staff -- established in February 1989 to answer your questions on tax return statistical information (and particularly those from projects and publications of our Statistics of Income program) -- is now back in operation and ready to receive your calls. Its new number is (202) 233-1755. The staff there, led by DAVID JORDAN, with the assistance of SANDY BYBERG, JOHN KOZIELEC and DARLENE REYNOLDS, can be reached on Monday - Friday, 8:00 am - 4:30 pm.

To assist you further in your inquiries, we have also provided here, on the pages that follow, an updated list of Statistics of Income Projects and Contacts, containing the name of the primary analyst assigned and his or her new phone number. (This list should be used only if you have a specific question of a technical nature about a particular project.) In order to serve you better, however, the SIS staff should be considered your first point of contact for all inquiries. Please be assured that, if you must leave a message, they'll call you back as soon as possible. Or, if you prefer, they also respond to inquiries received by mail, so feel free to write to us. The address is the same as before:

Statistics of Income
Division R:S:P
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224.

We would also like to invite you to come and visit our staff in our new facility. There is space available if you wish to come in and look at our publications. However, for your convenience, please be sure to call ahead and make an appointment so that someone is available to help you and clearance to the building can be arranged.

Finally, I invite you to call me directly with your comments, suggestions or concerns. You can reach me on (202) 233-1741. We look forward to hearing from you.

UPCOMING FEATURES

The following are a few of the articles to look for in upcoming issues of the *SOI Bulletin*:

- Individual Income Tax Returns, Preliminary Data, 1988;
- Estate Tax Returns, 1987;
- Estate Tax Returns Revisited, 1916-1945;
- Personal Wealth, 1986;
- Marginal and Average Tax Rates, Individual Income Tax Returns, 1987; and
- Controlled Foreign Corporations, 1984.

Statistics of Income Projects and Contacts

General Statistical Information
Contact: David Jordan (202) 233-1758
FAX (202) 233-1620

PROJECT	PRIMARY ANALYST	FREQUENCY & PROGRAM CONTENT
Americans Living Abroad: 1987 Program	Clay Christian (233-1667)	This periodic study, to be done every four years, covers foreign income and taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by adjusted gross (AGI) and country.
Corporation Foreign Tax Credit: 1986 Program 1988 Program 1989 Program	DeWitt Long Karla Daronco Maggie Lewis (233-1716)	This periodic study, generally done every two years, provides data on foreign income and taxes paid, and on foreign tax credit shown on corporation income tax returns. Data are classified by industry and country.
Corporation Income Tax Returns: 1987 Program 1988 Program 1989 Program	Janice Washington Tim Wheeler Victor Rehula (233-1551)	Basic SOI program data are produced annually and cover complete income statement, balance sheet, tax and tax credits, distributions to stockholders, stockholders, and detail from supporting schedules.
Environmental Excise Taxes (Superfund) Study: 1988 Program 1989 Program	Susan Mahler (233-1798)	The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) authorized the collection of environmental taxes, a type of excise tax. This study, published annually, is the only source of data that provides detailed tabulations by type of chemical. CERCLA has been replaced by the Superfund Amendments and Reauthorization Act of 1986 (SARA).
Estate Collation	Janet McCubbin Marvin Schwartz Barry Johnson (233-1791)	This periodic study links estate data for decedents and beneficiaries. Income information for beneficiaries is available both for years preceding and following the decedent's death. Information on gift tax returns is available for the last two years of the decedent's life. The most recent study is based on decedents who died in 1982. The next study is planned for decedents who died in 1989.
Estate Tax Returns: 1986 Program 1987 Program 1988 Program	Barry Johnson Marvin Schwartz Janet McCubbin (233-1787)	This annual study includes information on gross estate and its composition, deductions, and tax. Also included is information on the age, sex, and marital status of the decedents. Basic estate tax return data by year in which returns are filed are produced every year. Other statistics are available on a year-of-death basis (approximately every three years).
Exempt Organizations Business Income Tax Returns: 1987 Program 1988 Program	Sara Perry (233-1797)	This study is to be conducted annually. The first study, for Tax Year 1987, is to be published in 1990 and will include tabulations of "unrelated business" income and deductions. The data file will also be linked with the Form 990 data files of the tax-exempt organizations.
Farmers' Cooperatives	Mike Alexander (233-1779)	This periodic study is to be done every three years. The next study is planned for 1990. Results from the last complete study, for Tax Year 1977, will be published in the Tax-Exempt Organization Compendium to be published in 1990.

Statistics of Income Projects and Contacts

PROJECT	PRIMARY ANALYST	FREQUENCY & PROGRAM CONTENT
Foreign Corporations: 1986 Program 1988 Program 1989 Program	Maggie Lewis Maggie Lewis Bill States (233-1713)	This periodic study, generally done every two years, provides data on activities of foreign corporations which are controlled by U.S. corporations. Data are classified by industry and country.
Foreign Recipients of U.S. Income: 1988 Program 1989 Program	Lynn Flaherty (233-1715)	This annual study provides data on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.
Foreign Sales Corporations (FSC) Returns: 1986 Program 1987 Program	Chris Carson (233-1707)	These corporations replaced the Domestic International Sales Corporation, or DISC, as of January 1, 1985. Balance sheet, income statement, and export-related data will be tabulated annually through 1987, and then on a four-year cycle.
Foreign Trusts: 1986 Program	Chris Carson (233-1707)	This periodic study, conducted every four years, provides data on foreign trusts that have U.S. persons as grantors, transferors, or beneficiaries. Data include country where trust was created, the value of transfer to the trusts, and when trust was created.
Individual Income Tax Returns: 1987 Program 1988 Program	Michael Strudler (233-1677)	Basic SOI program data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules.
Individual Income Tax Return Public Use File	Mario Fernandez (233-1688)	Microdata magnetic tape files, produced annually, contain detailed information obtained from the individual SOI program, with identifiable taxpayer information omitted to make the file available for public dissemination. (In addition to microdata files, specific tabulations from them are produced on a reimbursable basis.)
Interest Charge Domestic International Sales Corporations (IC-DISC): 1985 Program 1986 Program 1987 Program	Bill States Chris Carson (233-1707)	These corporations replaced the Domestic International Sales Corporation, or DISC, as of January 1, 1985. Balance sheet, income statement, and export-related data will be tabulated annually, through 1987, and then on a four-year cycle.
Intergenerational Wealth	Marvin Schwartz Janet McCubbin Barry Johnson (233-1791)	This one-time study involves estate returns filed since the inception of the estate tax (1916), and focuses on the changes in the concentration of wealth and the intergenerational transfer of wealth, as well as the history of the estate tax system. The asset composition, available demographic information, and an analysis of beneficiaries of estates will be emphasized.
International Boycott Participation: 1986 Program	Melissa Redmiles (233-1711)	This study, planned for every four years, provides data on business operations of U.S. persons in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.

Statistics of Income Projects and Contacts

PROJECT	PRIMARY ANALYST	FREQUENCY & PROGRAM CONTENT
Non-exempt charitable trusts: 1989 Program	Peggy Riley Alicia Meckstroth (233-1790)	This periodic study is planned for every three years. The next study is planned for Tax Year 1989 and will include primarily balance sheet and income statement information.
Nonprofit Charitable Organizations: 1986 Program 1987 Program 1988 Program	Cecelia Hilgert Susan Mahler (233-1798)	This annual study includes information on net worth and various data from the balance sheet and income statement for organizations classified as tax-exempt under subsection 501(c)(3) of the Internal Revenue Code. The groups covered are religious, educational, scientific, and literary (excluding private foundations). However, for Tax Year 1988, the study will be expanded to also include section 501(c)(4)-(9) organizations.
Nonresident Alien Estates: 1986 Program	DeWitt Long (233-1719)	This periodic study, planned for every four years, provides data on estates of nonresident aliens who had more than \$60,000 of assets in the United States. The estates are subject to U.S. estate taxation on the U.S. property.
Occupation Studies	Bobby Clark (233-1683)	This periodic study, based on availability of outside funding, is designed to classify individual income tax returns by occupation and to develop a dictionary of occupation titles that can be used to enhance the economic data of many other individual income tax return studies.
Partnership Returns of Income: 1988 Program 1989 Program	Gail Moglen (233-1767)	Basic SOI program data, produced annually, cover income statement, balance sheet, and detail from supporting schedules.
Personal Wealth Study: 1986 Program	Marvin Schwartz Janet McCubbin Barry Johnson (233-1791)	This periodic study provides data estimates of personal wealth of top wealthholders that are generated from estate tax return data using the "estate multiplier" technique, in conjunction with both filing-year and year-of-death estate data bases. The most recent data (1982) are based on returns filed from 1982 to 1984. The next study is planned for returns filed from 1986 to 1988 and will be available in 1990. A compendium of previously published SOI articles on wealth and wealth-related studies will be published in 1991. Other research papers and previously unpublished articles and tables will also be included.
Private Foundations: 1986 Program 1987 Program 1988 Program	Peggy Riley Alicia Meckstroth (233-1790)	This annual study includes information on net worth and various data from the balance sheet and income statement. A compendium of previously published SOI articles on tax-exempt organizations will be published in 1990. Other research papers and previously unpublished articles and tables will also be included.
Private Foundation Grant Administrative Expenses	Sara Perry Ed Chung (233-1788)	This one-time study was mandated by Congress in the Tax Reform Act of 1984 to assess the impact of current rules governing the treatment of grant administrative expenses.

Statistics of Income Projects and Contacts

PROJECT	PRIMARY ANALYST	FREQUENCY & PROGRAM CONTENT
Sales of Capital Assets: 1985 Program 1985-89 Panel Study	Laura Prizzi (233-1682)	This periodic study, to be done every four years, provides detailed data on the sales of capital assets reported on Schedule D, plus sales of residences, and sales of personal or business depreciable property. The panel study provides the same data on capital asset transactions for a subsample of the returns in the Sales of Capital Assets basic study; however, data for these taxpayers are obtained over a five-year period.
Sales of U.S. Real Property Interests by Foreign Persons: 1988 Program	Chris Carson (233-1707)	This annual study provides data on transfers of U.S. real property interests, when these interests are acquired from foreign persons. Data will include amount realized on transfers, the amount of U.S. tax withheld, and country of foreign persons.
Secretary's Percentage Study	Bertie Brame (233-1770)	This annual study includes data for computation of the percentage used in determining income tax liability of foreign life insurance companies with operations in the United States.
Small-Area Data: 1984 Program 1985 Program	Bob O'Keefe Bobby Clark (233-1683)	Special tabulations are produced. All data are from the IRS Individual Master File system.
Sole Proprietorships: 1988 Program 1989 Program	Michael Strudler (233-1677)	Basic SOI program data, produced annually, cover the business receipts, ceipts, deductions, and net income reported on Schedule C (for nonfarm proprietors). Similar data from Schedule F (for farmers) are available on an occasional basis.
Sole Proprietorship Historical Source Book	Dodie Riley (233-1689)	A tape file of basic SOI program data is produced annually and covers the same data provided in the Sole Proprietorship SOI program, including business receipts, depreciation deduction, taxes paid deduction, interest paid deduction, payroll, and net income since 1957, by year and by industry. A printed copy is published every five years.
State Data: 1985 Program 1987 Program	Mario Fernandez (233-1688)	Special tabulations of selected individual income, deduction, and tax data by State are produced on a reimbursable basis. (Data file for 1987 is now in preparation.)
Statistical Subscription Services: Corporation Source Book Partnership Source Book	Sandy Byberg (233-1759)	Annual detailed industry data and other information is compiled. Corporation data, by industry, are more detailed than those included in regular SOI reports.
Migration Flow Data		Migration flow data (based on changes in individual income tax return addresses) and income data, by county or State are available annually on a reimbursable basis.
Tax-Exempt Private Activity Bonds: 1987 Program 1988 Program	Susan Mahler (233-1798)	This annual study provides information on industrial development bonds, student loan bonds, and qualified mortgage bonds, by industry, type of property financed, size of face amount, of bond, and State. Beginning in 1987, information on public purpose bonds will be included.

Statistics of Income Projects and Contacts

PROJECT	PRIMARY ANALYST	FREQUENCY & PROGRAM CONTENT
Taxpayer Usage Study: 1989 Program	Pete Sailer (233-1681)	Basic SOI program data are produced annually and provide frequencies of specific line entries made by taxpayers, the use of various return schedules and associated forms, as well as general characteristics of the individual taxpayer population. Weekly reports are produced during the primary filing season (January through April).
U.S. Possessions Corporations: 1987 Program	Lynn Flaherty (233-1715)	This periodic study, planned for every two years, provides data on income statement, balance sheet, tax and "possessions tax credit" data for "qualifying" U.S. possessions corporations. (Most of these corporations are located in Puerto Rico.)

Partnership Returns, 1987

By Joseph H. Middough*

For 1987, partnerships reported an overall net loss of \$5.4 billion, a reduction by nearly 70 percent from the \$17.4 billion overall net loss reported for 1986 [1]. Net losses reported by real estate operators and lessors of buildings (\$33.1 billion) contributed significantly to the overall net loss. The number of active partnerships--1,648,032--declined for the second year, with the decline occurring largely in the real estate and services industries [2].

THE TAX REFORM ACT OF 1986 AND 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 [3]. Partnerships have been 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.

Since a partnership is not a taxable entity, the Tax Reform Act of 1986 targeted tax laws which apply to the distributive shares of income, deductions and tax credits generated by the partnership and passed through to its partners which can be individuals, corporations, other partnerships or virtually any other legal entity [4]. Before the Act, for example, individual partners could generally use deductions (and thereby losses) from partnerships to offset income from other sources and tax credits to reduce their total income tax. In order to curtail this, the Act limited the use of "passive" losses by those "limited" partners who are individuals [5]. In general, these losses could only be deducted from passive income [6].

Passive income or loss is generally derived from any business activity in which the taxpayer does not

materially participate, i.e., does not participate regularly, continuously or substantially in its day-to-day operations. A phase-in period from 1987 through 1991 was included in the Act in order to provide some relief for taxpayers with passive investments entered into prior to its enactment. Because of this phase-in provision, a certain percentage, e.g., 65 for Income Year 1987, of these passive activity losses was allowed to offset nonpassive income. Although rental activity was a passive activity, partners were allowed to fully deduct passive losses from nonpassive income up to \$25,000. In order to qualify, partners had to participate in the rental real estate activity in a significant and bonafide sense, i.e., by making management decisions or by arranging for others to provide services such as repairs, and also by not allowing their ownership interest in the activity to fall below 10 percent at any time during their taxable year. However, for rental real estate activities, this special \$25,000 offset was reduced by 50 percent of the amount by which an individual's "adjusted gross income" (or AGI) exceeded \$100,000. Consequently, there was generally no relief from the passive loss limitations for partners with adjusted gross income more than \$150,000. For tax credits earned by the partnership for low-income housing and rehabilitation activities and passed through to partners, the phase-out of the \$25,000 offset was required once the taxpayer's adjusted gross income exceeded \$200,000.

The "at-risk" rules continued to limit deductible business losses of limited partners to the amount of cash, property, and loans invested or made for which there is personal liability. The Act, however, extended these rules to include the holding of real estate which had previously been exempted from them [7]. With the exception of mineral property, all partnerships acquiring real estate after 1986 were affected by the extended rules regardless of when the partnership placed the property in service.

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Partnerships were also affected by the new rules applicable to partners on taxation of capital gains. Prior to the Act, individuals were entitled to deduct 60 percent of their net capital gain (i.e., net long-term capital gain less any net short-term capital loss) in computing AGI. Thus, the maximum effective tax rate for 1986 on an individual's net capital gain was 20 percent. The preferential treatment of capital gains was repealed by the Act. The repeal was generally effective for all taxable years beginning after 1986. Long-term capital gains, however, realized by noncorporate taxpayers during 1987 was subject to a maximum rate of 28 percent [8].

The Act modified the depreciation of assets covered under the Accelerated Cost Recovery System (ACRS) by lengthening the recovery period for many of the personal and real property categories. While the Act lengthened the depreciation period, it also provided that assets generally could be depreciated under a 200-percent, rather than a 150-percent, declining balance method. Real estate, for which the more limited deductions under the straight-line method were required, was the exception to this change. Also, the maximum amount allowed under the election to expense certain depreciable business assets (Internal Revenue Code section 179) was raised from \$5,000 to \$10,000.

The Act included provisions for determining which inventory costs should be capitalized if all of the property were not sold during the current year. The new provision on treatment of inventory costs applied to "real or tangible personal property" produced by the partnership for sale to customers and, to a limited extent, to "tangible and intangible property" acquired for resale. Expenses that had to be capitalized were direct costs of the property and most indirect costs that related to property produced or acquired for resale. Under previous law, treatment of indirect costs varied, although many were deducted for the year in which they were incurred, regardless of when the property was actually sold. (The costs reported for 1987 as a result of this law change are shown in Table 1 in this article as "additional inventory costs" under "cost of sales and operations.")

Partnerships generally were required to adopt, retain or change their accounting periods to coincide with those of partners who owned a majority (more than 50 percent) interest in partnership profits and

capital. Since nearly 99 percent of all partnerships filing for 1987 used a calendar year accounting period, the effect of this provision on partnership statistics for 1987 is probably very slight.

INDUSTRY ACTIVITY FOR 1987

Partnerships in services, real estate and mining dominated partnership activity for 1987 as they did for 1986 (see Figure A). They accounted for 66 percent of partnership net income and 65 percent of partnership net loss.

As Figure B shows, the overwhelming number of limited partnerships are in the finance, insurance and real estate industrial division—189,914 out of 262,210 limited partnerships [9]. The limited partnerships in this division accounted for less than 12 percent of all partnerships, but reported 92 percent of all partnership losses.

The vast majority of partnerships within the finance, insurance and real estate division were real estate operators and lessors of buildings, accounting for nearly 20 percent of partnership overall net income and 54 percent of partnership overall net loss (see Table 1). Figure C compares net income (less deficit) for this industry group to the net income (less deficit) for all partnerships over the period 1978-1987. The dominance by the real estate industry is undoubtedly connected to the popularity of tax shelters within this industry [10]. For 1987, the decrease in the number of partnerships identifying themselves on their tax returns as real estate operators and lessors of buildings and also the reduction in the net losses they reported would suggest that this industry's popularity for tax sheltering activities may be declining.

Figures D and E both focus on partnership activity from 1985 to 1987, the years surrounding the 1986 Tax Reform Act. Although six of the eight industrial divisions reported an increase in the number of partnerships filing returns, Figure D shows that the decline in the number of real estate and service partnerships was enough to cause an overall decline of 3.2 percent for 1987 over 1986, compared to a decline of 0.6 percent in the number of partnerships from 1985 to 1986. Figure E presents partnership net income (less deficit) for these 3 years. Construction and wholesale and retail trade was the only 2 industrials divisions whose reporting behavior remained consistent. Services, for example, showed

Figure A
Net Income and Deficit by Industrial Classification, Income Year 1987

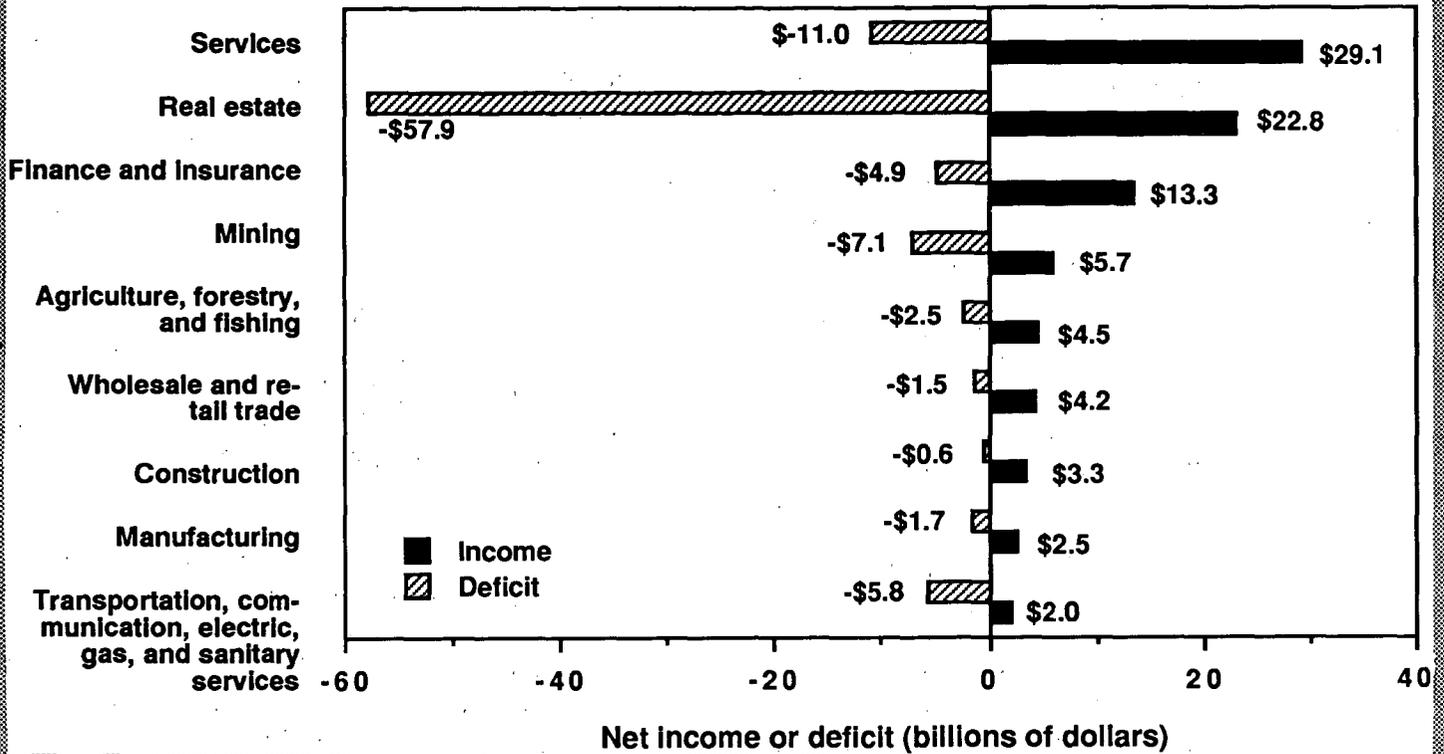


Figure B.—Number of Returns and Net Income (Less Deficit), by Type of Partnership and Industrial Division, Income Year 1987

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

Industrial division	Limited partnerships		General partnerships	
	Number of returns	Net income (less deficit)	Number of returns	Net income (less deficit)
	(1)	(2)	(3)	(4)
All industries ¹	262,210	\$ -28,169	1,385,824	\$22,750
Agriculture, forestry, and fishing.....	7,968	-275	140,927	2,290
Mining	19,114	2,273	40,811	-3,633
Construction	3,337	184	59,066	2,587
Manufacturing	3,197	219	31,474	587
Transportation and public utilities	4,766	-1,540	25,077	-2,241
Wholesale and retail trade.....	9,709	214	175,088	2,483
Finance, insurance, and real estate	189,914	-25,914	637,607	-863
Services.....	24,111	-3,218	267,345	21,310

¹ Includes "Nature of business not allocable," which is not shown separately.
NOTE: Detail may not add to totals because of rounding.

an overall gain in net income of 12.2 percent for 1986. However, for 1987, net income decreased by only 2.5 percent. On the other hand, real estate partnerships reported a 23.0 percent increase in net loss for 1986, while for 1987 net losses decreased by 4.0 percent. Figure F shows that for 1987 general partnerships reported a 25 percent increase in overall net income while limited partnerships reported a

20 percent reduction in overall net losses [11]. Although it is not possible to fully assess the impact of the 1986 Act on partnerships based on the 1987 statistics, the trend established for Income Years 1981 through 1986 -- overall net income remaining fairly stable for general partnerships, while limited partnerships were reporting larger and larger overall net losses -- came to an end for 1987.

Partnership Returns-1987

Figure C

Net Income (Less Deficit) for Selected Industries, Income Years 1978-1987

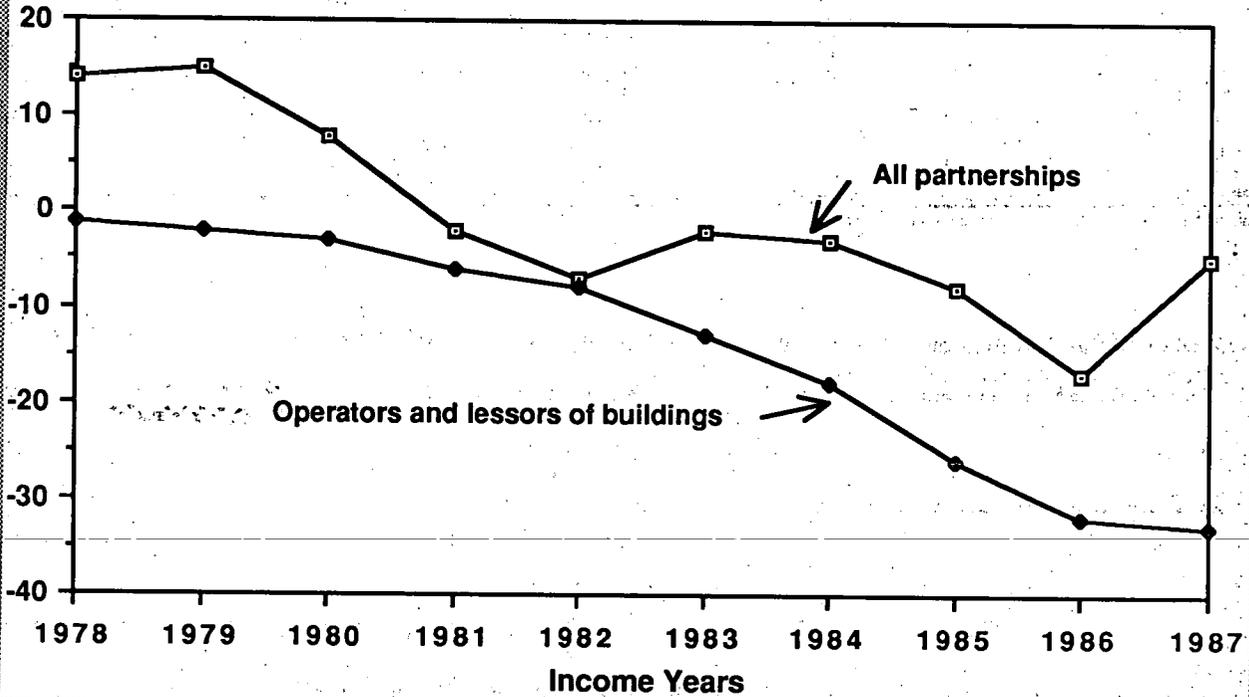
Net Income (less deficit)
[Billions of dollars]

Figure D.—Number of Partnerships by Industrial Groups, Income Years 1985-1987

[All figures are estimates based on samples]

Industrial group	1985	1986	1987	Percentage increase	
				1986 over 1985	1987 over 1986
	(1)	(2)	(3)	(4)	(5)
All industries ¹	1,713,603	1,702,952	1,648,032	-0.6	-3.2
Agriculture, forestry and fishing.....	135,909	147,532	148,895	8.6	0.9
Mining.....	62,363	53,142	59,925	-14.8	12.8
Oil and gas.....	55,816	48,821	53,542	-12.5	9.7
Construction.....	56,665	61,425	62,403	8.4	1.6
Manufacturing.....	29,980	27,507	34,671	-8.2	26.0
Transportation and public utilities.....	24,970	21,059	29,843	-15.7	41.7
Wholesale and retail trade.....	200,532	174,118	184,797	-13.2	6.1
Finance, insurance, and real estate.....	843,867	852,705	827,521	1.0	-3.0
Real estate.....	694,027	713,383	693,800	2.8	-2.7
Operators and lessors of buildings.....	582,487	602,166	585,084	3.4	-2.8
Services.....	341,295	325,134	291,456	-4.7	-10.4
Business services.....	81,289	79,574	65,990	-2.1	-17.1

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

Figure E.—Net Income (Less Deficit), by Industrial Groups, Income Years 1985–1987

[Money amounts are in thousands of dollars]

Industrial group	1985	1986	1987	Percentage increase	
				1986 over 1985	1987 over 1986
	(1)	(2)	(3)	(4)	(5)
All industries ¹	\$ - 8,883,674	\$ - 17,370,860	\$ - 5,419,105	-95.5	68.8
Agriculture, forestry and fishing.....	- 1,049,434	- 938,402	2,015,308	10.6	314.8
Mining.....	1,481,701	- 3,458,320	- 1,359,917	- 333.4	60.7
Oil and gas.....	2,272,783	- 2,657,208	- 1,294,901	- 216.9	51.3
Construction.....	2,207,401	2,497,759	2,766,067	13.2	10.7
Manufacturing.....	- 1,085,187	- 457,841	860,462	57.8	287.0
Transportation and public utilities.....	- 3,066,313	- 3,029,423	- 3,781,248	1.2	- 24.8
Wholesale and retail trade.....	1,976,685	2,271,556	2,696,840	14.9	18.7
Finance, insurance, and real estate.....	- 25,928,669	- 32,979,553	- 26,776,536	- 27.2	18.8
Real estate.....	- 29,758,568	- 36,616,870	- 35,148,552	- 23.0	4.0
Operators and lessors of buildings.....	- 26,204,238	- 32,809,212	- 33,149,293	- 25.2	- 1.0
Services.....	16,541,329	18,563,621	18,092,212	12.2	- 2.5
Business services.....	274,212	1,660,469	1,596,040	505.5	- 3.9

¹ Includes "Nature of business not allocable," which is not shown separately.**Figure F.—Number of Partnerships and Net Income (Less Deficit), by Type of Partnership, Income Years 1980–1987**

[Numbers of returns are in thousands—money amounts are in billions of dollars]

Income year	Number of partnerships			Net income (less deficit)		
	Total	General	Limited	Total	General partnerships	Limited partnerships
	(1)	(2)	(3)	(4)	(5)	(6)
1980.....	1,380	1,209	170	\$ 8.2	\$17.6	\$ -9.4
1981.....	1,461	1,252	208	- 2.7	13.0	- 15.7
1982.....	1,514	1,288	226	- 7.3	10.2	- 17.5
1983.....	1,542	1,308	234	- 2.6	16.1	- 18.7
1984.....	1,644	1,386	257	- 3.5	19.1	- 22.6
1985.....	1,713	1,434	280	- 8.9	18.1	- 26.9
1986.....	1,702	1,430	273	- 17.4	18.2	- 35.5
1987.....	1,648	1,386	262	- 5.4	25.3	22.7

SUMMARY

Income Year 1987 was the first transitional year under the Tax Reform Act of 1986. Although it is not possible to fully assess the effects of the changes introduced by the Act from 1 year's data, the 3.2 losses from \$17.4 billion for 1986 to \$5.4 billion for 1987 would strongly suggest that at least the initial effects of tax reform are reflected in the 1987 partnership data.

DATA SOURCES AND LIMITATIONS

Data Sources

The Form 1065 partnership return was substantially revised for 1987. Receipts and deductions were separately reported for trade or business activities; for rental real estate activities (see Table 2); for rental activities other than real estate; and for "portfolio income," such as interest and dividends.

Table 1 reflects these changes both by presenting net income or deficit for each of these components

and also by showing overall net income or deficit which is the total of net income or deficit from a trade or business, from rental real estate, from rentals other than real estate, and from portfolio income. Thus, the overall net deficit for all industries is \$5.4 billion, the result of adding together net income (less deficit) from trade or business, \$19.3 billion; rental real estate net income (less deficit), -\$41.7 billion; net income (less deficit) from rentals other than real estate, \$65.9 million; and portfolio net income (less deficit) comprised of interest (\$13.6 billion), dividends (\$2.3 billion), royalties (\$0.6 billion) and other portfolio income (\$0.5 billion). This computation enables comparisons to be made with prior year amounts for net income (less deficit).

Sample Selection

Tax Year 1987 statistics were estimated from a probability sample stratified by combinations of receipts, total assets, net income (or deficit) and industry. Almost 32,000 returns were selected from a total population of about 1.8 million returns filed

during Calendar Year 1988. All partnerships engaging in business in, or having income from sources within, the United States were required to file a Form 1065, *U.S. Partnership Return of Income*, to report the income or loss, deductions, credits, and other tax-related items generated by the partnership. Sampling 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 ensure proper use of the estimates, the magnitude of the sampling error should be known.

Figure G 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 G.—Coefficient of Variation for Frequency Estimates, Income Year 1987

Estimated number of returns	Approximate coefficient of variation
1,740,000	0.025
1,210,000	0.03
435,000	0.05
110,000	0.10
27,000	0.20
8,900	0.35
4,400	0.50

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.

NOTES AND REFERENCES

- [1] Zempel, Alan, "Partnership Returns, 1986," *Statistics of Income Bulletin*, Summer 1988, Volume 8, Number 1.
- [2] The statistics include data only for active partnerships, which are defined as those that reported any items of income or deduction derived from a trade or business, or from rental income or portfolio income.
- [3] Tax shelters create a mismatching of income and deductions to create tax losses and, prior to tax reform, converted ordinary income (which

was fully taxed) into tax-favored capital gains income. 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.

- [4] Most of the new provisions were effective January 1, 1987; a few were retroactive to January 1, 1986, and some were phased in through 1990.
- [5] A "limited" partner, in contrast to a "general" partner, is one whose indebtedness in the firm is limited to the amount the person has invested. See the discussion of the "at risk" rules, below.
- [6] However, in the case of oil and gas partnerships, the partners were exempt from these limitations if their obligations were not limited with regard to oil or gas property. Another discussion of tax reform and partnership passive losses is available in Nelson, Susan and Petska, Tom, "Partnerships, Passive Losses and Tax Reform," presented at the Annual Meetings of the American Statistical Association, August 6-10, 1989 and also included in this issue of the *Statistics of Income Bulletin*. Also, refer, for, as revised, example, to Shapleigh, Colbert C., and Raley, Terry M., "The Effect of the Passive Loss Rule and Other Related Provisions of the Tax Reform Act," *Journal of Partnership Taxation*, Spring 1987, Volume 4, Number 1.
- [7] Exemption of real estate from the "at risk" rules had 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 have been 10 (or more) times the size of investment required to become a partner. Even so, a high ratio of losses deducted to investment could have subjected the activity to scrutiny by the Internal Revenue Service to determine whether it was "economically viable." If it was not, the losses were disallowed.

- [8] For more information on the 1986 Act and its effect on partnerships and partners, see, for example, McKee, William S.; Nelson, William F.; Whitmire, Robert L. and Kuller, Mark A., *Effects of 1986 Tax Law Changes on Partnerships and Partners*, Warren, Gorham and Lamont, Inc., 1987.
- [9] Partnerships fall into either one of two types: "general," those composed entirely of general partners, i.e., partners each of which is personally liable for the obligations of the partnership; and "limited," those composed of at least one general partner and one or more limited partners, defined as partners whose liability for the partnership's debts is limited to the amount each invested.
- [10] Two of the most common means by which a tax shelter partnership formerly 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. There was a further tax advantage when property was held for 6 months or more, because any gain on the sale of that property was a long-term capital gain which was effectively taxed at lower rates. These advantages were either limited or eliminated by the Tax Reform Act of 1986.
- [11] More detailed analyses of partnership income and losses by type of partnership are available in Dworin, Lowell, "An Analysis of Partnership Activity, 1981-83," *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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)	
Partnerships with and without net income										
Number of partnerships	1,648,032	148,895	117,206	50,971	2,269	9,382	2,556	15,454	2,111	16,518
Number of partners	16,963,258	592,277	421,884	174,119	5,082	93,510	6,076	47,337	7,563	39,353
Total assets	1,381,296,736	26,402,003	19,652,269	7,331,736	368,470	3,706,020	693,106	3,185,475	282,621	1,550,200
Receipts and deductions from trade or business:¹										
Total receipts	442,802,234	10,799,879	7,271,668	2,619,312	298,828	443,726	618,119	943,100	350,340	741,855
Business receipt	411,457,126	6,756,189	3,482,553	846,574	144,335	242,438	539,416	386,849	132,927	225,842
Ordinary income from other partnerships and fiduciaries	3,909,729	135,400	135,240	7,025	1,580	2,482	296	107,206	—	16,505
Farm net profit	6,501,873	3,262,066	3,156,545	1,586,949	151,402	148,213	71,543	292,227	212,329	437,679
Net gain, noncapital assets	2,669,190	329,226	275,927	87,287	62	8,264	4,321	103,909	3	56,715
Other receipts	18,264,316	316,998	221,403	91,477	1,449	42,329	2,544	52,910	5,082	5,115
Total deductions	423,498,884	9,145,755	5,443,081	1,303,159	204,403	843,801	620,708	733,967	154,131	382,558
Cost of sales and operations	237,156,859	4,175,591	2,355,684	462,539	124,842	176,061	471,546	334,666	113,621	151,880
Inventory, beginning of year	28,361,810	554,073	458,802	236,608	14,805	57,664	47,196	50,081	1,759	7,580
Purchases	167,977,884	2,949,406	1,863,904	355,897	59,338	69,851	447,678	291,465	112,974	136,919
Cost of labor	9,975,053	195,481	77,976	27,668	6,548	16,197	3,176	1,307	—	5,695
Additional inventory costs	1,265,482	33,673	23,992	5,168	—	18,625	16	183	—	—
Other costs	61,270,873	1,133,096	482,612	120,080	62,419	116,887	30,960	23,891	932	8,666
Less: Inventory, end of year	31,659,239	690,137	551,602	282,882	18,268	103,163	57,480	32,261	2,044	6,980
Salaries and wages	40,676,362	507,067	187,913	69,636	2,830	14,672	5,862	6,378	72	17,957
Less: Jobs credit	2,785,107	15,155	15,108	—	—	6	—	—	—	—
Guaranteed payments to partners	7,212,214	418,998	356,134	147,602	537	29,341	3,081	59,779	3,973	52,378
Rent paid	8,983,537	76,299	47,527	16,999	180	2,779	1,357	3,602	3	1,476
Interest paid	19,953,845	288,654	157,165	39,511	982	56,911	11,540	22,458	73	4,330
Taxes paid	6,867,461	100,508	39,227	17,091	530	4,166	1,047	1,830	144	3,742
Bad debts	1,220,161	22,203	16,751	11,460	245	129	775	1,529	2	87
Repairs	2,513,846	104,302	39,937	13,852	210	3,182	1,935	1,534	1,102	4,102
Depreciation	19,307,397	377,142	161,997	31,418	2,147	17,465	6,047	8,652	3,295	1,948
Depletion	287,787	13,003	2,847	—	—	—	—	—	—	281
Pension, profit sharing, annuity and bond purchase plans	744,077	3,861	2,074	58	113	363	30	231	—	1,120
Employee benefit plans	1,267,221	6,476	4,742	1,471	42	399	316	270	—	1,001
Ordinary loss from other partnerships and fiduciaries	5,511,410	101,969	21,850	16,479	—	4,080	15	628	—	57
Farm net loss	1,675,642	1,552,798	1,366,957	236,017	64,551	450,478	89,924	230,497	23,286	120,255
Net loss, noncapital assets	1,022,652	34,057	29,086	1,802	7	10,780	102	14,659	40	323
Other deductions	71,883,520	1,377,982	668,298	237,225	7,188	73,001	27,132	47,255	8,519	21,621
Net income or deficit from trade or business	19,303,350	1,654,124	1,828,586	1,316,153	94,425	-400,075	-2,589	209,134	196,208	359,296
Net income	62,029,990	4,125,099	3,564,333	1,649,733	161,505	159,514	84,519	464,883	219,867	481,173
Deficit	42,725,640	2,470,976	1,735,746	333,581	67,081	559,589	87,108	255,750	23,658	121,877
Portfolio income distributed directly to partners:										
Total income (less deficit)	29,662,546	581,724	434,091	135,279	2,889	69,433	7,727	79,441	4,218	86,267
Interest income	13,568,398	308,236	218,044	78,561	1,796	27,487	3,516	46,428	4,210	21,000
Dividend income	2,310,346	13,406	11,467	3,184	111	2,775	2	1,076	7	1,790
Royalty income	588,096	17,230	17,228	13,107	769	—	—	3,058	—	64
Net short-term capital gain (less loss)	414,372	51,162	38,077	3,105	-1	16,076	1,690	3,639	—	13,271
Net long-term capital gain (less loss)	12,290,025	183,226	142,315	35,022	214	19,998	2,519	25,060	—	48,789
Other portfolio income (less loss)	491,309	8,464	6,960	2,300	—	3,096	—	179	—	1,353
Real estate rental net income or deficit	-41,746,473	246	-6,463	128,432	1,711	-6,496	-130,941	-3,697	1,250	-8,349
Net income	13,145,084	192,795	178,896	147,265	1,715	6,989	2,614	4,780	1,250	2,097
Deficit	54,891,557	192,549	185,359	18,832	3	13,485	133,555	8,477	—	10,446
Net income or deficit from other rental activity	65,869	13,602	14,213	10,940	-223	209	416	694	104	1,725
Net income	1,341,105	16,378	16,163	12,666	—	209	416	694	104	1,725
Deficit	1,275,235	2,777	1,949	1,726	223	—	—	—	—	—
Total net income or deficit	-5,419,105	2,015,307	2,090,036	1,552,677	98,590	-373,004	-129,595	256,872	201,780	376,878
Net income	87,654,011	4,487,634	3,891,650	1,878,395	162,256	182,283	86,812	494,724	225,438	496,310
Deficit	93,073,116	2,472,327	1,801,614	325,718	63,666	555,287	216,407	237,853	23,658	119,431

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) for Selected Industries—Continued

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

Item	All Industries	Agriculture, forestry, and fishing								
		Total	Farms						Hogs, sheep and goats	Dairy farms
			Total	Field crop	Vegetable and melon	Fruit and tree nut	Beef cattle feedlots	Beef cattle, except feedlots		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Partnerships with net income										
Number of partnerships	864,840	96,575	79,963	39,340	1,739	3,583	1,402	9,144	1,383	13,061
Number of partners.....	9,239,094	302,586	264,109	143,519	3,999	28,819	3,060	24,385	3,548	30,626
Total assets.....	595,323,180	12,009,261	10,096,502	4,755,188	151,332	1,318,308	364,827	1,383,230	75,047	814,744
Receipts and deductions from trade or business: ¹										
Total receipts.....	347,580,586	9,116,112	6,220,935	2,300,139	245,727	339,488	556,825	738,001	346,615	688,348
Business receipt.....	320,754,624	5,285,700	2,603,590	572,141	92,287	158,782	487,710	230,880	132,649	196,207
Ordinary income from other partnerships and fiduciaries.....	3,693,914	128,119	127,983	3,611	1,344	2,455	296	103,634	—	16,505
Farm net profit.....	6,408,026	3,207,542	3,102,104	1,576,981	151,402	145,008	68,305	273,324	208,882	425,261
Net gain, noncapital assets.....	2,164,108	281,041	234,141	85,272	46	5,494	44	90,525	3	47,539
Other receipts.....	14,559,914	213,711	153,119	62,134	648	27,749	470	39,638	5,082	2,835
Total deductions.....	288,722,750	5,035,647	2,898,297	654,119	84,222	184,870	475,343	287,966	126,748	207,984
Cost of sales and operations.....	185,261,594	3,181,544	1,733,070	278,958	76,990	95,448	436,739	197,003	113,621	136,132
Inventory, beginning of year.....	17,111,987	284,606	242,549	120,254	12,420	28,250	44,584	14,941	1,707	4,159
Purchases.....	140,349,553	2,369,994	1,446,522	244,163	54,750	48,348	405,292	188,256	112,974	122,177
Cost of labor.....	7,129,441	139,753	52,465	17,029	3,866	4,745	3,171	1,307	—	5,695
Additional inventory costs.....	685,708	12,349	6,933	5,168	—	—	—	183	—	—
Other costs.....	38,607,291	783,143	328,110	77,999	21,103	51,779	30,814	22,500	932	8,666
Less: Inventory, end of year.....	18,610,085	408,300	343,509	185,655	15,148	39,255	47,122	30,184	1,992	4,565
Salaries and wages.....	29,019,226	338,474	116,064	38,002	1,264	9,008	2,522	1,627	72	17,957
Less: Jobs credit.....	578,720	15,155	15,108	—	—	6	—	—	—	—
Guaranteed payments to partners.....	4,898,818	263,339	208,833	117,763	537	10,418	1,418	14,150	103	18,491
Rent paid.....	6,311,478	51,703	28,212	5,296	162	692	450	1,766	3	1,382
Interest paid.....	7,891,282	99,706	47,235	12,505	88	7,454	7,810	11,831	73	1,669
Taxes paid.....	4,276,574	52,159	23,441	10,594	379	1,762	377	731	144	3,641
Bad debts.....	392,512	16,467	13,927	11,117	135	71	6	46	2	87
Repairs.....	1,510,479	67,561	20,653	9,323	8	1,865	1,116	785	1,102	3,835
Depreciation.....	6,517,246	134,220	50,929	21,453	171	3,242	4,528	5,108	3,295	1,688
Depletion.....	235,323	4,732	2,847	—	—	—	—	—	—	281
Pension, profit sharing, annuity and bond purchase plans.....	633,209	2,736	2,060	58	113	361	30	231	—	1,120
Employee benefits plans.....	921,907	4,501	3,740	834	42	376	82	190	—	1,001
Ordinary loss from other partnerships and fiduciaries.....	254,002	2,067	1,782	358	—	746	15	309	—	—
Farm net loss.....	94,842	53,515	52,015	7,541	—	5,121	2,463	27,237	364	2,175
Net loss, noncapital assets.....	52,642	13,715	12,606	418	7	10,780	102	936	40	323
Other deductions.....	39,030,333	764,361	395,990	139,900	4,326	37,532	17,687	26,017	7,928	18,202
Net income or deficit from trade or business.....	60,857,836	4,080,466	3,522,638	1,646,019	161,505	154,618	81,482	450,035	219,867	480,364
Net income.....	61,623,007	4,121,540	3,560,865	1,649,733	161,505	157,992	83,945	463,510	219,867	481,173
Deficit.....	765,171	41,074	38,226	3,714	—	3,374	2,463	13,475	—	809
Portfolio income distributed directly to partners:										
Total income (less deficit).....	20,962,979	352,075	298,731	115,007	724	25,109	2,423	61,249	4,218	57,867
Interest income.....	10,512,983	205,472	173,282	69,802	702	18,650	2,437	38,929	4,210	15,756
Dividend income.....	2,148,169	11,010	9,762	2,640	—	2,236	2	628	7	1,785
Royalty income.....	539,527	14,584	14,584	13,107	—	—	—	1,413	—	64
Net short-term capital gain (less loss).....	-224,155	25,567	18,468	1,645	-1	3,331	—	-104	—	13,271
Net long-term capital gain (less loss).....	7,619,162	91,522	78,985	25,534	24	893	-16	20,383	—	25,652
Other portfolio income (less loss).....	367,293	3,921	3,650	2,279	—	—	—	—	—	1,340
Real estate rental net income or deficit ...	12,027,714	160,185	155,915	135,304	49	6,570	2,475	3,719	1,250	-4,724
Net income.....	12,930,089	169,653	165,259	136,842	52	6,611	2,614	4,057	1,250	2,045
Deficit.....	902,375	9,468	9,344	1,538	3	41	139	338	—	6,769
Net income or deficit from other rental activity:										
Net income.....	1,200,490	11,998	11,819	9,245	—	209	416	—	104	1,725
Net income.....	1,249,189	12,738	12,526	9,951	—	209	416	—	104	1,725
Deficit.....	48,698	741	706	706	—	—	—	—	—	—
Total net income or deficit.....	87,654,011	4,487,634	3,891,650	1,878,395	162,256	162,283	86,812	494,724	225,438	496,310

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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			Agricultural services, forestry and fishing	Total	Oil and gas extraction	Other mining	Total	General contractors
	Poultry and eggs	General livestock including animal specialty	Other farms						
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
Partnerships with and without net income									
Number of partnerships.....	618	10,242	7,085	31,889	59,925	53,542	6,383	62,403	24,546
Number of partners.....	1,487	25,791	21,566	170,394	2,742,346	2,660,632	81,714	153,150	69,902
Total assets.....	481,080	1,604,660	448,901	6,749,735	71,492,079	62,805,479	8,686,600	17,076,642	14,893,747
Receipts and deductions from trade or business:									
Total receipts.....	308,433	576,431	371,523	3,528,211	17,306,189	13,045,578	4,260,611	26,925,343	18,543,456
Business receipt.....	278,413	418,653	267,107	3,273,635	15,332,029	11,246,879	4,085,151	26,295,278	18,010,508
Ordinary income from other partnerships and fiduciaries.....	138	9	—	160	761,635	751,524	10,111	147,505	144,474
Farm net profit.....	27,942	124,640	103,622	105,521	314	287	28	7,703	7,395
Net gain, noncapital assets.....	125	15,175	67	53,300	376,112	321,339	54,773	49,744	9,328
Other receipts.....	1,815	17,955	728	95,595	836,099	725,550	110,548	425,112	371,752
Total deductions.....	313,639	582,530	304,184	3,702,674	19,423,635	15,060,712	4,362,923	24,293,104	17,174,261
Cost of sales and operations.....	191,172	266,573	62,784	1,819,907	5,212,323	2,510,284	2,702,039	19,645,701	14,691,236
Inventory, beginning of year.....	4,455	6,956	31,698	95,271	272,733	83,134	189,599	2,973,394	2,794,674
Purchases.....	86,293	265,761	37,727	1,085,501	1,379,487	816,449	563,038	6,454,081	4,085,476
Cost of labor.....	10,566	335	6,485	117,505	330,297	57,415	272,882	1,871,124	914,322
Additional inventory costs.....	—	—	—	9,681	27,789	5,355	22,434	44,265	30,303
Other costs.....	95,263	3,745	19,770	650,484	3,500,753	1,628,190	1,872,563	11,745,772	10,174,785
Less: Inventory, end of year.....	5,405	10,223	32,896	138,535	298,736	80,259	218,478	3,442,936	3,308,323
Salaries and wages.....	11,532	23,993	34,982	319,154	362,037	276,944	85,093	763,445	259,495
Less: Jobs credit.....	—	—	15,102	47	3,000	3,000	—	466	441
Guaranteed payments to partners.....	4,481	32,141	22,820	62,864	300,547	259,157	41,390	352,454	165,149
Rent paid.....	1,886	14,967	4,278	28,772	154,332	119,965	34,367	121,922	57,913
Interest paid.....	5,978	6,502	8,880	131,489	855,606	713,600	142,006	229,076	164,658
Taxes paid.....	1,867	4,885	3,925	61,282	729,138	620,561	108,577	169,560	62,149
Bad debts.....	369	28	2,126	5,452	19,288	17,597	1,691	17,094	4,727
Repairs.....	3,215	1,992	8,813	64,365	174,703	122,160	52,544	84,144	24,169
Depreciation.....	13,303	47,168	30,555	215,145	4,164,824	3,843,927	320,897	301,716	112,113
Depletion.....	—	—	2,566	10,156	210,536	6,508	204,028	571	393
Pension, profit sharing, annuity and bond purchase plans.....	147	13	—	1,787	15,883	10,098	5,784	9,767	3,877
Employee benefits plans.....	241	504	498	1,734	29,394	17,086	12,308	13,942	5,781
Ordinary loss from other partnerships and fiduciaries.....	—	591	—	80,119	243,641	234,942	8,699	16,757	16,660
Farm net loss.....	29,495	93,853	28,602	185,840	6,791	3,625	3,166	76	76
Net loss, noncapital assets.....	—	1,373	—	4,971	16,136	8,132	8,005	1,155	869
Other deductions.....	49,953	87,947	108,457	709,684	6,931,454	6,299,125	632,328	2,566,190	1,605,435
Net income or deficit from trade or business:									
Net income.....	36,128	146,175	160,835	560,767	5,075,840	4,512,584	563,256	3,179,281	1,801,324
Deficit.....	41,334	152,274	93,496	735,229	7,193,285	6,527,717	665,568	547,042	432,129
Portfolio income distributed directly to partners:									
Total income (less deficit).....	2,363	34,276	12,199	147,633	783,040	727,006	56,034	200,311	184,593
Interest income.....	2,151	27,186	5,708	90,192	424,235	398,460	25,775	169,529	154,797
Dividend income.....	76	938	1,506	1,939	89,549	84,742	4,807	1,222	620
Royalty income.....	—	230	—	1	238,309	237,193	1,116	414	379
Net short-term capital gain (less loss).....	62	245	—9	13,085	—18,083	—18,072	—11	5,949	10,366
Net long-term capital gain (less loss).....	73	5,676	4,963	40,911	34,603	10,255	24,347	22,645	17,909
Other portfolio income (less loss).....	—	—	31	1,505	14,427	14,427	1	553	523
Real estate rental net income or deficit:									
Net income.....	756	4,567	6,865	13,899	6,694	5,141	1,554	36,118	24,366
Deficit.....	526	35	—	7,190	17,100	16,961	139	82,636	72,036
Net income or deficit from other rental activity:									
Net income.....	—	348	—	—611	1,415	—2,769	4,184	8,628	7,222
Deficit.....	—	348	—	216	12,208	7,023	5,185	14,090	12,683
Deficit.....	—	—	—	827	10,793	9,792	1,001	5,461	5,461
Total net income or deficit:									
Net income.....	36,291	166,182	162,959	595,984	5,698,012	5,108,534	589,478	3,349,845	1,954,808
Deficit.....	39,039	139,046	81,509	670,713	7,057,928	6,403,434	654,493	583,779	469,742

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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			Agricultural services, forestry and fishing	Total	Oil and gas extraction	Other mining	Total	General contractors
	Poultry and eggs	General livestock including animal specialty	Other farms						
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
Partnerships with net income									
Number of partnerships	533	5,361	4,418	16,612	24,427	21,591	2,836	48,138	18,296
Number of partners	1,274	13,959	10,919	38,477	1,916,169	1,874,065	42,104	119,266	54,483
Total assets	326,852	726,958	180,015	1,912,759	40,858,287	37,784,086	3,094,200	11,328,980	9,817,064
Receipts and deductions from trade or business: ¹									
Total receipts	220,916	469,787	315,089	2,895,177	13,855,702	10,647,683	3,208,020	22,888,172	15,876,365
Business receipt	191,699	330,403	210,829	2,682,110	12,214,771	9,149,409	3,065,361	22,303,540	15,379,653
Ordinary income from other partnerships and fiduciaries	138	—	—	136	733,036	722,978	10,058	146,115	143,084
Farm net profit	27,942	121,377	103,622	105,439	266	254	13	7,685	7,377
Net gain, noncapital assets	49	5,104	64	46,900	346,953	300,195	46,758	44,263	8,877
Other receipts	1,088	12,902	574	60,592	560,676	474,846	85,830	386,569	337,374
Total deductions	184,788	330,322	161,934	2,337,350	8,630,084	6,179,753	2,650,332	19,722,703	14,088,586
Cost of sales and operations	127,935	218,102	52,141	1,448,474	3,161,718	1,299,647	1,862,071	15,918,023	12,035,772
Inventory, beginning of year	4,244	6,569	5,421	42,057	125,668	62,466	63,202	1,990,330	1,921,162
Purchases	23,569	217,664	29,330	923,471	771,261	306,087	465,174	5,277,370	3,284,364
Cost of labor	10,101	172	6,379	87,288	180,241	22,489	157,753	1,509,089	797,045
Additional inventory costs	—	—	—	5,416	23,683	5,081	18,602	39,542	26,629
Other costs	95,144	1,542	17,630	455,033	2,176,369	959,024	1,217,345	9,841,915	8,679,283
Less: Inventory, end of year	5,122	7,846	6,619	64,792	115,504	55,500	60,005	2,740,223	2,672,711
Salaries and wages	6,161	19,030	20,420	222,410	176,446	119,852	56,594	633,352	221,902
Less: Jobs credit	—	—	15,102	47	—	—	—	466	441
Guaranteed payments to partners	2,669	21,879	21,406	54,505	228,216	224,473	3,743	259,207	141,290
Rent paid	373	14,737	3,349	23,491	86,501	78,341	8,160	80,620	32,579
Interest paid	1,296	1,772	2,737	52,471	346,095	307,853	38,242	135,198	93,078
Taxes paid	729	3,253	1,831	28,718	404,740	345,528	59,212	138,675	53,209
Bad debts	369	27	2,068	2,540	6,419	5,585	834	10,227	4,397
Repairs	1,486	847	287	46,908	120,859	87,486	33,373	67,230	17,707
Depreciation	3,111	1,842	6,491	83,292	1,011,658	889,214	122,444	227,070	84,207
Depletion	—	—	2,566	1,885	168,472	6,352	162,120	544	393
Pension, profit sharing, annuity and bond purchase plans	145	3	—	676	9,335	6,696	2,639	9,520	3,637
Employee benefits plans	231	487	498	761	15,958	9,034	6,924	13,281	5,480
Ordinary loss from other partnerships and fiduciaries	—	355	—	285	12,766	10,618	2,147	3,481	3,384
Farm net loss	—	4,841	2,274	1,500	2,914	2,914	—	76	76
Net loss, noncapital assets	—	—	—	1,109	5,555	5,253	303	180	150
Other deductions	40,283	43,149	60,969	368,371	3,072,434	2,780,908	291,526	2,226,486	1,391,767
Net income or deficit from trade or business	36,128	139,465	153,155	557,827	5,025,618	4,467,930	557,688	3,165,469	1,787,779
Net income	36,128	146,175	160,835	560,675	5,074,236	4,510,981	563,256	3,178,413	1,800,456
Deficit	—	6,710	7,680	2,848	48,618	43,051	5,567	12,944	12,677
Portfolio income distributed directly to partners:									
Total income (less deficit)	471	23,930	7,733	53,344	669,380	621,655	47,725	175,163	160,843
Interest income	233	21,111	1,454	32,189	344,683	324,201	20,482	155,558	142,013
Dividend income	75	931	1,458	1,248	72,131	67,344	4,787	1,210	610
Royalty income	—	—	—	—	236,343	235,301	1,042	401	367
Net short-term capital gain (less loss)	91	245	—9	7,099	—18,180	—18,165	—15	6,186	10,616
Net long-term capital gain (less loss)	73	1,644	4,799	12,537	21,218	—212	21,430	11,380	6,840
Other portfolio income (less loss)	—	—	31	271	13,185	13,185	—	428	398
Real estate rental net income or deficit	—145	4,555	6,861	4,270	—2,180	—2,822	642	17,162	15,410
Net income	371	4,555	6,861	4,394	5,129	4,486	642	34,904	23,187
Deficit	515	—	—	124	7,309	7,308	1	17,742	7,777
Net income or deficit from other rental activity	—	120	—	178	8,232	3,394	4,838	9,618	8,233
Net income	—	120	—	213	8,298	3,414	4,884	13,925	12,540
Deficit	—	—	—	34	66	20	46	4,307	4,307
Total net income or deficit	36,291	166,182	162,959	595,984	5,698,012	5,108,534	589,478	3,349,845	1,954,808

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) for Selected Industries—Continued

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

Item	Construction—continued						Manufacturing				
	Total	Plumbing, heating and air conditioning	Painting, paper hanging and decorating	Masonry, stonework, tile setting and plastering	Contractors, not elsewhere classified	Contractors not allocable	Total	Lumber and wood products, except furniture	Printing, publishing and allied industries	Machinery, except electrical	Other manufacturing industries
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Partnerships with and without net income											
Number of partnerships.....	37,856	6,464	6,211	***	20,950	***	34,671	4,104	6,817	608	23,141
Number of partners.....	83,245	13,211	13,862	***	47,357	***	177,793	9,924	31,481	1,734	134,653
Total assets.....	2,175,542	352,757	62,273	***	1,639,875	***	30,965,381	2,836,224	2,165,824	1,148,171	24,815,162
Receipts and deductions from trade or business:											
Total receipts.....	8,370,510	1,500,928	723,121	***	5,309,852	***	33,224,640	3,201,257	2,988,078	1,062,055	25,973,250
Business receipt.....	8,273,411	1,498,030	722,855	***	5,217,637	***	32,355,935	3,145,658	2,878,564	1,015,374	25,316,339
Ordinary income from other partnerships and fiduciaries.....	3,031	—	—	***	2,626	***	49,029	12,862	7,618	—	28,548
Farm net profit.....	308	137	—	***	172	***	3,597	—	665	859	2,073
Net gain, noncapital assets.....	40,416	394	1	***	39,994	***	320,928	20,836	176	1,472	298,445
Other receipts.....	53,343	2,367	265	***	49,423	***	495,151	21,900	101,056	44,350	327,844
Total deductions.....	7,108,508	1,333,259	504,875	***	4,578,447	***	32,576,155	3,093,720	2,832,678	1,001,083	25,648,674
Cost of sales and operations.....	4,945,219	985,863	193,105	***	3,353,728	***	23,793,360	2,197,421	1,250,139	680,981	19,664,818
Inventory, beginning of year.....	178,721	17,413	1,342	***	154,242	***	3,587,522	241,781	96,915	274,983	2,973,843
Purchases.....	2,368,606	679,154	110,370	***	1,379,159	***	13,913,023	1,040,433	396,871	511,328	11,964,391
Cost of labor.....	956,802	142,607	29,400	***	670,476	***	2,343,232	361,002	220,845	83,060	1,678,325
Additional inventory costs.....	13,962	—	—	***	9,886	***	546,699	30,248	28,045	12,657	475,749
Other costs.....	1,561,741	159,352	52,149	***	1,257,998	***	7,222,881	786,917	596,086	143,051	5,696,827
Less: Inventory, end of year.....	134,613	12,662	155	***	118,033	***	3,819,996	262,960	88,622	344,097	3,124,317
Salaries and wages.....	503,950	101,303	83,859	***	234,102	***	1,973,930	104,868	302,417	82,079	1,484,567
Less: Jobs credit.....	25	5	—	***	20	***	607	48	14	—	545
Guaranteed payments to partners.....	187,306	27,361	38,314	***	94,533	***	155,532	32,281	11,513	6,220	105,518
Rent paid.....	64,010	12,449	6,675	***	33,415	***	317,357	22,144	69,686	14,927	210,600
Interest paid.....	64,348	10,500	1,699	***	48,711	***	789,475	134,873	55,883	45,704	553,015
Taxes paid.....	107,411	19,187	7,125	***	70,786	***	276,226	26,308	35,575	9,214	205,129
Bad debts.....	12,367	2,591	4,218	***	4,951	***	60,599	6,107	15,164	6,237	33,091
Repairs.....	59,975	8,768	4,124	***	33,893	***	153,755	45,448	8,962	3,992	95,352
Depreciation.....	189,603	19,838	11,212	***	135,411	***	826,226	144,804	50,726	49,792	580,904
Depletion.....	177	—	—	***	26	***	54,405	229	302	—	53,874
Pension, profit sharing, annuity and bond purchase plans.....	5,890	6	—	***	4,013	***	74,233	2,402	4,790	4,409	62,632
Employee benefits plans.....	8,160	1,626	318	***	4,827	***	160,203	6,057	18,288	10,701	125,157
Ordinary loss from other partnerships and fiduciaries.....	97	—	—	***	2	***	28,986	43	7,564	—	21,379
Farm net loss.....	—	—	—	***	—	***	9,248	3,053	5,336	—	859
Net loss, noncapital assets.....	286	26	—	***	256	***	18,592	4,703	1,504	16	12,369
Other deductions.....	959,734	143,747	154,227	***	559,813	***	3,884,634	363,027	994,844	86,810	2,439,953
Net income or deficit from trade or business	1,262,002	167,669	218,246	***	731,406	***	648,485	107,537	155,400	60,972	324,576
Net income.....	1,376,916	178,466	224,625	***	827,675	***	2,381,516	206,771	385,431	119,862	1,669,452
Deficit.....	114,914	10,797	6,379	***	96,270	***	1,733,031	99,234	230,030	58,890	1,344,876
Portfolio income distributed directly to partners:											
Total income (less deficit).....	15,717	3,436	3,877	***	7,919	***	296,092	58,600	76,882	13,737	146,873
Interest income.....	14,732	3,324	1,959	***	8,964	***	120,176	16,661	13,587	5,094	84,834
Dividend income.....	602	—	—	***	602	***	15,392	51	124	23	15,194
Royalty income.....	34	—	—	***	34	***	16,960	—	7,802	2,720	6,438
Net short-term capital gain (less loss).....	-4,418	4	—	***	-4,421	***	354	240	-69	773	-727
Net long-term capital gain (less loss).....	4,736	80	1,918	***	2,739	***	143,089	41,649	55,273	5,127	41,040
Other portfolio income (less loss).....	30	30	—	***	—	***	121	—	28	—	93
Real estate rental net income or deficit:	1,152	335	-9,912	***	10,725	***	-9,504	2,316	1,176	22	-13,017
Net income.....	11,752	712	—	***	11,036	***	6,090	2,606	1,449	22	2,013
Deficit.....	10,600	377	9,912	***	311	***	15,593	290	273	—	15,030
Net income or deficit from other rental activity	1,406	—	—	***	1,406	***	14,831	-7,025	2,223	—	-19,634
Net income.....	1,406	—	—	***	1,406	***	24,681	303	2,984	—	21,395
Deficit.....	—	—	—	***	—	***	9,850	7,329	760	—	1,761
Total net income or deficit	1,279,959	171,357	210,293	***	753,138	***	806,461	119,539	180,340	68,830	437,752
Net income.....	1,393,996	182,529	216,672	***	848,182	***	2,504,491	216,282	404,408	126,241	1,757,560
Deficit.....	114,037	11,171	6,379	***	95,045	***	1,698,029	96,743	224,068	57,411	1,319,808

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) for Selected Industries—Continued

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

Item	Construction—continued						Manufacturing				
	Total	Plumbing, heating and air conditioning	Painting, paper hanging and decorating	Masonry, stonework, tile setting and plastering	Contractors, not elsewhere classified	Contractors not allocable	Total	Lumber and wood products, except furniture	Printing, publishing and allied industries	Machinery, except electrical	Other manu- facturing industries
Partnerships with net income											
Number of partnerships.....	29,841	4,496	5,149	***	16,651	***	17,513	2,559	3,413	602	10,939
Number of partners.....	64,779	9,105	10,691	***	37,541	***	123,738	6,382	13,381	1,722	102,253
Total assets.....	1,504,564	326,561	61,931	***	1,028,300	***	20,525,847	1,794,473	1,496,322	602,512	16,632,541
Receipts and deductions from trade or business:¹											
Total receipts.....	7,000,430	1,177,487	677,972	***	4,361,732	***	25,792,696	2,390,900	2,323,247	708,691	20,370,058
Business receipts.....	6,912,528	1,174,968	677,706	***	4,277,701	***	25,053,234	2,343,836	2,249,097	665,689	19,794,612
Ordinary income from other partnerships and fiduciaries.....	3,031	—	—	***	2,626	***	34,857	12,862	960	—	21,034
Farm net profit.....	308	137	—	***	172	***	2,722	—	665	—	2,057
Net gain, noncapital assets.....	35,386	16	1	***	35,351	***	312,890	15,625	85	1,370	295,809
Other receipts.....	49,176	2,367	265	***	45,882	***	389,193	18,577	72,439	41,632	256,545
Total deductions.....	5,623,781	999,021	453,346	***	3,534,324	***	23,419,725	2,185,803	1,937,866	588,829	18,707,228
Cost of sales and operations.....	3,873,005	768,532	157,910	***	2,553,298	***	17,583,820	1,535,675	857,966	430,200	14,759,979
Inventory, beginning of year.....	69,169	14,844	1,342	***	47,260	***	2,790,133	171,056	69,990	198,400	2,350,687
Purchases.....	1,993,006	548,707	108,509	***	1,138,918	***	10,814,909	728,023	355,251	343,666	9,387,968
Cost of labor.....	712,043	119,546	29,400	***	451,767	***	1,848,344	250,896	199,162	66,055	1,332,232
Additional inventory costs.....	12,913	—	—	***	9,886	***	213,739	1,287	21,436	12,105	178,911
Other costs.....	1,153,386	98,000	18,815	***	956,497	***	4,659,144	581,110	282,736	55,233	3,740,066
Less: Inventory, end of year.....	67,512	12,565	155	***	51,030	***	2,742,450	196,697	70,609	245,260	2,229,885
Salaries and wages.....	411,451	47,444	83,859	***	210,803	***	1,581,905	90,088	237,503	53,061	1,201,253
Less: Jobs credit.....	25	5	—	***	20	***	547	—	2	—	545
Guaranteed payments to partners.....	117,916	14,746	28,268	***	53,726	***	116,869	25,274	6,469	6,220	78,906
Rent paid.....	48,041	9,084	6,375	***	21,175	***	193,401	14,323	51,506	13,008	114,564
Interest paid.....	42,052	8,777	1,699	***	28,143	***	421,064	77,384	26,319	6,530	310,830
Taxes paid.....	85,466	11,559	7,125	***	57,651	***	206,066	20,374	28,448	5,620	151,623
Bad debts.....	5,830	2,591	—	***	2,685	***	37,039	5,374	9,776	374	21,514
Repairs.....	49,522	3,143	4,124	***	29,065	***	117,606	36,703	7,037	1,235	72,631
Depreciation.....	142,863	18,606	11,065	***	95,996	***	430,649	82,087	36,931	14,320	297,312
Depletion.....	151	—	—	***	—	***	53,639	229	302	—	53,108
Pension, profit sharing, annuity and bond purchase plans.....	5,883	6	—	***	4,006	***	59,801	2,215	4,158	2,989	50,439
Employee benefits plans.....	7,802	1,379	318	***	4,716	***	131,986	3,171	13,999	8,957	105,859
Ordinary loss from other partnerships and fiduciaries.....	97	—	—	***	2	***	1,017	43	682	—	293
Farm net loss.....	—	—	—	***	—	***	3,555	3,053	—	—	502
Net loss, noncapital assets.....	30	26	—	***	—	***	4,619	5	1,229	—	3,384
Other deductions.....	833,698	113,133	152,604	***	473,077	***	2,477,238	289,804	655,543	46,316	1,485,576
Net income or deficit from trade or business.....	1,376,649	178,466	224,625	***	827,409	***	2,373,171	205,098	385,381	119,862	1,662,830
Net income.....	1,376,916	178,466	224,625	***	827,675	***	2,381,066	206,771	385,431	119,862	1,669,002
Deficit.....	267	—	—	***	267	***	7,895	1,673	49	—	6,172
Portfolio income distributed directly to partners:											
Total income (less deficit).....	14,320	3,433	3,877	***	6,549	***	207,649	14,214	68,761	11,552	113,122
Interest income.....	13,545	3,320	1,959	***	7,806	***	84,891	9,255	9,053	3,616	62,968
Dividend income.....	600	—	—	***	600	***	8,272	51	117	23	8,081
Royalty income.....	34	—	—	***	34	***	12,626	—	6,674	2,718	3,234
Net short-term capital gain (less loss).....	-4,430	4	—	***	-4,433	***	1,297	240	72	773	213
Net long-term capital gain (less loss).....	4,540	80	1,918	***	2,543	***	100,503	4,669	52,845	4,422	38,568
Other portfolio income (less loss).....	30	30	—	***	—	***	60	—	—	—	60
Real estate rental net income or deficit..	1,752	712	-9,912	***	10,949	***	1,706	1,879	230	22	-424
Net income.....	11,717	712	—	***	11,001	***	3,563	2,162	493	22	887
Deficit.....	9,965	—	9,912	***	53	***	1,857	283	263	—	1,311
Net income or deficit from other rental activity.....	1,385	—	—	***	1,385	***	23,765	—	2,953	—	20,812
Net income.....	1,385	—	—	***	1,385	***	24,264	97	2,971	—	21,195
Deficit.....	—	—	—	***	—	***	499	97	19	—	383
Total net income or deficit.....	1,393,996	182,529	216,672	***	848,182	***	2,504,491	216,282	404,408	128,241	1,757,560

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) for Selected Industries—Continued

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

Item	Transportation, communication, electric, gas & sanitary services					Wholesale and retail trade				
	Total	Transportation			Communication, electric, gas and sanitary services	Total	Retail trade			
		Total	Trucking and warehousing	Other transportation			Wholesale trade	Total	Building materials, hardware, garden supply and mobile dealers	General merchandise stores
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
Partnerships with and without net income										
Number of partnerships	29,843	19,684	14,924	4,760	10,159	184,797	19,925	164,672	4,455	2,139
Number of partners	428,859	81,680	36,586	45,094	347,179	475,961	51,923	424,037	12,825	5,459
Total assets	42,015,190	10,321,304	1,636,684	8,684,820	31,693,886	26,105,125	8,683,398	17,421,727	838,899	334,671
Receipts and deductions from trade or business:¹										
Total receipts	20,341,513	8,182,609	1,962,864	6,219,748	12,158,904	71,565,947	23,175,968	48,389,979	2,416,801	775,051
Business receipt	19,794,652	8,004,341	1,924,238	6,080,102	11,790,311	70,559,503	22,905,588	47,653,914	2,396,939	767,729
Ordinary income from other partnerships and fiduciaries	30,518	4,075	559	3,516	26,443	134,792	4,305	130,488	138	—
Farm net profit	8,314	—	—	—	8,314	36,687	30,884	5,804	28	—
Net gain, noncapital assets	137,976	63,499	10,429	53,070	74,477	122,117	61,624	60,493	290	75
Other receipts	370,053	110,695	27,637	83,058	259,358	712,848	173,567	539,281	19,407	7,248
Total deductions	24,228,328	8,015,651	1,811,049	6,204,602	16,212,677	69,276,547	22,499,934	46,776,612	2,291,885	758,163
Cost of sales and operations	7,238,289	4,812,474	469,099	4,343,376	2,425,815	51,029,083	19,649,139	31,379,944	1,687,536	530,670
Inventory, beginning of year	227,836	39,399	3,219	36,181	188,436	6,085,071	1,574,567	4,510,503	355,238	87,745
Purchases	4,613,307	3,365,956	139,513	3,226,443	1,247,351	47,952,922	18,752,801	29,200,121	1,633,846	488,120
Cost of labor	161,726	101,001	33,207	67,794	60,724	1,010,537	228,682	781,855	22,168	4,501
Additional inventory costs	34,352	7,094	3,483	3,611	27,258	117,512	59,689	57,823	3,324	3,378
Other costs	2,450,900	1,370,520	294,344	1,076,175	1,080,380	2,846,285	839,885	2,006,400	48,191	36,938
Less: Inventory, end of year	249,830	71,496	4,668	66,828	178,335	6,983,243	1,806,485	5,176,758	375,230	90,012
Salaries and wages	1,299,410	290,054	119,211	170,843	1,009,356	7,509,762	641,088	6,868,675	188,562	75,485
Less: Jobs credit	928	13	13	—	915	2,560,581	955	2,559,627	—	—
Guaranteed payments to partners	168,370	101,532	96,515	5,017	66,839	998,852	244,840	754,013	38,463	29,260
Rent paid	407,266	83,198	35,973	47,224	324,068	1,896,568	130,649	1,765,919	39,160	18,688
Interest paid	1,602,197	343,596	72,199	271,397	1,258,601	866,323	246,220	620,103	24,680	5,581
Taxes paid	356,409	88,813	43,478	45,335	267,597	970,726	110,973	859,754	37,797	13,909
Bad debts	465,657	5,713	839	4,874	459,944	129,519	51,356	78,163	9,984	423
Repairs	312,515	146,464	79,624	66,840	166,051	372,876	58,679	314,198	11,399	1,201
Depreciation	3,981,692	692,565	211,084	481,481	3,289,127	1,031,542	123,226	908,317	31,226	18,704
Depletion	891	369	—	—	522	2,216	515	1,701	—	—
Pension, profit sharing, annuity and bond purchase plans	26,444	7,169	1,478	5,692	19,275	47,568	23,585	23,983	1,782	444
Employee benefits plans	71,103	15,035	5,786	9,248	56,068	108,126	25,950	82,176	4,995	417
Ordinary loss from other partnerships and fiduciaries	255,100	9,080	130	8,950	246,020	25,683	612	25,071	9	—
Farm net loss	6	6	6	—	—	8,821	5,261	3,560	1,343	70
Net loss, noncapital assets	573,546	603	408	195	572,943	25,712	1,005	24,707	14,160	230
Other deductions	7,470,360	1,418,993	674,863	744,130	6,051,367	6,813,750	1,187,792	5,625,958	200,790	63,071
Net income or deficit from trade or business	-3,886,815	166,958	151,814	15,144	-4,053,773	2,289,400	676,034	1,613,367	124,916	16,889
Net income	1,885,188	682,767	212,038	470,729	1,202,421	3,787,446	928,988	2,858,459	172,159	35,306
Deficit	5,772,004	515,809	60,224	455,585	5,256,195	1,498,046	252,954	1,245,092	47,243	18,417
Portfolio income distributed directly to partners:										
Total income (less deficit)	1,002,301	17,809	3,166	14,643	984,492	446,288	97,492	348,796	8,247	6,377
Interest income	162,404	24,513	3,140	21,372	137,891	145,488	69,359	76,129	7,594	6,241
Dividend income	1,246	1,092	48	1,043	154	232,183	22,532	209,651	333	44
Royalty income	53	3	—	3	50	739	664	75	—	—
Net short-term capital gain (less loss)	14,347	-571	—	-571	14,918	-5,201	-1,950	-3,251	-1	-48
Net long-term capital gain (less loss)	822,998	-7,196	67	-7,263	830,194	72,841	6,940	65,900	321	140
Other portfolio income (less loss)	1,254	-31	-89	58	1,285	238	-54	291	—	—
Real estate rental net income or deficit	-23,133	-16,833	10,166	-26,999	-6,300	8,048	29,028	-20,880	14,042	593
Net income	27,177	20,443	12,829	7,614	6,734	83,032	33,783	49,249	14,171	693
Deficit	50,309	37,276	2,663	34,613	13,034	74,984	4,755	70,230	129	100
Net income or deficit from other rental activity	-36,258	-48,289	4,301	-52,589	12,031	20,744	2,915	17,829	30	66
Net income	78,631	64,708	7,096	57,612	13,923	34,334	3,342	30,992	30	66
Deficit	114,888	112,996	2,795	110,201	1,892	13,590	428	13,163	—	—
Total net income or deficit	-3,781,249	127,414	169,380	-41,967	-3,908,663	2,696,840	800,479	1,896,362	146,915	23,832
Net income	2,028,083	780,222	232,124	548,098	1,247,861	4,214,713	1,044,264	3,170,449	193,568	42,041
Deficit	5,809,332	652,809	62,743	590,065	5,156,524	1,517,873	243,785	1,274,088	46,653	18,209

Footnote at end of table.

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) for Selected Industries—Continued

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

Item	Transportation, communication, electric, gas & sanitary services					Wholesale and retail trade				
	Total	Transportation			Communi- cation, electric gas and sanitary services	Total	Retail trade			
		Total	Trucking and warehousing	Other trans- portation			Wholesale trade	Total	Building materials, hardware, garden supply and mobile dealers	General merchandise stores
(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	
Partnerships with net income										
Number of partnerships	13,091	9,799	8,007	1,793	3,292	100,271	12,431	87,840	3,618	963
Number of partners	80,520	54,018	20,170	33,848	26,502	268,481	33,381	235,100	10,799	3,006
Total assets	13,180,891	5,237,043	945,562	4,291,481	7,943,848	17,905,605	6,875,501	11,030,104	690,235	262,580
Receipts and deductions from trade or business:¹										
Total receipts	8,833,331	4,185,350	1,399,763	2,785,587	4,647,981	52,587,339	17,940,411	34,746,927	2,089,149	533,510
Business receipt	8,500,476	4,034,900	1,363,746	2,671,154	4,465,576	51,844,006	17,599,360	34,244,646	2,072,774	527,828
Ordinary income from other partnerships and fiduciaries	28,744	2,734	—	2,734	26,010	131,390	4,305	127,086	73	—
Farm net profit	2	—	—	—	2	36,058	30,883	5,175	28	—
Net gain, noncapital assets	127,800	62,759	10,211	52,548	65,041	99,315	60,912	38,403	156	75
Other receipts	176,308	84,956	25,806	59,150	91,352	476,570	144,952	331,618	16,119	5,607
Total deductions	6,957,849	3,503,687	1,188,145	2,315,543	3,454,162	48,812,265	16,913,922	31,898,343	1,917,000	498,293
Cost of sales and operations	3,100,426	1,846,997	278,008	1,568,990	1,253,428	37,025,646	14,757,835	22,267,812	1,440,413	390,209
Inventory, beginning of year	163,575	6,819	2,187	4,632	156,756	4,162,954	1,070,143	3,092,812	273,895	58,491
Purchases	1,884,523	1,153,132	124,653	1,028,479	731,391	34,763,392	14,143,808	20,619,584	1,420,843	350,812
Cost of labor	73,995	49,890	17,394	32,495	24,105	740,722	196,296	544,426	13,861	4,501
Additional inventory costs	640	338	—	338	302	86,559	36,923	49,637	3,074	3,378
Other costs	1,149,255	672,770	135,508	537,262	476,485	2,038,334	661,445	1,376,888	35,086	34,922
Less: Inventory, end of year	171,562	35,951	1,735	34,216	135,611	4,766,315	1,350,780	3,415,535	306,345	61,895
Salaries and wages	332,713	164,411	93,665	70,747	168,302	3,794,531	504,306	3,290,225	159,313	40,525
Less: Jobs credit	899	—	—	—	899	365,628	43	365,586	—	—
Guaranteed payments to partners	133,472	96,996	92,963	4,034	36,476	607,911	201,125	406,787	21,840	2,000
Rent paid	89,202	44,413	32,536	11,878	44,789	1,183,275	93,034	1,090,241	31,981	11,147
Interest paid	301,774	138,766	37,723	101,043	163,007	443,013	155,783	287,230	20,077	3,577
Taxes paid	133,325	61,821	32,355	29,466	71,504	676,011	89,435	586,576	30,379	4,652
Bad debts	22,139	3,152	640	2,511	18,988	77,151	41,234	35,917	88	77
Repairs	133,416	102,917	73,195	29,722	30,499	254,479	49,757	204,722	8,387	960
Depreciation	1,002,657	302,681	111,421	191,260	699,977	581,608	92,255	489,353	23,348	8,438
Depletion	667	369	369	—	298	1,666	—	1,666	—	—
Pension, profit sharing, annuity and bond purchase plans	3,447	2,021	931	1,089	1,426	37,647	20,223	17,424	1,775	433
Employee benefits plans	15,439	8,230	4,922	3,308	7,209	81,198	19,195	62,003	4,530	260
Ordinary loss from other partnerships and fiduciaries	4,696	1,264	—	1,264	3,432	8,524	473	8,051	9	—
Farm net loss	—	—	—	—	—	5,963	5,246	717	—	70
Net loss, noncapital assets	917	590	408	181	327	3,388	707	2,681	117	230
Other deductions	1,684,459	729,060	429,010	300,050	955,399	4,395,881	883,357	3,512,524	170,289	35,704
Net income or deficit from trade or business	1,875,481	681,662	211,618	470,044	1,193,819	3,775,073	926,489	2,848,584	172,149	35,217
Net income	1,885,178	682,757	212,027	470,729	1,202,421	3,781,920	928,359	2,853,561	172,159	35,306
Deficit	9,696	1,094	409	685	8,602	6,846	1,870	4,976	10	88
Portfolio income distributed directly to partners:										
Total income (less deficit)	166,369	16,359	2,653	13,706	150,009	396,252	85,292	310,960	7,767	6,268
Interest income	63,778	15,669	2,617	13,052	48,109	124,067	63,744	60,324	7,113	6,132
Dividend income	1,039	995	48	947	44	232,031	22,519	209,512	333	44
Royalty income	—	—	—	—	—	682	664	17	—	—
Net short-term capital gain (less loss)	13,307	-122	—	-122	13,429	-2,794	-2,013	-781	-1	-48
Net long-term capital gain (less loss)	88,308	-119	77	-197	88,427	42,062	432	41,630	321	140
Other portfolio income (less loss)	-63	-63	-89	26	—	205	-54	258	—	—
Real estate rental net income or deficit	22,638	18,203	10,971	7,232	4,435	50,707	28,029	22,677	13,943	582
Net income	26,212	19,868	12,384	7,484	6,344	72,564	31,390	41,174	13,943	682
Deficit	3,574	1,665	1,413	252	1,909	21,857	3,360	18,497	—	100
Net income or deficit from other rental activity										
Net income	65,210	63,756	6,959	56,797	1,454	31,948	2,872	29,077	30	66
Deficit	65,223	63,756	6,959	56,797	1,467	32,879	3,299	29,580	30	66
Deficit	13	—	—	—	13	930	428	503	—	—
Total net income or deficit	2,028,083	780,222	232,124	548,098	1,247,861	4,214,713	1,044,264	3,170,449	193,568	42,041

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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				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)	
Partnerships with and without net income										
Number of partnerships	22,210	14,456	7,754	17,278	8,521	4,053	6,704	13,204	9,673	30,584
Number of partners	49,529	30,940	18,589	47,262	14,518	9,490	23,254	28,261	23,205	109,965
Total assets	1,665,099	1,040,505	624,594	2,829,767	1,147,783	689,869	992,115	830,152	1,177,343	3,948,597
Receipts and deductions from trade or business:										
Total receipts	8,579,582	6,045,826	2,533,756	11,004,144	4,956,281	4,173,778	1,874,086	1,788,132	2,459,233	9,594,951
Business receipt	8,510,808	5,989,398	2,521,410	10,776,209	4,823,125	4,125,129	1,827,955	1,780,607	2,381,275	9,502,223
Ordinary income from other partnerships and fiduciaries	94	14	80	60,537	42,118	4,130	14,289	54	337	21,167
Farm net profit	—	—	—	5,382	5,134	248	—	—	—	7
Net gain, noncapital assets	5,822	3,366	2,456	23,138	2,294	12,373	8,471	47	7,562	5,896
Other receipts	62,858	53,048	9,810	138,877	83,610	31,897	23,370	7,423	70,059	65,657
Total deductions	8,384,432	5,902,854	2,481,577	10,829,235	4,863,114	4,065,724	1,900,398	1,791,209	2,291,800	9,171,458
Cost of sales and operations	6,309,745	4,762,688	1,547,057	8,949,313	4,148,412	3,492,875	1,308,027	1,130,323	1,557,760	3,945,163
Inventory, beginning of year	463,583	381,463	82,120	1,157,591	735,693	102,019	319,878	439,378	339,663	150,590
Purchases	5,789,316	4,478,688	1,310,629	8,867,107	4,089,575	3,389,558	1,387,975	1,167,592	1,490,329	3,215,580
Cost of labor	66,251	22,241	44,011	74,757	30,901	22,865	20,992	8,720	85,235	409,018
Additional inventory costs	20,562	2,976	17,586	5,702	2,736	2,680	286	2,373	3,755	2,203
Other costs	426,421	258,965	167,456	228,851	66,658	96,411	65,782	57,504	65,039	318,555
Less: Inventory, end of year	456,390	381,645	74,745	1,384,695	777,151	120,657	486,886	545,245	426,261	150,782
Salaries and wages	665,994	372,737	293,257	2,646,816	2,368,138	164,148	114,530	148,198	158,772	2,011,582
Less: Jobs credit	19,520	19,520	—	2,160,277	2,160,269	8	—	4	5,351	366,634
Guaranteed payments to partners	119,863	50,161	69,703	146,847	13,116	35,375	98,356	30,268	27,681	159,187
Rent paid	187,993	80,951	107,042	160,657	51,214	52,306	57,136	145,354	67,385	624,804
Interest paid	73,121	45,559	27,562	135,031	71,385	24,009	39,638	28,177	43,294	149,303
Taxes paid	116,667	67,179	49,488	114,186	39,415	51,443	23,328	27,194	41,299	306,259
Bad debts	8,677	8,229	448	15,419	5,823	2,826	6,770	1,091	7,555	10,493
Repairs	50,006	31,461	18,544	42,017	18,127	15,898	7,992	9,326	8,352	124,607
Depreciation	130,995	76,199	54,796	116,317	32,455	45,103	38,759	29,048	33,003	306,757
Depletion	1	1	—	180	23	157	—	—	—	1,450
Pension, profit sharing, annuity and bond purchase plans	2,951	2,118	833	2,723	1,384	543	796	769	3,960	1,341
Employee benefits plans	16,200	13,185	3,014	12,616	9,073	1,954	1,590	4,390	1,344	25,857
Ordinary loss from other partnerships and fiduciaries	15	15	—	96	91	2	2	1,813	3,656	5,831
Farm net loss	119	119	—	1,382	—	1,382	—	—	—	67
Net loss, noncapital assets	197	88	109	2,342	4	2,332	6	57	2	1,932
Other deductions	721,410	411,686	309,724	643,570	264,724	175,379	203,466	235,204	343,089	1,863,458
Net income or deficit from trade or business	195,150	142,972	52,179	174,909	93,167	108,054	-26,312	-3,077	167,433	423,493
Net income	370,720	222,487	148,233	368,414	151,851	127,175	89,388	97,340	207,293	793,038
Deficit	175,570	79,515	96,055	193,505	58,684	19,121	115,701	100,418	39,860	369,545
Portfolio income distributed directly to partners:										
Total income (less deficit)	8,007	5,725	2,283	16,342	8,414	4,319	3,609	3,613	9,332	253,421
Interest income	5,184	3,248	1,937	10,081	3,519	3,119	3,443	4,588	6,947	14,741
Dividend income	277	182	95	179	10	46	123	52	759	206,363
Royalty income	16	16	—	2	2	—	—	—	—	7
Net short-term capital gain (less loss)	-12	-8	-4	124	9	-15	129	-1	-13	-58
Net long-term capital gain (less loss)	2,542	2,287	255	5,952	4,875	1,164	-86	-1,027	1,607	32,140
Other portfolio income (less loss)	—	—	—	5	—	5	—	—	32	228
Real estate rental net income or deficit	-374	3	-377	9,656	2,354	2,060	5,243	2,479	-882	-37,310
Net income	2,778	2,753	25	13,484	3,947	3,924	5,613	2,518	1,114	4,952
Deficit	3,151	2,750	402	3,828	1,593	1,865	371	40	1,997	42,261
Net income or deficit from other rental activity	18,702	18,699	4	2,326	924	2	1,400	-2,144	—	485
Net income	18,702	18,699	4	3,629	2,196	2	1,431	15	—	938
Deficit	—	—	—	1,303	1,272	—	31	2,159	—	453
Total net income or deficit	218,956	165,119	53,837	197,157	99,975	113,285	-16,103	1,898	174,287	608,007
Net income	393,736	244,405	149,332	386,650	157,828	131,501	97,321	102,112	212,351	1,002,411
Deficit	174,781	79,286	95,495	189,492	57,853	18,216	113,423	100,214	38,063	394,405

Footnote at end of table.

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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				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)	
Partnerships with net income										
Number of partnerships	12,308	9,377	2,931	9,928	4,083	2,453	3,392	7,173	5,817	17,345
Number of partners	27,611	19,944	7,667	30,867	9,388	5,991	15,488	15,930	14,469	63,860
Total assets	998,263	654,146	344,117	1,855,715	774,919	514,271	566,526	395,039	841,638	1,843,586
Receipts and deductions from trade or business:¹										
Total receipts	6,277,132	4,407,170	1,869,963	7,623,091	3,497,754	2,890,612	1,234,726	1,039,534	1,888,937	6,685,060
Business receipt	6,220,095	4,359,850	1,860,245	7,456,399	3,391,928	2,864,710	1,199,762	1,035,162	1,851,163	6,616,063
Ordinary income from other partnerships and fiduciaries	94	14	80	60,521	42,102	4,130	14,289	54	337	18,103
Farm net profit	—	—	—	5,140	5,128	12	—	—	—	—
Net gain, noncapital assets	3,825	3,360	465	5,227	1,734	3,469	24	29	7,418	5,617
Other receipts	53,118	43,946	9,172	95,804	56,862	18,291	20,651	4,289	30,019	45,277
Total deductions	5,907,790	4,186,061	1,721,729	7,257,504	3,347,043	2,763,568	1,146,893	942,194	1,682,190	5,894,771
Cost of sales and operations	4,586,168	3,442,377	1,143,790	6,129,903	2,900,573	2,399,315	830,016	612,486	1,191,124	2,602,096
Inventory, beginning of year	284,344	233,481	50,863	701,575	466,911	68,809	165,855	227,258	233,850	100,767
Purchases	4,275,415	3,225,354	1,050,061	5,985,802	2,883,133	2,311,406	791,264	603,939	1,141,579	2,130,157
Cost of labor	58,142	19,657	38,486	59,680	21,019	19,488	19,172	8,720	59,028	253,016
Additional inventory costs	19,904	2,318	17,586	2,432	2,146	—	286	2,020	3,572	476
Other costs	271,885	230,061	41,824	122,824	808	85,628	36,388	45,757	58,623	218,052
Less: Inventory, end of year	323,522	268,494	55,028	742,410	473,445	86,017	182,949	275,210	305,527	100,372
Salaries and wages	462,957	242,718	220,240	300,663	134,641	110,521	55,500	78,430	122,778	1,431,085
Less: Jobs credit	59	59	—	103	100	3	—	4	5,351	353,228
Guaranteed payments to partners	52,779	24,471	28,307	84,990	9,538	10,399	65,053	12,463	12,049	107,172
Rent paid	115,307	55,402	59,905	114,035	41,053	38,612	34,370	54,546	45,293	390,233
Interest paid	29,218	22,840	6,379	66,505	31,719	15,886	18,899	10,575	21,882	57,839
Taxes paid	79,707	43,885	35,822	70,369	25,268	33,158	11,942	15,336	32,155	207,685
Bad debts	7,373	7,206	167	5,188	2,072	1,980	1,135	545	5,803	2,398
Repairs	30,831	18,905	11,926	22,046	9,245	9,187	3,615	5,567	6,821	82,040
Depreciation	71,399	42,983	28,415	59,188	14,521	31,078	13,589	12,634	22,345	161,562
Depletion	—	—	—	157	—	—	157	—	—	1,439
Pension, profit sharing, annuity and bond purchase plans	2,503	1,782	722	2,253	1,093	511	649	766	911	820
Employee benefits plans	13,397	10,571	2,826	8,079	5,419	1,363	1,297	2,176	819	19,200
Ordinary loss from other partnerships and fiduciaries	15	15	—	94	91	2	—	168	3,656	338
Farm net loss	—	—	—	—	—	—	—	—	—	67
Net loss, noncapital assets	2	1	—	1,356	—	1,350	6	57	2	321
Other deductions	456,194	272,964	183,230	392,782	171,910	110,051	110,821	136,451	221,904	1,183,704
Net income or deficit from trade or business	369,342	221,109	148,233	365,587	150,711	127,044	87,832	97,340	206,747	790,289
Net income	369,550	221,317	148,233	367,385	150,822	127,175	89,388	97,340	207,025	791,918
Deficit	208	208	—	1,798	111	131	1,556	—	278	1,629
Portfolio income distributed directly to partners:										
Total income (less deficit)	5,585	4,300	1,285	13,971	7,932	3,042	2,997	2,828	6,751	226,097
Interest income	3,726	2,693	1,033	8,564	3,049	2,645	2,870	3,804	4,436	10,217
Dividend income	204	148	56	140	9	46	85	52	759	206,336
Royalty income	—	—	—	2	2	—	—	—	—	7
Net short-term capital gain (less loss)	6	—8	13	129	—	—	129	—1	—13	—14
Net long-term capital gain (less loss)	1,649	1,467	182	5,131	4,872	345	—86	—1,027	1,537	9,357
Other portfolio income (less loss)	—	—	—	5	—	5	—	—	32	195
Real estate rental net income or deficit	1,797	1,787	9	9,835	2,944	1,758	5,133	901	377	—5,117
Net income	1,924	1,899	25	11,756	3,069	3,477	5,210	914	873	4,446
Deficit	127	112	15	1,921	125	1,719	77	13	496	9,563
Net income or deficit from other rental activity	18,668	18,668	—	2,517	1,114	2	1,400	15	—	485
Net income	18,668	18,668	—	2,566	1,133	2	1,431	15	—	938
Deficit	—	—	—	49	19	—	31	—	—	453
Total net income or deficit	393,736	244,405	149,332	386,650	157,828	131,501	97,321	102,112	212,351	1,002,411

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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				
	Retail trade—continued			Wholesale and retail trade not allocable		Total	Finance			Insurance agents, brokers and service
	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)	
Partnerships with and without net income										
Number of partnerships.....	7,655	2,286	55,387	—	827,521	128,004	3,594	4,143	120,287	5,717
Number of partners.....	19,007	4,795	123,728	—	10,327,352	2,604,956	102,415	76,776	2,425,764	34,336
Total assets.....	478,672	235,255	5,085,271	—	1,040,671,508	234,678,715	13,713,694	47,500,777	173,464,244	4,376,754
Receipts and deductions from trade or business:										
Total receipts.....	1,175,349	878,527	9,718,208	—	139,886,658	96,870,898	1,537,615	88,643,429	6,689,854	4,394,546
Business receipt.....	1,153,252	871,399	9,513,473	—	123,238,540	85,510,000	740,245	82,645,263	2,124,492	3,399,122
Ordinary income from other partnerships and fiduciaries.....	7,613	—	40,548	—	2,136,897	1,395,807	15,434	121,653	1,258,720	3
Farm net profit.....	—	—	387	—	3,143,053	3,080,975	3,905	2,843,265	233,806	1,494
Net gain, noncapital assets.....	—	555	17,107	—	835,494	127,088	102	14,866	112,120	71
Other receipts.....	14,485	6,573	146,694	—	10,532,674	6,757,028	777,928	3,018,383	2,960,716	993,855
Total deductions.....	1,083,252	846,375	9,328,803	—	139,479,959	94,162,587	1,394,433	87,754,646	5,013,509	4,061,705
Cost of sales and operations.....	438,045	684,129	6,147,260	—	105,195,352	81,170,546	170,231	80,042,492	957,823	699,949
Inventory, beginning of year.....	25,493	81,633	1,409,588	—	13,839,007	1,032,706	10,083	731,153	291,470	8,211
Purchases.....	362,688	667,123	5,518,419	—	84,124,713	75,902,493	147,713	75,288,033	466,747	146,170
Cost of labor.....	27,214	5,202	78,790	—	319,057	10,317	—	8,782	1,535	5,512
Additional inventory costs.....	—	146	16,380	—	350,377	62,558	6	56,087	6,465	1,371
Other costs.....	53,429	31,616	739,857	—	21,835,609	4,967,447	16,675	4,361,128	589,644	546,121
Less: Inventory, end of year.....	30,779	101,590	1,615,773	—	15,240,980	804,975	4,246	402,692	398,038	604
Salaries and wages.....	166,059	55,408	751,798	—	3,830,654	2,011,223	160,296	1,657,053	193,874	379,736
Less: Jobs credit.....	—	5,638	2,202	—	16,269	10,161	88	9,846	227	—
Guaranteed payments to partners.....	17,200	6,577	178,667	—	1,021,613	583,361	50,053	342,949	190,359	61,106
Rent paid.....	90,584	19,517	411,777	—	607,107	229,209	24,968	162,961	41,280	71,664
Interest paid.....	15,231	10,819	134,866	—	9,016,162	4,378,721	584,249	3,292,312	502,159	29,202
Taxes paid.....	41,416	15,904	145,122	—	879,200	200,962	7,333	130,883	62,746	33,054
Bad debts.....	253	252	24,006	—	215,817	64,514	19,016	28,065	17,432	4,783
Repairs.....	15,582	4,321	47,387	—	226,145	67,882	3,219	57,048	7,615	5,383
Depreciation.....	56,952	14,617	170,699	—	1,379,223	214,210	53,581	101,121	59,507	22,024
Depletion.....	—	—	71	—	4,473	499	56	410	34	70
Pension, profit sharing, annuity and bond purchase plans.....	67	—	9,946	—	112,823	81,464	561	74,671	6,232	5,918
Employee benefits plans.....	654	327	15,375	—	94,209	34,894	9,856	17,740	7,299	8,895
Ordinary loss from other partnerships and fiduciaries.....	—	—	13,652	—	3,843,730	1,633,057	5,970	42,161	1,584,926	4,789
Farm net loss.....	—	—	580	—	95,257	38,090	—	8,179	29,911	—
Net loss, noncapital assets.....	4,155	12	1,620	—	302,328	1,252	48	211	993	637
Other deductions.....	237,054	40,131	1,278,181	—	12,672,135	3,462,863	305,082	1,806,235	1,351,545	2,734,495
Net income or deficit from trade or business.....	92,097	32,152	389,405	—	406,699	2,708,310	143,182	888,783	1,676,345	332,841
Net income.....	131,472	35,501	647,216	—	13,971,247	6,540,950	259,082	1,862,478	4,419,390	700,813
Deficit.....	39,374	3,349	257,811	—	13,564,548	3,832,640	115,900	973,695	2,743,045	367,972
Portfolio income distributed directly to partners:										
Total income (less deficit).....	473	15,680	27,303	—	24,567,406	13,590,451	181,004	1,334,163	12,075,284	122,682
Interest income.....	405	723	19,625	—	11,193,797	4,312,902	165,051	185,551	3,962,300	83,138
Dividend income.....	—	11	1,633	—	1,911,053	1,723,670	1,191	118,417	1,604,062	2,393
Royalty income.....	—	—	51	—	251,771	152,513	120	32,986	119,407	1
Net short-term capital gain (less loss).....	—	—	—3,243	—	390,440	188,296	—3,043	394,125	—202,786	5,957
Net long-term capital gain (less loss).....	69	14,946	9,210	—	10,379,178	7,054,399	16,688	600,498	6,437,212	31,109
Other portfolio income (less loss).....	—	—	27	—	441,168	158,671	996	2,586	155,089	85
Real estate rental net income or deficit.....	1,576	-1,913	-8,847	—	-40,973,030	-1,100,921	-1,667	-4,784	-1,094,470	3,826
Net income.....	1,576	1,004	6,960	—	12,428,530	409,403	1,672	313	407,418	26,512
Deficit.....	—	2,916	15,807	—	53,401,560	1,510,324	3,339	5,097	1,501,888	22,686
Net income or deficit from other rental activity.....	2,245	—	-3,882	—	-7,994	-5,562	—	206	-5,769	150
Net income.....	2,245	—	5,366	—	282,155	23,558	—	206	23,351	150
Deficit.....	—	—	9,247	—	290,149	29,120	—	—	29,120	—
Total net income or deficit.....	96,323	30,974	398,012	—	-26,776,536	7,949,583	308,873	1,223,745	6,416,965	422,434
Net income.....	134,470	35,303	667,806	—	36,060,546	12,497,641	420,326	2,028,395	10,048,920	766,156
Deficit.....	38,147	4,329	269,794	—	62,837,081	4,548,058	111,453	804,650	3,631,955	343,723

Footnote at end of table.

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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					
	Retail trade—continued			Wholesale and retail trade not allocable		Total	Finance				Insurance agents, brokers and service
	Drinking places	Liquor stores	Other retail stores				Total	Banking and credit agencies other than banks	Security and commodity brokers and service	Holding and investment companies	
(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)		
Partnerships with net income											
Number of partnerships	3,126	894	26,668	—	364,864	79,355	3,493	1,571	74,291	4,583	
Number of partners	6,833	1,979	59,747	—	5,339,429	1,974,078	95,130	45,992	1,832,956	15,595	
Total assets	282,918	158,127	3,702,003	—	426,726,053	174,279,064	11,011,874	29,438,776	133,828,414	3,650,680	
Receipts and deductions from trade or business: ¹											
Total receipts	774,030	625,598	7,210,886	—	120,522,534	90,369,568	1,149,222	83,287,617	5,932,729	3,319,059	
Business receipt	757,316	618,813	7,089,033	—	106,142,956	80,044,716	599,697	77,842,798	1,602,221	2,341,232	
Ordinary income from other partnerships and fiduciaries	7,613	—	40,291	—	2,034,501	1,351,742	15,434	116,279	1,220,029	3	
Farm net profit	—	—	8	—	3,122,911	3,077,108	3,905	2,843,265	229,938	1,336	
Net gain, noncapital assets	—	555	15,500	—	532,601	108,638	88	1,205	107,346	70	
Other receipts	9,102	6,230	66,053	—	8,689,565	5,787,364	530,098	2,484,071	2,773,194	976,418	
Total deductions	642,559	590,197	6,585,845	—	107,444,372	84,059,980	893,516	81,462,689	1,703,774	2,845,849	
Cost of sales and operations	289,282	491,704	4,534,427	—	92,526,301	76,146,523	145,634	75,415,775	585,113	616,596	
Inventory, beginning of year	17,829	66,989	1,127,813	—	7,077,575	747,725	8,799	629,770	109,156	646	
Purchases	228,439	458,408	4,024,190	—	80,215,786	75,052,734	126,822	74,774,688	151,223	110,540	
Cost of labor	22,210	5,202	60,066	—	167,168	8,782	—	8,782	—	4,557	
Additional inventory costs	—	146	14,634	—	237,125	58,881	6	56,087	2,788	1,371	
Other costs	39,579	30,790	519,371	—	11,928,528	650,628	13,889	164,453	472,285	500,085	
Less: Inventory, end of year	18,776	69,830	1,211,648	—	7,090,153	372,228	3,882	218,006	150,340	604	
Salaries and wages	103,363	32,477	558,634	—	2,623,115	1,627,757	100,625	1,381,194	145,938	310,434	
Less: Jobs credit	—	5,638	1,203	—	10,977	9,832	88	9,744	—	—	
Guaranteed payments to partners	5,306	6,042	102,147	—	539,081	360,188	5,080	251,077	104,032	31,034	
Rent paid	50,342	11,407	265,951	—	342,742	167,145	18,655	125,632	22,858	51,525	
Interest paid	3,198	3,803	70,557	—	4,554,084	3,436,976	428,078	2,818,897	190,001	17,939	
Taxes paid	33,049	11,253	101,991	—	394,400	144,050	4,348	106,147	33,556	26,725	
Bad debts	251	249	9,478	—	61,886	27,133	14,061	12,052	1,020	4,666	
Repairs	10,722	3,677	33,671	—	120,185	58,602	2,108	53,270	3,224	2,761	
Depreciation	17,754	7,024	105,661	—	392,467	116,767	5,505	82,188	29,073	16,721	
Depletion	—	—	71	—	4,310	472	56	410	6	70	
Pension, profit sharing, annuity and bond purchase plans	67	—	7,897	—	97,789	75,026	117	70,371	4,538	5,611	
Employee benefits plans	423	327	12,795	—	56,510	24,729	4,535	14,944	5,250	5,961	
Ordinary loss from other partnerships and fiduciaries	—	—	3,772	—	184,762	102,366	4,716	13,948	83,702	325	
Farm net loss	—	—	580	—	26,390	24,807	—	—	24,807	—	
Net loss, noncapital assets	—	12	583	—	8,445	152	13	34	106	636	
Other deductions	128,802	27,860	758,833	—	5,522,880	1,757,118	160,074	1,126,495	470,550	1,554,843	
Net income or deficit from trade or business	131,472	35,402	645,040	—	13,078,162	6,309,588	255,706	1,824,928	4,228,954	673,210	
Net income	131,472	35,501	645,905	—	13,623,052	6,531,899	258,927	1,862,478	4,410,494	700,813	
Deficit	—	99	865	—	544,890	222,311	3,221	37,550	181,539	27,603	
Portfolio income distributed directly to partners:											
Total income (less deficit)	392	15,660	25,641	—	17,989,064	10,659,672	169,291	474,638	10,015,743	93,804	
Interest income	324	703	15,304	—	8,837,257	3,955,213	164,247	135,085	3,655,882	65,931	
Dividend income	—	11	1,633	—	1,788,795	1,642,839	1,122	70,145	1,571,571	2,357	
Royalty income	—	—	9	—	214,103	116,848	117	—	116,732	1	
Net short-term capital gain (less loss)	—	—	—838	—	—239,511	—378,801	—3,083	9,957	—385,675	1,203	
Net long-term capital gain (less loss)	69	14,946	9,506	—	7,042,791	5,160,532	5,892	258,625	4,896,015	24,228	
Other portfolio income (less loss)	—	—	27	—	345,630	163,040	996	826	161,218	85	
Real estate rental net income or deficit	430	—813	742	—	11,550,579	291,060	—1,861	—2,686	295,608	24,423	
Net income	430	1,004	5,203	—	12,280,796	389,835	1,025	304	388,505	26,512	
Deficit	—	1,816	4,461	—	730,217	98,775	2,886	2,990	92,899	2,089	
Net income or deficit from other rental activity											
Net income	2,245	—	5,051	—	246,020	19,053	—	96	18,957	150	
Deficit	—	—	—	—	25,161	866	—	—	866	—	
Total net income or deficit	134,470	35,303	667,806	—	36,060,546	12,497,641	420,326	2,028,395	10,048,920	766,186	

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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					Services			
	Real estate					Total	Hotels and other lodging places		
	Total	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)	
Partnerships with and without net income									
Number of partnerships.....	693,800	585,084	36,277	11,746	60,692	291,456	24,672	10,908	13,764
Number of partners.....	7,688,061	6,792,107	246,040	76,069	573,846	2,041,783	486,094	88,189	397,905
Total assets.....	801,616,039	667,657,738	15,350,282	10,159,794	108,448,245	125,133,974	55,159,299	14,888,748	40,270,551
Receipts and deductions from trade or business:									
Total receipts.....	38,621,215	10,775,463	537,215	2,225,765	25,082,772	121,888,209	21,726,148	5,526,520	16,199,628
Business receipt.....	34,329,418	8,334,197	396,470	1,919,093	23,679,658	116,379,038	21,116,159	5,353,886	15,762,274
Ordinary income from other partnerships and fiduciaries.....	741,087	467,217	10,760	60,985	202,125	510,387	34,764	13,466	21,298
Farm net profit.....	60,584	27,482	10,732	27	22,342	39,927	4,809	135	4,674
Net gain, noncapital assets.....	708,335	548,576	10,981	11,460	137,319	497,208	67,652	34,323	33,328
Other receipts.....	2,781,791	1,397,990	108,272	234,201	1,041,328	4,461,649	502,765	124,711	378,054
Total deductions.....	41,255,667	13,427,364	619,280	2,246,404	24,962,820	104,296,409	26,743,262	6,291,215	20,452,047
Cost of sales and operations.....	23,324,857	4,447,955	198,513	612,362	18,066,028	20,476,781	7,050,914	747,919	6,302,995
Inventory, beginning of year.....	12,798,090	1,831,826	30,884	182,904	10,752,477	776,610	199,781	39,107	160,674
Purchases.....	8,076,050	1,380,069	95,528	119,092	6,481,361	6,298,907	1,582,751	322,717	1,260,034
Cost of labor.....	303,227	123,965	558	3,046	175,658	3,664,654	1,132,597	150,668	981,929
Additional inventory costs.....	286,448	44,646	165	15,474	226,163	110,760	38,530	9,980	28,550
Other costs.....	16,322,041	3,014,076	91,779	455,530	12,760,656	10,503,606	4,322,400	261,127	4,061,273
Less: Inventory, end of year.....	14,435,400	1,936,899	20,400	163,685	12,314,416	875,183	222,573	35,682	186,891
Salaries and wages.....	1,439,694	608,847	30,208	344,938	455,701	24,376,185	2,759,616	894,993	1,864,623
Less: Jobs credit.....	6,108	2,501	—	1	3,606	188,100	12,218	9,895	2,323
Guaranteed payments to partners.....	377,146	173,558	6,026	33,841	163,721	3,780,768	119,732	54,612	65,120
Rent paid.....	306,234	128,006	13,945	85,664	78,618	5,387,374	367,486	106,420	261,066
Interest paid.....	4,608,239	2,066,700	64,400	142,371	2,334,768	6,259,539	4,145,962	1,117,205	3,028,757
Taxes paid.....	645,184	291,797	24,068	44,923	284,395	3,379,177	1,034,344	303,564	730,780
Bad debts.....	146,521	52,513	22,272	6,825	64,910	289,715	33,133	8,466	24,668
Repairs.....	152,880	92,752	5,001	10,044	45,083	1,083,730	427,240	140,679	286,561
Depreciation.....	1,142,990	840,163	48,589	55,326	198,912	7,214,054	3,187,943	884,559	2,303,385
Depletion.....	3,903	2,835	644	—	424	1,692	102	—	102
Pension, profit sharing, annuity and bond purchase plans.....	25,440	15,394	1,610	1,666	6,770	451,668	11,966	1,539	10,427
Employee benefits plans.....	50,420	30,005	1,835	8,217	10,363	782,551	167,112	28,326	138,786
Ordinary loss from other partnerships and fiduciaries.....	2,205,884	1,532,570	28,548	27,854	616,912	991,149	793,030	60,951	732,079
Farm net loss.....	57,167	43,176	—	9,347	4,644	2,645	339	—	—
Net loss, noncapital assets.....	300,439	157,373	96,207	2,849	44,010	51,126	10,219	439	9,780
Other deductions.....	6,474,777	2,946,219	77,417	860,177	2,590,964	29,956,356	6,646,340	1,951,100	4,695,241
Net income or deficit from trade or business.....	-2,634,452	-2,651,901	-82,065	-20,839	120,152	17,591,799	-5,017,114	-764,695	-4,252,419
Net income.....	6,729,484	2,473,849	136,093	292,943	3,826,600	27,460,656	681,913	278,271	403,642
Deficit.....	9,363,936	5,125,749	218,158	313,582	3,706,447	9,868,857	5,699,026	1,042,966	4,656,061
Portfolio income distributed directly to partners:									
Total income (less deficit).....	10,854,273	8,832,954	241,976	202,689	1,576,655	1,753,602	747,328	138,597	608,731
Interest income.....	6,797,757	5,576,983	195,193	134,704	890,878	1,023,126	338,889	115,301	223,588
Dividend income.....	184,990	164,742	4,096	1,332	14,820	35,687	4,090	612	3,478
Royalty income.....	99,257	87,452	6,069	333	5,404	62,558	19	—	19
Net short-term capital gain (less loss).....	196,187	92,828	-54,742	8,125	149,976	-24,056	-225	-93	-132
Net long-term capital gain (less loss).....	3,293,670	2,672,808	89,133	56,799	474,930	633,093	385,310	20,262	365,048
Other portfolio income (less loss).....	282,412	238,141	2,227	1,396	40,647	23,195	19,245	2,515	16,730
Real estate rental net income or deficit.....	-39,875,935	-36,562,225	-77,288	-200,848	-3,035,574	-695,054	-235,958	-12,045	-223,913
Net income.....	11,992,615	11,106,555	556,269	185,559	144,233	356,250	112,945	13,356	99,588
Deficit.....	51,868,550	47,668,780	633,556	386,407	3,179,807	1,051,305	348,903	25,402	323,501
Net income or deficit from other rental activity.....									
Net income.....	258,448	222,707	22,521	5,522	7,698	878,628	9,848	3,801	6,047
Deficit.....	261,029	225,193	25,944	—	9,892	827,727	5,074	1,269	3,805
Total net income or deficit.....	-35,148,552	-33,149,293	44,809	-78,201	-1,965,867	18,092,211	-4,886,055	-655,780	-4,230,275
Net income.....	22,796,748	16,972,569	856,732	500,287	4,467,161	29,117,537	878,739	360,554	518,185
Deficit.....	57,945,301	50,121,862	811,923	578,488	6,433,028	11,025,325	5,764,794	1,016,334	4,748,460

Footnote at end of table.

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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					Services			
	Real estate					Total	Hotels and other lodging places		
	Total	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)	
Partnerships with net income									
Number of partnerships.....	280,927	237,038	17,389	3,356	23,144	194,013	8,079	3,058	5,021
Number of partners.....	3,349,756	2,941,556	124,137	40,884	243,178	1,071,246	81,704	25,763	55,941
Total assets.....	248,796,309	202,782,502	7,589,036	4,515,768	33,909,003	52,026,766	10,947,069	4,283,796	6,663,273
Receipts and deductions from trade or business:¹									
Total receipts.....	26,833,908	6,062,776	396,010	1,468,963	18,906,159	93,448,886	7,265,546	1,878,749	5,386,797
Business receipt.....	23,757,008	4,328,905	291,905	1,256,425	17,879,774	88,991,687	6,988,876	1,767,722	5,221,154
Ordinary income from other partnerships and fiduciaries.....	682,756	428,144	10,518	57,580	186,515	453,586	29,049	10,371	18,678
Farm net profit.....	44,467	24,112	10,732	—	9,623	30,634	3,058	132	2,927
Net gain, noncapital assets.....	423,892	290,019	10,302	9,706	113,866	418,860	43,827	28,017	15,811
Other receipts.....	1,925,784	991,598	72,553	145,252	716,381	3,554,118	200,736	72,508	128,228
Total deductions.....	20,738,544	4,122,269	278,760	1,201,247	15,136,268	66,117,209	6,627,575	1,621,333	5,006,242
Cost of sales and operations.....	15,763,183	2,350,295	156,095	368,177	12,888,617	12,496,223	2,804,488	193,400	2,611,088
Inventory, beginning of year.....	6,329,203	624,401	16,015	23,573	5,665,215	499,444	74,298	19,942	54,356
Purchases.....	5,052,512	796,831	77,107	56,198	4,122,376	3,998,282	365,307	103,721	261,586
Cost of labor.....	153,828	37,029	558	248	115,993	2,443,095	259,371	34,912	224,459
Additional inventory costs.....	176,873	14,217	165	972	161,520	72,071	5,277	1,899	3,378
Other costs.....	10,777,815	1,559,665	76,997	325,849	8,815,305	6,017,504	2,180,149	45,868	2,134,281
Less: Inventory, end of year.....	6,717,320	672,119	14,746	38,662	5,991,793	531,599	77,341	12,942	64,399
Salaries and wages.....	684,924	217,394	21,318	226,855	219,358	19,519,501	733,176	278,978	454,197
Less: Jobs credit.....	1,145	73	—	1	1,071	185,048	10,189	9,758	431
Guaranteed payments to partners.....	147,859	52,977	3,695	18,506	72,681	2,740,659	31,172	14,247	16,925
Rent paid.....	124,072	27,815	13,478	49,599	33,179	4,275,806	102,240	30,416	71,824
Interest paid.....	1,099,169	386,795	24,638	44,112	643,624	1,570,439	533,529	221,462	312,066
Taxes paid.....	223,624	83,547	15,327	23,075	101,675	2,267,995	306,608	92,707	213,902
Bad debts.....	30,087	16,077	—	3,558	10,452	160,932	7,913	1,860	6,053
Repairs.....	58,822	34,980	1,005	4,626	18,211	628,685	111,272	42,466	68,807
Depreciation.....	258,979	166,990	19,115	22,919	49,955	2,734,179	433,638	185,526	248,111
Depletion.....	3,768	2,833	644	—	291	1,294	102	—	102
Pension, profit sharing, annuity and bond purchase plans.....	17,152	13,169	1,591	1,490	903	412,327	5,760	1,102	4,658
Employee benefits plans.....	25,820	15,937	1,131	5,960	2,793	602,234	53,825	5,922	47,903
Ordinary loss from other partnerships and fiduciaries.....	82,071	55,454	—	6,255	20,361	36,516	6,471	1,463	5,008
Farm net loss.....	1,583	747	—	620	217	2,430	339	339	—
Net loss, noncapital assets.....	7,657	6,995	—	207	455	15,823	323	36	286
Other deductions.....	2,210,919	690,339	20,723	425,290	1,074,566	18,837,213	1,506,909	561,166	945,743
Net income or deficit from trade or business.....	6,095,364	1,940,507	117,250	267,716	3,769,891	27,331,676	637,971	257,417	380,554
Net income.....	6,390,341	2,163,948	133,579	290,424	3,802,389	27,414,887	666,566	275,288	391,278
Deficit.....	294,977	223,441	16,329	22,708	32,499	83,210	28,595	17,871	10,723
Portfolio income distributed directly to partners:									
Total income (less deficit).....	7,235,588	5,911,447	191,555	112,478	1,020,109	973,768	174,924	68,282	106,642
Interest income.....	4,816,113	3,956,713	167,150	99,411	592,838	676,598	147,639	94,797	52,842
Dividend income.....	143,599	132,468	3,358	1,044	6,728	23,595	2,724	288	2,436
Royalty income.....	97,254	86,131	6,036	333	4,754	60,789	—	—	—
Net short-term capital gain (less loss).....	138,087	46,028	-56,414	506	147,967	-9,487	-187	-85	-101
Net long-term capital gain (less loss).....	1,858,031	1,556,744	69,890	10,728	220,669	219,676	24,639	-26,719	51,358
Other portfolio income (less loss).....	182,505	133,363	1,534	456	47,152	2,597	108	1	107
Real estate rental net income or deficit.....	11,235,097	10,526,033	539,955	125,699	43,209	218,582	88,238	7,582	80,655
Net income.....	11,864,450	11,048,541	552,701	134,189	129,020	328,933	97,676	8,547	89,129
Deficit.....	629,353	522,508	12,745	8,290	85,811	110,351	9,438	965	8,474
Net income or deficit from other rental activity:									
Net income.....	226,817	197,353	21,448	5,429	2,588	803,700	2,059	469	1,590
Net income.....	251,112	219,130	22,382	5,429	4,171	820,681	3,328	1,738	1,590
Deficit.....	24,295	21,777	934	—	1,584	16,981	1,269	1,269	—
Total net income or deficit.....	22,796,748	16,972,569	856,732	500,287	4,467,161	29,117,537	878,739	360,554	518,185

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) for Selected Industries—Continued

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

Item	Services—continued											
	Personal services					Business services	Automotive repair and other services					Miscellaneous repair services
	Total	Laundries, dry cleaning and garment services	Beauty shops	Barber shops	Other personal services		Total	Automotive repair services			Automobile parking and other services	
								Total	General automotive repair shops	Other automobile repair		
(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	
Partnerships with and without net income												
Number of partnerships.....	29,287	7,748	3,594	3,358	14,588	65,990	27,992	17,481	8,981	8,500	10,510	9,953
Number of partners.....	72,694	19,868	7,703	10,906	34,217	589,292	66,702	36,698	18,422	18,276	30,004	20,700
Total assets.....	1,528,944	282,814	40,207	109,910	1,096,013	24,306,502	2,294,935	653,306	520,370	132,936	1,641,629	1,266,573
Receipts and deductions from trade or business:												
Total receipts.....	3,241,184	888,315	200,768	409,086	1,743,015	10,445,768	4,071,561	2,545,964	1,323,261	1,222,703	1,525,597	771,515
Business receipt.....	3,040,141	802,168	188,936	402,810	1,646,226	9,102,051	3,949,131	2,484,192	1,264,677	1,219,515	1,464,939	758,644
Ordinary income from other partnerships and fiduciaries.....	33,073	—	—	—	33,073	91,134	1,417	—	—	—	1,417	—
Farm net profit.....	18,387	—	—	—	18,387	2,468	7,976	725	725	—	7,251	—
Net gain, noncapital assets.....	20,774	4,939	6,574	—	9,262	222,110	33,786	2,603	27	2,576	31,183	1,921
Other receipts.....	128,808	81,207	5,258	6,275	36,067	1,028,005	79,251	58,445	57,832	612	20,806	10,950
Total deductions.....	3,019,262	795,418	192,501	363,811	1,667,532	9,004,012	3,662,782	2,276,914	1,186,216	1,090,698	1,385,869	702,174
Cost of sales and operations.....	888,182	154,985	53,670	37,731	641,795	2,681,935	2,159,246	1,428,014	724,377	703,636	731,232	432,706
Inventory, beginning of year.....	36,561	2,384	2,159	3,351	28,667	103,806	159,617	96,341	25,705	70,636	63,276	70,538
Purchases.....	340,789	36,728	9,222	7,587	287,253	1,178,409	1,595,183	1,025,297	475,343	549,954	569,887	255,488
Cost of labor.....	123,169	27,035	42,546	29,145	24,444	357,145	284,322	221,054	97,704	123,350	63,268	41,671
Additional inventory costs.....	9	—	—	—	9	11,597	8,485	8,039	8,039	—	446	—
Other costs.....	427,179	91,247	1,666	1,000	333,265	1,166,088	298,900	180,395	145,932	34,463	118,504	128,917
Less: Inventory, end of year.....	39,526	2,409	1,924	3,351	31,843	135,109	187,261	103,112	28,346	74,766	84,149	63,909
Salaries and wages.....	481,069	143,008	32,868	108,962	196,231	1,103,581	283,846	164,349	59,954	104,394	119,497	62,105
Less: Jobs credit.....	32,414	—	—	—	32,414	18	35	—	—	—	35	—
Guaranteed payments to partners.....	70,484	14,174	6,203	12,568	37,539	214,068	70,619	63,246	37,948	25,298	7,373	7,476
Rent paid.....	254,087	106,941	26,921	42,262	77,963	400,162	159,793	104,375	39,784	64,592	55,418	24,844
Interest paid.....	87,736	25,783	5,051	336	56,567	450,155	113,774	35,569	28,104	7,466	78,205	18,347
Taxes paid.....	89,623	30,666	4,356	23,866	30,736	146,258	86,382	56,888	26,723	30,166	29,494	12,882
Bad debts.....	53,268	106	21	—	53,141	29,076	2,472	1,305	720	585	1,167	2,218
Repairs.....	47,178	24,537	3,645	1,125	17,871	105,426	21,732	9,737	5,438	4,299	11,994	3,766
Depreciation.....	179,675	88,490	11,360	17,438	62,387	773,265	203,008	61,265	43,350	17,915	141,744	27,846
Depletion.....	—	—	—	—	—	32	—	—	—	—	—	—
Pension, profit sharing, annuity and bond purchase plans.....	2,546	—	—	—	2,546	28,673	585	554	231	323	31	39
Employee benefits plans.....	5,667	505	35	—	5,127	34,207	5,831	4,668	1,067	3,600	1,163	323
Ordinary loss from other partnerships and fiduciaries.....	4,527	369	—	—	4,158	49,495	1,493	—	—	—	1,493	—
Farm net loss.....	17	—	—	—	17	132	—	—	—	—	—	—
Net loss, noncapital assets.....	304	—	—	—	304	18,097	6,459	104	53	51	6,355	—
Other deductions.....	887,312	205,854	48,372	119,524	513,563	2,969,468	547,578	346,841	218,467	128,374	200,738	109,622
Net income or deficit from trade or business.....	221,921	92,897	8,267	45,274	75,483	1,441,756	408,779	269,051	137,046	132,005	139,728	69,340
Net income.....	392,329	138,493	13,594	51,686	188,555	2,491,615	545,142	323,492	160,063	163,429	221,650	107,326
Deficit.....	170,407	45,597	5,327	6,412	113,072	1,049,860	136,364	54,441	23,018	31,424	81,922	37,985
Portfolio income distributed directly to partners:												
Total income (less deficit).....	10,970	625	397	—	9,949	528,373	23,475	10,912	3,905	7,006	12,563	449
Interest income.....	8,477	95	139	—	8,243	346,500	17,390	7,656	661	6,995	9,735	457
Dividend income.....	1,175	83	—	—	1,091	8,478	186	11	—	11	174	565
Royalty income.....	—	—	—	—	—	14,128	29	—	—	—	29	—
Net short-term capital gain (less loss).....	-645	—	—	—	-645	-10,714	-29	—	—	—	-29	-572
Net long-term capital gain (less loss).....	1,964	446	258	—	1,260	170,111	5,897	3,245	3,245	—	2,652	—
Other portfolio income (less loss).....	—	—	—	—	—	-130	2	—	—	—	2	—
Real estate rental net income or deficit.....	-17,359	—	—	—	-17,359	-220,812	-4,355	-1,149	-1,257	109	-3,206	—
Net income.....	792	—	—	—	792	176,516	4,720	3,533	3,424	109	1,187	—
Deficit.....	18,150	—	—	—	18,150	397,328	9,075	4,682	4,682	—	4,393	—
Net income or deficit from other rental activity.....	5,300	—	5,300	—	—	6,121	39	—	—	—	39	—
Net income.....	5,300	—	5,300	—	—	799,816	12,013	—	—	—	12,013	—
Deficit.....	—	—	—	—	—	793,695	11,974	—	—	—	11,974	—
Total net income or deficit.....	219,514	93,075	13,706	45,274	67,458	1,596,040	422,070	275,569	136,449	139,120	146,501	70,362
Net income.....	401,765	138,574	19,033	51,686	192,473	3,609,117	577,953	334,641	164,105	170,536	243,312	107,783
Deficit.....	182,251	45,499	5,326	6,412	125,014	2,013,077	155,883	59,072	27,656	31,416	96,812	37,420

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) for Selected Industries—Continued

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

Item	Services—continued											
	Personal services					Business services	Automotive repair and other services					Miscellaneous repair services
	Total	Laundries, dry cleaning and garment services	Beauty shops	Barber shops	Other personal services		Total	Automobile repair services			Automobile parking and other services	
								Total	General automotive repair shops	Other automobile repair		
(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	
Partnerships with net income												
Number of partnerships.....	19,007	4,318	1,345	2,311	11,033	41,620	19,662	12,532	7,242	5,290	7,130	6,276
Number of partners.....	45,762	10,748	2,690	6,716	25,608	372,221	45,672	25,445	14,670	10,776	20,227	12,669
Total assets.....	690,534	71,860	39,191	7,576	571,907	12,950,879	1,209,732	491,090	383,927	107,163	718,641	1,133,783
Receipts and deductions from trade or business:¹												
Total receipts.....	1,794,992	456,086	171,886	170,188	996,832	8,479,369	3,293,676	2,176,369	1,055,541	1,120,828	1,117,307	637,180
Business receipt.....	1,657,497	370,614	160,312	163,913	962,659	7,412,913	3,190,183	2,114,997	997,265	1,117,732	1,075,186	624,548
Ordinary income from other partnerships and fiduciaries.....	309	—	—	—	309	84,468	1,417	—	—	—	1,417	—
Farm net profit.....	18,387	—	—	—	18,387	2,318	725	—	725	—	—	—
Net gain, noncapital assets.....	20,419	4,844	6,316	—	9,258	201,985	30,653	2,603	27	2,576	28,050	1,921
Other receipts.....	98,380	80,628	5,258	6,275	6,219	777,686	70,699	58,044	57,524	520	12,655	10,712
Total deductions.....	1,403,940	317,592	158,292	118,502	809,554	6,046,264	2,749,708	1,852,877	895,478	957,399	896,832	529,855
Cost of sales and operations.....	411,569	28,410	46,126	30,145	306,888	1,860,815	1,723,648	1,183,417	551,994	631,423	540,231	350,398
Inventory, beginning of year.....	22,455	1,402	1,901	—	19,152	67,387	135,025	82,417	17,296	65,121	52,608	68,592
Purchases.....	238,303	8,929	7,294	—	222,080	976,264	1,222,900	821,738	325,591	496,147	401,163	236,628
Cost of labor.....	90,015	10,196	38,852	29,145	11,823	266,494	262,887	199,883	79,422	120,462	63,004	31,065
Additional inventory costs.....	9	—	—	—	9	11,331	8,401	8,039	8,039	—	—	362
Other costs.....	84,793	9,507	—	1,000	74,286	632,645	235,199	159,886	137,891	21,995	75,313	70,202
Less: Inventory, end of year.....	24,007	1,623	1,921	—	20,463	93,305	140,765	88,546	16,245	72,302	52,218	56,088
Salaries and wages.....	205,317	54,479	29,704	2,015	119,120	896,354	208,507	138,358	41,335	97,023	70,148	45,414
Less: Jobs credit.....	32,414	—	—	—	32,414	7	35	—	—	—	35	—
Guaranteed payments to partners.....	31,626	4,906	6,203	—	20,517	177,170	21,936	19,833	9,585	10,247	2,103	3,545
Rent paid.....	132,101	48,532	23,628	25,810	34,131	242,601	130,835	84,245	30,757	53,488	46,590	14,142
Interest paid.....	38,901	5,857	3,466	336	29,242	168,693	67,070	31,000	24,454	6,546	36,071	7,977
Taxes paid.....	33,165	13,235	3,342	3,345	13,243	113,357	67,040	50,069	21,105	28,964	16,971	10,794
Bad debts.....	2,653	—	21	—	2,632	11,344	2,237	1,302	718	585	934	2,202
Repairs.....	28,688	15,133	3,247	1,125	9,183	80,780	11,431	5,929	2,358	3,572	5,502	3,047
Depreciation.....	67,374	28,437	8,517	3,388	27,031	413,062	123,778	52,205	37,508	14,697	71,573	17,277
Depletion.....	—	—	—	—	—	32	—	—	—	—	—	—
Pension, profit sharing, annuity and bond purchase plans.....	477	—	—	—	477	26,655	585	554	231	323	31	35
Employee benefits plans.....	3,554	5	35	—	3,514	23,153	5,445	4,327	726	3,600	1,119	323
Ordinary loss from other partnerships and fiduciaries.....	—	—	—	—	—	5,764	1,491	—	—	—	1,491	—
Farm net loss.....	17	—	—	—	17	132	—	—	—	—	—	—
Net loss, noncapital assets.....	304	—	—	—	304	9,615	66	53	2	51	14	—
Other deductions.....	480,610	118,599	34,002	52,339	275,669	2,016,744	385,676	281,585	174,704	106,881	104,091	74,700
Net income or deficit from trade or business.....	391,052	138,493	13,594	51,686	187,279	2,433,105	543,967	323,492	160,063	163,429	220,475	107,326
Net income.....	392,329	138,493	13,594	51,686	188,555	2,473,810	545,142	323,492	160,063	163,429	221,650	107,326
Deficit.....	1,277	—	—	—	1,277	40,705	1,175	—	—	—	1,175	—
Portfolio income distributed directly to partners:												
Total income (less deficit).....	6,365	552	139	—	5,674	430,223	23,165	10,904	3,905	6,998	12,261	457
Interest income.....	4,510	—	139	—	4,371	265,533	17,096	7,656	661	6,995	9,440	457
Dividend income.....	580	80	—	—	499	6,499	170	4	—	4	166	—
Royalty income.....	—	—	—	—	—	13,375	29	—	—	—	29	—
Net short-term capital gain (less loss).....	-187	—	—	—	-187	2,791	-29	—	—	—	-29	—
Net long-term capital gain (less loss).....	1,462	471	—	—	991	142,163	5,897	3,245	3,245	—	2,652	—
Other portfolio income (less loss).....	—	—	—	—	—	-137	2	—	—	—	2	—
Real estate rental net income or deficit.....	323	—	—	—	323	157,375	4,677	3,490	3,381	109	1,187	—
Net income.....	792	—	—	—	792	172,808	4,720	3,533	3,424	109	1,187	—
Deficit.....	468	—	—	—	468	15,434	43	43	43	—	—	—
Net income or deficit from other rental activity.....	5,300	—	5,300	—	—	733,369	12,013	—	—	—	12,013	—
Net income.....	5,300	—	5,300	—	—	749,043	12,013	—	—	—	12,013	—
Deficit.....	—	—	—	—	—	15,674	—	—	—	—	—	—
Total net income or deficit.....	401,765	138,574	19,033	51,686	192,473	3,609,117	577,953	334,641	164,105	170,536	243,312	107,783

Footnote at end of table.

Partnership Returns—1987

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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)	
Partnerships with and without net income											
Number of partnerships.....	26,213	40,930	11,573	29,357	25,248	11,910	10,138	5,423	4,714	19,125	8,520
Number of partners.....	269,821	227,889	39,937	187,952	127,891	28,167	40,202	30,480	9,742	112,511	23,758
Total assets.....	13,122,449	11,369,871	1,538,711	9,831,160	7,669,075	995,664	3,168,040	2,185,350	982,690	4,252,622	1,434,835
Receipts and deductions from trade or business:											
Total receipts.....	10,128,656	20,113,341	8,273,823	11,839,517	30,408,132	4,811,997	10,842,614	10,331,366	511,249	5,327,294	863,856
Business receipt.....	8,988,287	18,850,948	7,223,939	11,627,009	29,892,445	4,754,208	10,736,351	10,278,413	457,938	5,190,672	745,962
Ordinary income from other partnerships and fiduciaries.....	102,036	34,428	5,278	29,150	104,435	9,540	62,890	12,980	49,910	36,671	3,566
Farm net profit.....	—	498	321	177	1,089	183	4,467	4,467	—	51	210
Net gain, noncapital assets.....	130,397	9,708	1,137	8,571	3,833	206	1,299	1,299	—	5,522	385
Other receipts.....	907,936	1,217,759	1,043,148	174,611	406,329	47,861	37,608	34,208	3,401	94,378	113,732
Total deductions.....	10,089,183	15,600,774	5,042,729	10,558,044	18,778,847	4,089,414	8,419,235	8,014,309	404,926	4,187,464	778,992
Cost of sales and operations.....	2,724,659	1,464,237	236,236	1,228,001	2,142,267	1,332,521	64,880	52,242	12,638	1,463,235	390,379
Inventory, beginning of year.....	121,590	36,169	1,978	34,191	—	20,004	579	29	549	27,965	45,564
Purchases.....	725,048	368,160	15,537	352,623	11,079	92,781	1,930	1,679	250	147,288	292,038
Cost of labor.....	148,596	234,397	43,530	190,867	24,463	219,510	38,072	34,358	3,714	1,060,711	78,946
Additional inventory costs.....	46,387	522	2	521	869	4,357	—	—	—	5	55
Other costs.....	1,825,272	859,559	177,377	682,182	177,857	1,007,390	24,954	16,176	8,778	265,089	31,973
Less: Inventory, end of year.....	142,234	34,571	2,188	32,384	—	11,521	655	—	654	37,824	58,197
Salaries and wages.....	1,440,255	4,091,916	1,482,774	2,609,142	8,355,859	980,660	3,931,452	3,812,318	119,134	885,825	53,872
Less: Jobs credit.....	7,297	12,095	929	11,166	56,815	63,011	2,372	2,372	—	1,825	—
Guaranteed payments to partners.....	236,884	934,062	567,690	366,372	1,018,196	291,462	607,363	589,788	17,575	210,420	15,080
Rent paid.....	238,305	920,268	379,653	540,615	2,021,634	175,852	629,604	608,878	20,726	195,339	15,312
Interest paid.....	469,598	498,994	50,990	448,005	207,569	37,433	143,204	85,338	57,865	86,767	46,813
Taxes paid.....	215,455	445,312	117,768	327,543	808,030	118,828	345,597	335,865	9,732	76,465	6,516
Bad debts.....	19,131	74,211	15,746	58,465	29,174	5,493	22,489	22,478	10	19,049	269
Repairs.....	124,681	128,542	41,693	86,849	140,774	18,536	51,901	44,936	6,966	13,954	1,675
Depreciation.....	1,113,412	639,791	108,318	531,473	649,204	77,546	256,182	241,472	14,710	106,182	30,977
Depletion.....	398	—	—	—	942	8	206	206	—	4	—
Pension, profit sharing, annuity and bond purchase plans.....	19,279	77,048	48,858	28,190	202,093	18,758	79,077	78,696	380	11,604	1,831
Employee benefits plans.....	40,374	181,090	104,329	76,761	209,767	34,197	84,068	81,884	2,184	19,917	1,215
Ordinary loss from other partnerships and fiduciaries.....	90,305	15,066	41	15,025	7,224	1,647	3,054	3,054	—	25,307	4,395
Farm net loss.....	215	—	—	—	1,941	—	—	—	—	—	—
Net loss, noncapital assets.....	12,330	19	7	12	2,282	77	187	187	—	1,152	—
Other deductions.....	3,351,198	6,142,313	1,889,554	4,252,759	4,966,706	1,059,406	2,202,343	2,059,339	143,005	1,074,070	210,658
Net income or deficit from trade or business.....	39,473	4,512,567	3,231,094	1,281,473	11,629,285	722,583	2,423,379	2,317,057	106,322	1,139,830	84,864
Net income.....	1,386,621	5,547,373	3,298,234	2,249,140	11,751,225	763,553	2,481,420	2,342,297	139,123	1,312,140	162,715
Deficit.....	1,347,148	1,034,806	67,140	967,667	121,940	40,970	58,040	25,240	32,801	172,310	77,851
Portfolio income distributed directly to partners:											
Total income (less deficit).....	107,089	114,382	11,553	102,829	103,590	9,951	30,725	28,757	1,968	77,270	31,782
Interest income.....	61,156	82,300	11,277	71,023	75,600	9,191	28,329	26,361	1,968	54,836	21,408
Dividend income.....	6,401	8,381	181	8,200	4,284	777	126	126	—	1,225	10,607
Royalty income.....	47,417	—	—	—	950	—	12	12	—	3	63
Net short-term capital gain (less loss).....	-13,419	908	—	908	66	12	-144	-144	—	706	-540
Net long-term capital gain (less loss).....	4,953	22,600	94	22,506	21,698	-31	2,392	2,392	—	18,199	-1,646
Other portfolio income (less loss).....	582	192	—	191	992	—	10	10	—	2,301	1,891
Real estate rental net income or deficit..	-8,366	-118,055	-24,974	-93,080	-84,458	-979	-22	-1,526	1,504	-4,691	2,876
Net income.....	35,903	9,426	2,019	7,406	9,479	116	2,980	1,475	1,504	3,375	8,397
Deficit.....	44,268	127,481	26,994	100,487	93,937	1,095	3,002	3,002	—	8,066	5,521
Net income or deficit from other rental activity.....	5,251	12,722	-150	12,872	18,530	8,642	3	3	—	-10,481	—
Net income.....	5,392	19,061	764	18,296	18,539	8,642	3	3	—	15	—
Deficit.....	141	6,339	914	5,424	9	—	—	—	—	10,495	—
Total net income or deficit.....	151,913	4,498,107	3,217,427	1,280,680	11,645,182	740,215	2,451,838	2,342,043	109,795	1,183,025	121,709
Net income.....	1,491,008	5,606,493	3,309,591	2,296,902	11,789,079	781,135	2,508,400	2,365,815	142,585	1,366,064	193,150
Deficit.....	1,339,095	1,108,386	92,164	1,016,222	143,897	40,921	56,562	23,772	32,790	183,039	71,441

Footnote at end of table.

Table 1.—Total Assets, Trade or Business Income, Portfolio Income and Net Rental Income (Loss) 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	Acctg, auditing & 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)	
Partnerships with net income											
Number of partnerships.....	13,436	29,058	8,641	20,417	24,155	9,074	9,293	5,318	3,975	14,352	5,948
Number of partners.....	107,650	126,651	31,527	95,124	123,708	22,323	37,810	29,598	8,213	95,076	17,660
Total assets.....	5,876,177	5,281,648	940,340	4,341,306	7,010,719	745,492	2,971,449	2,062,506	908,943	3,209,286	761,490
Receipts and deductions from trade or business:¹											
Total receipts.....	6,496,054	16,157,993	7,541,377	8,616,616	29,675,086	4,186,647	10,621,453	10,166,585	454,868	4,840,889	535,614
Business receipt.....	5,602,484	14,981,997	6,527,815	8,454,181	29,167,136	4,131,442	10,517,989	10,116,151	401,838	4,716,624	418,255
Ordinary income from other partnerships and fiduciaries.....	94,894	32,591	4,998	27,593	104,435	9,540	62,890	12,980	49,910	33,994	3,566
Farm net profit.....	—	454	321	133	1,089	183	4,369	4,369	—	51	205
Net gain, noncapital assets.....	101,811	8,759	1,137	7,622	3,726	206	1,275	1,275	—	4,278	385
Other receipts.....	696,865	1,134,193	1,007,106	127,087	398,699	45,278	34,930	31,810	3,120	85,942	113,203
Total deductions.....	5,120,820	10,621,486	4,243,451	6,378,035	17,924,562	3,423,110	8,140,033	7,824,288	315,745	3,530,055	382,895
Cost of sales and operations.....	1,578,568	1,134,525	221,189	913,337	147,676	1,077,329	56,962	52,242	4,719	1,350,245	267,893
Inventory, beginning of year.....	65,290	27,942	1,757	26,174	—	18,214	579	29	549	27,673	17,701
Purchases.....	408,002	304,314	14,168	290,146	7,510	92,781	1,930	1,679	250	144,343	254,036
Cost of labor.....	73,073	182,591	43,530	139,061	7,949	195,111	38,072	34,358	3,714	1,036,465	27,034
Additional inventory costs.....	41,300	522	2	521	869	4,357	—	—	—	5	—
Other costs.....	1,064,039	647,111	163,480	483,631	131,348	775,825	17,036	16,176	859	179,158	13,099
Less: Inventory, end of year.....	65,136	27,942	1,748	26,195	—	8,960	655	—	654	37,400	43,978
Salaries and wages.....	819,989	2,925,000	1,353,048	1,571,952	8,108,866	913,868	3,839,724	3,745,171	94,553	823,286	19,189
Less: Jobs credit.....	7,077	11,303	929	10,374	56,815	63,011	2,372	2,372	—	1,825	—
Guaranteed payments to partners.....	160,177	582,910	264,386	318,523	825,826	225,407	551,850	550,962	888	129,042	10,063
Rent paid.....	132,161	656,662	338,692	317,971	1,948,198	162,430	615,441	597,878	17,563	138,996	8,228
Interest paid.....	167,103	180,255	33,776	146,480	193,185	24,183	127,001	72,668	54,333	62,542	19,909
Taxes paid.....	124,458	311,427	107,360	204,067	784,386	108,073	337,846	329,830	8,016	70,839	3,203
Bad debts.....	8,187	52,612	12,682	39,930	27,881	4,521	22,478	22,478	—	18,904	252
Repairs.....	87,931	96,478	35,322	61,156	133,506	16,779	49,357	44,288	5,069	9,416	460
Depreciation.....	360,154	341,717	81,597	260,120	623,343	57,365	245,477	235,499	9,978	50,994	2,738
Depletion.....	—	—	—	—	942	8	206	206	—	4	—
Pension, profit sharing, annuity and bond purchase plans.....	11,158	58,564	43,608	14,956	200,340	18,661	78,613	78,233	380	11,478	607
Employee benefits plans.....	26,229	148,313	103,460	44,853	207,666	33,177	82,299	80,175	2,125	18,249	800
Ordinary loss from other partnerships and fiduciaries.....	4,198	1,722	41	1,681	3,436	1,642	2,964	2,964	—	8,829	174
Farm net loss.....	—	—	—	—	1,941	—	—	—	—	—	—
Net loss, noncapital assets.....	1,879	7	5	2	2,282	77	117	117	—	1,152	—
Other deductions.....	1,645,505	4,142,595	1,649,214	2,493,381	4,771,902	842,600	2,132,070	2,013,949	118,121	837,902	49,381
Net income or deficit from trade or business.....	1,375,434	5,536,507	3,297,925	2,238,582	11,750,524	763,537	2,481,420	2,342,297	139,123	1,310,834	152,719
Net income.....	1,381,493	5,540,577	3,297,967	2,242,610	11,750,532	763,553	2,481,420	2,342,297	139,123	1,312,140	162,715
Deficit.....	6,059	4,070	41	4,029	8	16	—	—	—	1,307	9,997
Portfolio income distributed directly to partners:											
Total income (less deficit).....	78,710	81,065	9,889	71,175	74,330	9,874	29,810	27,853	1,958	64,845	33,258
Interest income.....	37,536	60,728	9,614	51,113	56,255	9,115	27,842	25,884	1,958	49,888	20,679
Dividend income.....	5,864	1,415	181	1,234	4,216	777	126	126	—	1,225	10,087
Royalty income.....	46,419	—	—	—	950	—	12	12	—	3	—
Net short-term capital gain (less loss).....	-13,323	2,244	—	2,244	75	12	-144	-144	—	-741	-540
Net long-term capital gain (less loss).....	1,667	16,486	94	16,392	11,842	-31	1,965	1,965	—	13,587	1,702
Other portfolio income (less loss).....	547	192	—	191	992	—	10	10	—	883	1,330
Real estate rental net income or deficit..	20,041	-10,965	1,111	-12,077	-42,388	-936	-1,013	-2,517	1,504	3,231	8,335
Net income.....	32,490	6,217	1,915	4,302	8,802	116	1,989	484	1,504	3,323	8,335
Deficit.....	12,449	17,182	804	16,378	51,191	1,052	3,002	3,002	—	92	—
Net income or deficit from other rental activity.....											
Net income.....	5,167	18,618	760	17,858	18,530	8,642	3	3	—	—	—
Deficit.....	24	4	4	—	9	—	—	—	—	—	—
Total net income or deficit.....	1,491,008	5,606,493	3,309,591	2,296,902	11,789,079	781,135	2,508,400	2,365,815	142,585	1,366,064	193,150

¹ Due to significant changes to Form 1065, Total receipts as reported for prior years may be derived by adding amounts shown for Total income, Net real estate rental income (deficit) net income (deficit) from other than rental activity, and the following items listed under Portfolio income: interest, dividend, and royalty.

*** 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.

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

Partnership Returns—1987

Table 2.—Rental real estate income for industrial divisions and selected industry

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

Item	All Industries	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation, communication, electric, gas and sanitary services	Wholesale and retail trade	Finance, insurance and real estate			Services	Nature of business not allocable
								Total	Real estate			
									Total	Operators and lessors of buildings		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Partnerships with Schedule H data												
Number of partnerships	660,275	23,269	908	4,163	819	1,677	8,589	596,706	569,136	518,816	22,876	1,267
Number of partners	7,122,753	98,294	5,198	10,881	2,594	5,661	28,429	6,803,101	6,319,137	5,905,482	163,882	4,714
Gross income	101,964,777	437,130	33,856	254,072	17,672	127,597	203,970	98,704,361	98,213,304	92,969,279	2,169,400	16,718
Rental real estate expenses, total	143,711,251	436,884	44,261	300,590	27,176	150,730	195,922	139,677,391	138,089,239	129,531,504	2,864,454	13,842
Advertising	774,183	2,313	44	2,372	257	4,472	6,756	740,027	734,091	676,575	17,941	1
Auto and travel	124,917	145	83	757	21	1,578	956	113,150	110,149	100,183	8,174	53
Cleaning and maintenance	2,102,876	399	41	1,726	20	5,697	2,050	2,063,531	2,047,314	1,909,518	29,368	43
Commissions	586,209	1,095	59	2,487	2,272	1,350	338	569,042	544,585	503,846	9,566	—
Insurance	2,759,262	5,573	1,493	7,673	1,700	2,787	8,626	2,668,871	2,645,833	2,502,388	62,304	236
Legal and other professional fees	1,627,178	1,827	954	3,428	1	2,473	4,768	1,552,138	1,528,527	1,417,638	60,973	616
Interest expense	50,571,729	41,291	11,222	119,281	8,281	36,740	47,813	49,571,545	49,151,530	45,953,340	731,945	3,612
Repairs	3,622,947	19,686	1,607	8,345	106	2,394	7,339	3,511,143	3,481,436	3,330,413	69,970	2,359
Taxes	9,692,750	27,671	1,858	19,809	2,365	9,672	11,796	9,475,026	9,383,850	8,822,883	143,584	970
Utilities	5,985,924	3,708	2,604	9,755	366	3,598	18,559	5,823,383	5,789,609	5,477,197	122,700	1,250
Wages and salaries	3,391,474	1,430	1,009	5,550	2	5,052	1,215	3,279,550	3,267,738	3,081,517	96,759	906
Depreciation	32,247,917	51,753	11,774	67,348	5,534	43,661	46,196	31,150,358	30,874,858	29,200,621	868,820	2,472
Other expenses	30,223,886	279,993	11,514	52,059	6,253	31,257	39,510	29,159,628	28,529,720	26,555,384	642,349	1,323
Net rental income (loss)	-41,746,473	246	-10,405	-46,518	-9,504	-23,133	8,048	-40,973,030	-39,875,935	-36,562,225	-695,054	2,876
Income	13,145,084	192,795	6,694	36,118	6,090	27,177	83,032	12,428,530	11,992,615	11,106,555	356,250	8,397
Loss	54,891,557	192,549	17,100	82,636	15,593	50,309	74,984	53,401,560	51,868,550	47,668,780	1,051,305	5,521

NOTE: Detail may not add to total due to rounding.

Partnerships, Passive Losses, and Tax Reform

By Susan Nelson and Tom Petska*

The Tax Reform Act of 1986 (TRA) contained provisions that could greatly reduce the tax shelter benefits of partnerships [1]. This article discusses the use of partnerships as a means for individuals to shelter income from taxation and seeks evidence on the effects of TRA for 1987, the first year affected by the new law.

The first section of this article provides a brief background on the treatment of partnership income in the pre- and post-Reform periods and on the elements that contribute to a tax shelter. The second section examines time series data on the income and deficits of partnerships, focusing on how 1987 compares with earlier years. Partnership income and losses as reported on tax returns of individual partners are analyzed in the third section, again focusing on the differences between 1987 and earlier years. The final section summarizes results and conclusions.

TAX SHELTERS AND THE TAXATION OF PARTNERSHIP INCOME

A partnership is not a taxable entity. Each partnership files an information return (Form 1065) with the Internal Revenue Service (IRS), which shows the partnership's taxable income or loss for the year and the allocation of that income or loss to the separate partners. Partners can be individuals, corporations, other partnerships or virtually any other legal entity. As partners calculate their annual tax liabilities, they include their distributive shares of income and deductions from the partnership along with income from other sources.

Tax shelters are generally defined as investments "in which a significant portion of the investor's return is derived from the realization of tax saving with respect to other income, as well as the receipt of

tax-favored (or, potentially, tax-exempt) income from the investment itself" [2]. Tax shelters commonly involve one or more of the following advantages:

- Deferral of tax liability through the use of tax provisions or tax preferences that accelerate deductions. Deferral, in effect, produces an interest-free loan from the Government to the taxpayer. Examples of such provisions are accelerated depreciation and expensing of intangible drilling costs.
- Conversion of ordinary income into capital gains or other forms of income subject to lower rates of tax.
- Leveraged purchasing which magnifies the other tax advantages.

Because of its nature as a "flow-through entity" and its flexibility in allocating income among partners, the partnership form provides an attractive structure for tax shelters. Individuals with substantial amounts of positive income from other sources, such as wages and salaries or self-employment earnings, could invest in partnerships and offset some (or even all) of that income with their distributive share of any tax losses from the partnership. If they invested in a "limited" partnership (as opposed to a "general" partnership), they could receive the limited liability benefit comparable to corporations as well as the flow-through benefit of partnerships [3,4,5,6].

One of the main goals of the 1986 Tax Reform Act was to reduce the ability of individual taxpayers to offset income with losses from tax shelters, thereby lowering their tax liabilities [7]. The Tax Reform Act of 1986 took several steps to reduce the attractiveness of tax shelters, including:

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- eliminating the preferential tax rate on net long-term capital gains;
- reducing the acceleration of depreciation deductions;
- lowering overall marginal tax rates; and
- imposing limitations on "passive losses."

While the passive loss limitations apply to losses that individuals receive from most forms of flow-through businesses, they particularly concern partnerships. (The passive loss limitations do not apply to corporations or other taxable entities.) They mean that "passive" partners, those who do not "materially participate" in the business of the firm, which include most limited partners, can no longer use any temporary losses generated by the business to offset "active" income from sources such as wages and salaries, or from "portfolio income" such as interest and dividends [8]. (Exceptions were provided for certain partners for losses from oil and gas operations and from certain real estate activities.)

The basic mechanics of the pre- and post-Reform taxation of partnership income at the individual level can be illustrated as follows, using categories introduced by TRA. Let

Y_A = "Active Income" which includes wages, salaries, and other types of earned income;

Y_J = "Portfolio Income" which includes interest, dividends, most capital gains, and other types of taxable investment income;

Y_K = "Passive Income" which includes taxable income or loss generated by a business such as a limited partnership or S Corporation in which the individual does not materially participate [9]; and

Y_T = The sum of active (Y_A), portfolio (Y_J), and passive (Y_K) income which corresponds to adjusted gross income prior to adjustments in both the pre- and post-Tax Reform periods.

Thus, $Y_T = Y_A + Y_J + Y_K$.

The differences in Y_T before and after Tax Reform are mainly in Y_J and Y_K .

- Before Tax Reform, portfolio income (Y_J) included only 40 percent of most long-term capital gains, whereas after TRA, 100 percent were included.

- Before Tax Reform, passive income (Y_K) could be positive or negative in the Y_T equation. After Tax Reform, it could not be negative. While this does not appear to be a significant change, the large passive losses (Y_K) that were previously used to offset active (Y_A) or portfolio (Y_J) income could now only be used to offset passive (Y_K) gains.

Although some relief was provided through phase-in rules, it was hypothesized that tax shelter partnerships were dealt a very serious, if not fatal, blow by these provisions [10]. Specifically, it would be expected that net losses would decline and net income would rise, and that loss partnerships, particularly limited ones, would become less attractive. One test of this hypothesis would compare actual data from 1987 with estimates of expected gains and losses based on a model of pre-TRA behavior. In the absence of a reliable model, an alternative approach, as reflected in this article, would be to examine tax return data for partnerships and partners for years before and after the enactment of TRA for evidence of the anticipated response.

EXAMINATION OF PARTNERSHIP DATA

Some of the significant trends in partnership data for 1981-1987 are presented in Figures A through C. In each figure, the data are presented by type of partnership (general or limited) and overall profit (i.e., gain or loss in "ordinary" income, with capital gains excluded) as well as in total.

Figure A shows the number of partnerships for these four categories. The total number of partnerships grew quite steadily in the 1981-85 period, dropped slightly for 1986, then dropped substantially for 1987. The data for each of the four classes show where the changes occurred. All four types registered consistent increases through 1985, with limited partnerships (both those with a gain and those with a loss) rising at a more rapid rate than general partnerships.

After 1985, however, profits (or the lack thereof) provided the common factor for increasing or decreasing numbers. The 1985-86 decline occurred among gain partnerships, both general and limited,

Figure A.—Number of Partnerships by Type of Partnership and Gain or Loss Status, Income Years 1981–1987

[Number of partnerships are in thousands]

Income Year	All partnerships	Type of partnership			
		General		Limited	
		With gain	With loss	With gain	With loss
		(1)	(2)	(3)	(4)
1981	1,461	677	576	75	133
1982	1,514	707	581	87	139
1983	1,542	707	601	82	152
1984	1,644	750	636	101	157
1985	1,714	774	660	107	173
1986	1,703	766	663	92	181
1987	1,648	769	617	96	166

Sources: See note following Figure C.

and the larger drop between 1986 and 1987 occurred only among loss partnerships, again for both general and limited. The decline in the number of loss partnerships for 1987 is consistent with the expected response to TRA.

The overall number of partners, as shown in Figure B, exhibited steady and uninterrupted growth throughout the entire period, even for years in which the number of partnerships dropped. The number of partners in limited partnerships grew much more rapidly and constantly than those in general partnerships, which can be attributed to the growth of tax shelters. The number of partners of gain general partnerships show a large decline for 1985, while the number of partners in loss general partnerships declined for 1987, as predicted.

Figure B.—Number of Partners by Type of Partnership and Gain or Loss Status, Income Years 1981–1987

[Number of partners are in thousands]

Income Year	All partnerships	Type of partnership			
		General		Limited	
		With gain	With loss	With gain	With loss
		(1)	(2)	(3)	(4)
1981	9,095	2,883	2,036	1,628	2,548
1982	9,765	2,886	2,167	2,027	2,684
1983	10,589	2,939	2,216	2,488	2,947
1984	12,427	3,527	2,215	3,082	3,603
1985	13,245	2,990	2,340	3,680	4,234
1986	15,301	3,061	2,426	4,709	5,105
1987	16,963	3,185	2,255	6,054	5,469

Sources: See note following Figure C.

The overall profits (excluding capital gains) of partnerships are shown in Figure C. In total, partnerships had net losses in ordinary income throughout the entire period, peaking initially for 1982, a recession year, and again at \$17 billion for 1986, the last pre-Reform year. Net income for gain partnerships (both general and limited) grew every year between 1981 and 1987. Losses for both general and limited

loss partnerships also increased persistently through 1986, but then declined for 1987, dropping by \$4.6 billion. (The only exception came for 1983 when losses for loss general partnerships shrank a bit from the previous year, probably reflecting some recovery from the 1982 recession.) The pattern of changes in net income for 1987 is consistent with the expected response to TRA.

Figure C.—Partnership Gain or Loss in Ordinary Income by Type of Partnership and Gain or Loss Status, Income Years 1981–1987

[Money amounts are in billions of dollars]

Income Year	Total gain less loss	Type of partnership			
		General		Limited	
		With gain	With loss	With gain	With loss
1981	-2.7	42.8	-29.8	7.8	-23.5
1982	-7.3	44.4	-34.2	9.2	-26.7
1983	-2.6	48.6	-32.5	11.7	-30.4
1984	-3.5	55.7	-36.6	14.0	-36.6
1985	-8.9	60.5	-42.4	16.6	-43.5
1986	-17.4	63.5	-45.3	16.8	-52.3
1987	-5.4	66.2	-43.4	21.5	-49.6

SOURCES: *Statistics of Income (SOI) Bulletin* selected issues; *Statistics of Income—1978-82, Partnership Returns*; and unpublished data from Office of Tax Analysis and SOI Partnership data files.

Looking at these figures together, it can be noted that despite the increasing losses of loss partnerships (both general and limited), the number of loss partnerships and the number of partners in them both increase through 1986. Such behavior is counter to conventional economic motives which would have predicted resources (firms and investors) expanding in profitable activities and declining where losses were incurred. The observed patterns are instead consistent with tax sheltering motives. For 1987, the pattern changes and the dual motives of partnership ownership (i.e., profit- and loss-seeking) are evident. Gain partnerships show increased profits while loss partnerships show the first reaction to TRA.

To understand better the changes for 1987 and their relation to Tax Reform, the data on net income are classified by industry in Figure D for 1985-87, the period "surrounding" TRA. Column 4 decomposes the \$12.0 billion improvement in net income (less deficit) between 1986 and 1987 by industrial division. That column shows a number of significant points:

- \$6.2 billion (or 52 percent) of the 1986-87 improvement came in the finance, insurance and real estate industrial division. This is not surprising in view of the large and growing losses in that industrial division before TRA.

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Figure D.—Partnership Net Income Less Deficit by Industrial Division and Selected Industry Groups, Income Years 1985–1987

[Money amounts are in billions of dollars]

Industrial division, group	All partnerships				General partnerships				Limited partnerships			
	1985	1986	1987	Change, 1986–87	1985	1986	1987	Change, 1986–87	1985	1986	1987	Change, 1986–87
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
All industries ¹	-8.9	-17.4	-5.4	12.0	18.0	18.1	22.7	4.6	-25.8	-35.5	-28.2	7.3
Agriculture, forestry, and fishing.....	-1.0	-0.9	2.0	3.0	-0.2	-0.1	2.3	2.4	-0.9	-0.8	-0.3	0.6
Mining.....	1.5	-3.5	-1.4	2.1	0.2	-3.0	-3.6	-0.7	2.4	-0.5	2.3	2.8
Oil and gas.....	3.3	-2.7	-1.3	1.4	0.8	-2.3	-3.6	-1.2	2.5	-0.3	2.3	2.6
Construction.....	2.2	2.5	2.8	0.3	2.2	2.4	2.6	0.2	(²)	0.1	0.2	0.1
Manufacturing.....	-1.1	-0.5	0.8	1.3	-0.8	-0.2	0.6	0.8	-0.2	-0.3	0.2	0.5
Transportation, communication, electric, gas, and sanitary services.....	-3.1	-3.0	-3.8	-0.8	-1.9	-1.6	-2.2	-0.6	-1.1	-1.4	-1.5	-0.1
Communication.....	-1.7	-2.5	-3.2	-0.7	-0.9	-1.5	-1.9	-0.4	-0.8	-1.0	-1.3	-0.3
Wholesale and retail trade.....	2.0	2.3	2.7	0.4	1.8	2.2	2.5	0.3	0.2	0.1	0.2	0.1
Finance, insurance and real estate.....	-25.9	-33.0	-26.8	6.2	-3.0	-3.5	-0.6	2.9	-23.0	-29.5	-26.1	3.3
Real estate operators and lessors of buildings.....	-26.2	-32.8	-33.1	-0.3	-4.7	-6.1	-5.4	0.7	-21.5	-26.7	-27.8	-1.1
Subdividers and developers.....	-2.7	-3.0	-2.0	1.0	-1.3	-0.5	-0.6	-0.1	-1.4	-2.5	-1.5	1.1
Holding and investment companies, except investment clubs and common trust funds.....	0.6	1.1	4.0	2.9	0.8	1.1	1.7	0.5	-0.1	-0.1	2.3	2.4
Services.....	16.5	18.6	18.1	-0.5	19.7	21.7	21.3	-0.4	-3.2	-3.2	-3.2	(³)

¹ Includes "Nature of business not allocable," not reported separately.² Positive net income (less deficit) less than \$0.05 billion.³ Negative net income (less deficit) less than \$0.05 billion.SOURCES: *Statistics of Income (SOI) Bulletin*, selected issues; *Statistics of Income—1978–82, Partnership Returns*; and unpublished data from Office of Tax Analysis and SOI partnership data files.

What is noteworthy, though, is that real estate operators and lessors of buildings (the source of most of the finance division's losses) contributed nothing to the 1986-87 decrease in losses. Indeed, net losses in real estate grew slightly, by \$0.3 billion. It is also noteworthy that, within real estate, the net losses of limited partnerships continued to grow (from \$26.7 billion to \$27.8 billion) while they shrank (from \$6.1 billion to \$5.4 billion) for general partnerships. This occurred even though some partners in general partnerships, but not in limited partnerships, would qualify for the special \$25,000 exemption from the passive loss limitations for losses from "active" real estate activities.

Does the experience in the real estate industry mean that TRA had little effect on real estate tax shelters? To the contrary, the fact that real estate losses in limited partnerships grew by only \$1.0 billion, or 4 percent, is a sharp reversal of the trend of the rest of the decade when losses grew by 30 percent per year. This reduction in losses is more remarkable because it came in the face of strong downturns that the real estate industry experienced in certain geographic areas, particularly in the Sun Belt States (in part due to over-building caused by the pre-TRA tax benefits).

- The largest part of the improvement in net income (less deficit) in the finance division came from holding and investment companies (other than investment clubs and common trust funds), where net income nearly quadrupled between 1986 and 1987 (from \$1.1 billion to \$4.0 billion). This \$2.9 billion increase accounted for 24 percent of partnerships' total improvement between 1986 and 1987. How much of this is a response to TRA is uncertain. On the one hand, some of the increase might be due to investors looking for "passive income" to offset their passive losses. On the other hand, most of the income reported for this industry is "portfolio income," in the form of interest and dividends, not useful for cushioning the effect of the passive loss limitations.
- About \$3 billion, or 25 percent, of the total partnership improvement from 1986 to 1987 came in agriculture, forestry, and fishing. Some of this can be attributed to TRA, but mainly it appears to result from a generally good year in farming [11,12].
- Oil and gas extraction in the mining division contributed substantially to the improvement from 1986 to 1987. While the energy sector as a whole was recovering during this period from the sharp decline in oil prices in late 1985, the

partnership figures suggest a strong response to TRA. Oil and gas extraction was one of the few industries granted major exceptions to the passive loss limitations. Basically, losses from most general partnerships in oil and gas could continue to shelter ordinary income from other sources, while losses from limited partnerships in oil and gas could not. The numbers in Figure D show a turnabout among oil and gas limited partnerships from a loss of \$0.3 billion for 1986 to a gain of \$2.3 billion for 1987. At the same time losses among general partnerships in oil and gas grew from \$2.3 billion to \$3.6 billion. Both of these changes are consistent with the incentives provided by TRA.

This discussion suggests that partnerships responded to the tax shelter provisions of TRA in 1987, but not nearly as much as the \$12.0 billion improvement in net income would imply. Since the passive loss limitations apply only to losses flowing through to individuals, many corporations can still benefit from tax shelter partnerships. It is likely, therefore, that some of the market for tax shelters may have shifted to corporations. Nevertheless, as the phase-in of the passive loss limitations proceed and partnerships are able to restructure even their illiquid investments, it can be expected that partnership losses, the number of partnerships, and the number of investor/partners will continue to decline in those industries in which pre-TRA provisions were a large part of their attractiveness.

ANALYSIS OF INDIVIDUAL INCOME TAX RETURN DATA

This section examines partnership data reported on individual income tax returns to see if TRA appears to have reduced (1) the amount of partnership losses claimed by individuals, and (2) the use of partnership losses by high-income taxpayers to lower their income tax liabilities.

Figure E presents time series data on total and net ordinary income and losses from partnerships as reported on individuals' income tax returns [13]. The increases in losses that persisted through 1986 were reversed abruptly for 1987, decreasing by \$17 billion. Combined with a growth of \$4 billion in total income, partners' net income increased by \$21 billion. The passive loss limitations are undoubtedly responsible for much of the reversal in losses. Directly, the limitations disallowed approximately \$10 billion in partner-

Figure E.—Partnership Ordinary Income and Losses Reported on Individual Income Tax Returns, 1980–1987

[Money amounts are in billions of dollars]

Income year	Net loss ¹	Total income	Total loss
	(1)	(2)	(3)
1980	9.6	29.8	20.2
1981	-0.1	31.1	31.2
1982	-0.7	33.0	33.8
1983	-2.3	36.2	38.5
1984	-8.2	38.6	46.8
1985	-8.5	45.5	54.0
1986	-13.0	48.2	61.2
1987	8.2	52.0	43.8 ²

¹ Includes "expense deduction."

² Deductible loss after passive loss limitations.

SOURCES: Internal Revenue Service, *Statistics of Income—Individual Income Tax Returns*, for 1980–1986; unpublished data from Office of Tax Analysis, *Individual Income Tax Model*, 1987.

ship passive losses [14]. Indirectly, taxpayers would have responded to the limitations to some extent by diverting investment into other activities, further reducing reported partnership losses. Other provisions of TRA, such as the reduction in accelerated depreciation, would have reduced the tax losses associated with new investments. However, improvements in general economic conditions could have contributed to the change in partnership net income as well. Separating the indirect response to TRA from the effect of other factors would require a behavioral model that is beyond the scope of this article.

A complication in interpreting these figures is that the 1987 partnership figures do not include "portfolio income" (interest, dividends, and royalties) earned by partnerships, while figures for earlier years do [15]. This would tend to understate the gains and overstate the losses for 1987 relative to previous years. Based on the reporting of interest and dividends at the partnership level, income may be understated as much as 20 percent, while losses may be overstated only about 5 percent.

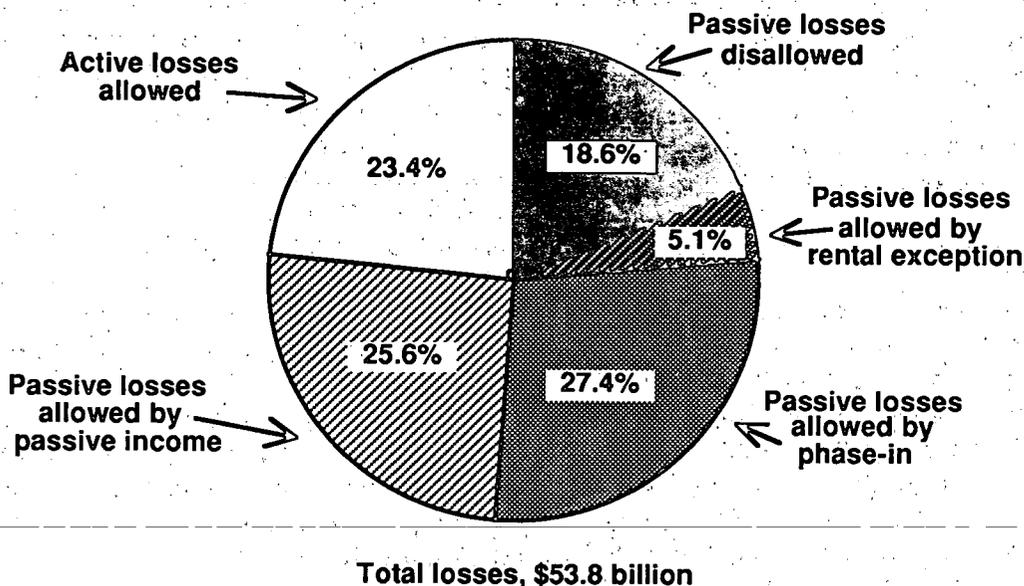
Figure F shows the relative magnitude of the different categories of partnership losses for 1987. This chart represents all partnership losses reflected on individual income tax returns for 1987 [16]. The slices of the pie show the type of loss -- active or passive -- and, if it was passive, whether it was disallowed, and, if allowed, why.

- Of all partnership losses for 1987, 23.4 percent were "active" losses and were therefore not affected by the passive loss limitations.

For the passive losses:

- 25.6 percent of total losses were passive but

Figure F
Treatment of Partnership Losses on Individual Income Tax Returns, Income Year 1987



offset by passive income;

- 27.4 percent of total losses were passive but were allowed because of the gradual phase-in of the limitations;
- 5.1 percent of total losses were passive but benefited from the special treatment of certain rental losses; and
- 18.6 percent, or about \$10 billion, were passive and disallowed.

If the partnership losses reported by all individual taxpayers were lower for 1987, does that mean that high-income individuals used them less to reduce their tax liability? How has the use of partnership losses to reduce tax liability for high-income taxpayers changed with Tax Reform? Figure G helps address these questions with data from 1983 through 1987.

In Figure G, a measure of income is used that

ignores taxpayers' losses in determining whether or not they have high-incomes. The measure, total positive income, or TPI, looks only at positive sources of income, viewing people as high income if they have large amounts of "gross" income with no netting of losses [17,18]. Figure G reports the fraction of TPI offset by partnership losses for returns with at least \$250,000 of TPI. These high TPI returns are classified according to their income tax burdens relative to TPI.

Figure G shows that, for high-income returns, partnership losses did indeed offset a smaller frac-

Figure G.—Partnership Losses as a Percentage of Total Positive Income (TPI) for Taxpayers with TPI Over \$250,000, by Percentage of Taxes to TPI, 1983–1987

Percentage of Tax/TPI	1983	1984	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)
All high TPI returns.....	10.9	10.9	11.3	9.1	8.5
Less than 5 percent.....	36.2	42.1	45.9	47.7	35.9
5 percent under 10 percent.....	21.4	22.9	24.1	23.6	21.3
10 percent under 20 percent.....	9.1	7.8	7.0	5.3	11.0
20 percent or more.....	3.6	3.6	3.7	3.0	2.7

Source: Unpublished data from Office of Tax Analysis: Individual Income Tax Models.

tion of TPI after Tax Reform than before it [19]. This conclusion is particularly true for returns with the smallest fraction (less than 5 percent) of their TPI reportable as tax.

For returns with low tax burdens, partnership losses had been offsetting an increasing fraction of TPI before TRA, from 36 percent for 1983 to nearly 48 percent for 1986. For 1987, however, the trend was sharply reversed and deductible partnership losses offset no more of TPI than they did for 1983. As the period for phasing-in the passive loss provisions expires, this effect can be expected to grow.

SUMMARY AND CONCLUSIONS

The goal of this article was to see, based on the first returns filed under the 1986 Tax Reform Act (i.e., for Income Year 1987) whether the Act was achieving its intended effect on tax shelter partnerships. This article presents evidence suggesting that this has begun to happen, although there are instances where the anticipated effects were not as prominent as had been hypothesized. Nevertheless, TRA has had a definite impact on tax shelter partnerships.

At this point, the early effects of TRA are more evident among individual partners than among the partnerships themselves. Net income from partnerships reported on individual income tax returns increased by at least \$21 billion for 1987, and perhaps by more than \$30 billion, if interest and dividends received by individual partners, which are now reported separately on the individual income tax return, Form 1040, are taken into account. Approximately \$10 billion of this came from losses directly disallowed by passive loss limitations. An undetermined amount of the remaining improvement represents an indirect response to TRA. Among high-income taxpayers, the role of partnership losses in sheltering income from taxation shrank, particularly among those with low tax burdens.

On the partnership side, net income improved by \$12.0 billion for 1987. While some of this remains either unexplained or is attributable to factors other than TRA, the improvements in the mining and real estate industries, in particular, are consistent with a response to TRA. (In real estate, part of the response is simply slowing growth in losses among limited partnerships, rather than an absolute decrease in losses.) The declines for 1987 in the number of loss partnerships and the size of their losses in combina-

tion with increases in the number and profits of gain partnerships are further signs of the effect of TRA.

Finding a larger response of TRA at the individual level than at the partnership level is consistent with expectations. The passive loss limitations affect the tax liabilities of individuals, giving them incentives to move out of tax shelters. Since corporate partners can still benefit from the tax advantages of tax shelter partnerships, many partnerships have less incentive to eliminate tax losses than do individual partners.

As tax return data for 1988 and later years become available, more evidence of responses to TRA are expected. The passage of time will provide increased liquidity to partnerships to restructure their portfolios and to individuals to sell or terminate investments that no longer provide immediate tax advantages. Additionally, the phase-in of the passive loss provisions will end. Partnership losses, the number of firms, and the number of investor/partners are likely to continue to decline in those industries in which pre-TRA tax provisions were a large part of their attractiveness.

NOTES AND REFERENCES

- [1] U.S. Congress, Joint Committee on Taxation, *General Explanation of the Tax Reform Act of 1986* (H.R. 3838, 99th Congress; Public Law 99-514), May 4, 1987.
- [2] U.S. Congress, Joint Committee on Taxation, *Tax Reform Proposals: Tax Shelters and Minimum Tax* (JCS-34-85), August 7, 1985.
- [3] Nelson, Susan, "Taxes Paid by High-Income Taxpayers and the Growth of Partnerships, 1983," *Statistics of Income Bulletin*, Fall 1985, Volume 5, Number 2.
- [4] Nelson, Susan, "Noncorporate Business Taxation: Before and After the Tax Reform Act of 1986," *OTA Paper 59*, U.S. Department of Treasury, Office of Tax Analysis, May 1988.
- [5] Shapleigh, Colbert C., and Raley, Terry M., "The Effect of the Passive Loss Rule and Other Related Provisions of the Tax Reform Act," *Journal of Partnership Taxation*, Spring 1987.
- [6] A "general" partnership was comprised entirely of "general" partners, i.e., partners each of

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which could be personally liable for the obligations of the partnership. A "limited" partnership is one in which the liability of one (or more) partners was generally limited to the amount the person had invested (the amount "at risk").

[7] See footnote 2.

[8] See footnote 5.

[9] An S Corporation was generally a small corporation, with no more than 35 shareholders (primarily individuals), electing to be taxed at the shareholder level.

[10] For 1987, 65 percent of passive losses from pre-TRA investments were allowed; for 1988, 40 percent; for 1989, 20 percent; for 1990, 10 percent; and none for 1991.

[11] An example of an industry affected by TRA is beef cattle except feedlots, which had benefited from treating most income as capital gains and deducting most expenses from ordinary income. This industry switched from a net loss of \$0.3 billion for 1986 to a net gain of \$0.7 billion for 1987.

[12] According to the Department of Agriculture, net income of farm operators from farming rose from \$37.5 billion for 1986 to \$46.3 billion for 1987. See *Economic Indicators of the Farm Sector: National Financial Summary*, annual, U.S. Department of Agriculture, Economic Research Service.

[13] Net (ordinary) income or loss on individuals' returns (Figure E) frequently differs from the comparable figures for partnerships (Figures C and D) because not all partners are individuals and because of the income reporting requirements on individual income tax returns, as described below.

"Total income" as reported in Schedule E, *Supplemental Income Schedule, Individual Income Tax Return*, Form 1040, is the sum of positive net income from gain partnerships, including separately treated items reported on Schedule K-1, *Partner's Share of Income, Credits, Deductions, Etc.*, such as guaranteed payments to partners. "Total loss" is the sum

of net losses from partnerships adjusted for guaranteed payments to partners and for other separately-treated items.

Partnership totals based on Schedule E, Form 1040, differ from those on the Form 1065 partnership return income statement for reasons such as the following:

(a) the amounts shown on Form 1040 are after the "at risk" and (for 1987) the "passive loss" limitations imposed on partners (the "at risk" limitation restricts the allowable losses limited partners can deduct to the amounts they invested);

(b) guaranteed payments to partners and certain other separately-treated items (except capital gains) are handled differently in computing net income, by the partnership and by the partners on Form 1040 (for instance, in the case of guaranteed payments, they are deducted by the partnership in computing partnership net income on Form 1065, but are included as income by partners in computing partnership net income on Form 1040); and

(c) partners other than individuals share in partnership income (or loss).

[14] Estimate made by Susan Nelson.

[15] In general, starting with 1987 partnership "portfolio income" was reported on the individual income tax return schedules according to the type of portfolio income and thus was not reported as income from partnerships. Previously, total partnership portfolio income was combined under income from partnerships.

[16] Because of how passive losses are reported on the individual income tax return, some of these figures had to be estimated for many returns. For partnership income, only active losses and total allowed passive losses are directly reported. Disallowed passive losses and the allocation of allowed passive losses according to the reason for their being allowed were estimated by Susan Nelson from returns with more than one type of passive loss.

[17] Total Positive Income (TPI) measures "gross" income reported on individual income tax returns before losses. Specifically, it sums all positive amounts of income on the Form 1040 return and accompanying schedules, before losses or exclusions (such as the 60 percent exclusion of long-term capital gains allowed before 1987) or deductions which reduce adjusted gross income (such for contributions to individual retirement arrangements, or Keogh retirement plans).

[18] See footnote 3 for a similar use of the TPI concept.

[19] For all high-income returns, Figure G shows partnership losses covering notably less TPI for both 1986 and 1987 than before. The drop for 1986 is due less to a reduction in partnership losses than it is to a jump in TPI as taxpayers realized their capital gains before the Tax Reform Act ended the partial exclusion of long-term capital gains from adjusted gross income.

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

By Marilyn J. Flaherty*

Total U.S. source income paid to foreign persons (including individuals, corporations and other organizations) approached \$23 billion in 1987, a 4 percent increase over the amount paid in 1986 [1]. Tax withheld on this income rose by more than 13 percent, to \$1.3 billion.

Japan was, for the first time ever, the recipient of the most U.S. source income, receiving \$4.5 billion in 1987. This represents an increase of 56 percent over the previous year. Income paid to the United Kingdom, the former leader, increased 15 percent, from \$3.7 billion in 1986 to \$4.3 billion in 1987.

BACKGROUND

A U.S. individual or organization paying income to a foreign individual (who, for tax purposes, was not a resident or citizen of the United States) or to a corporation or other organization that was not incorporated or organized in the United States reports this income and the U.S. tax withheld on Form 1042S, Foreign Persons' U.S. Source Income Subject to Withholding. Although the basic tax rate is 30 percent, certain types of income are taxed at lower rates [2]. Since 1984, portfolio interest payments have been exempt. Additionally, tax treaties, which the U.S. has entered into with most of its principal trading partners, allow income paid to residents of these countries to be taxed at lower rates.

In most instances the tax withheld on foreign persons represents the final tax liability; the foreign recipients thus do not have to file a U.S. income tax return because their tax liability is satisfied by withholding at source. The responsibility for withholding this tax belongs to the payer or a representative of the payer (usually a financial institution).

Income "effectively connected" with a foreign recipient's U.S. trade or business is exempt from withholding tax. This income is taxed by the United States separately. The foreign recipient is required to file a U.S. tax return (Form 1120F for foreign corporations; Form 1040NR for foreign individuals), and the income is taxed in a manner similar to that for income received by a U.S. citizen or corporation. Such income is generally not included in the statistics for U.S. source income presented here. U.S. source income discussed in this article also excludes bank deposit interest. (See "Explanation of Selected Terms.")

U.S. source income is taxed at a flat rate (generally 30 percent) rather than being subject to graduated tax rates as is the income of U.S. individuals and organizations (and "effectively connected" income of foreign persons). Most foreign persons receiving income from U.S. sources are not required to file U.S. income tax returns (which would require that they consolidate all of their U.S. income), because it is difficult for the United States to tax a foreign person on a net basis on income that is not effectively connected to a U.S. trade or business. Since it is difficult, if not impossible, for the Internal Revenue Service to verify expenses of a foreign person, the Internal Revenue Service taxes the foreign person's gross income. Also, the tax is not based on the foreign person's worldwide income so graduated rates may not be appropriate. Therefore, the flat rate withholding is employed in situations involving foreign individuals or organizations who received many classes of income from one or more U.S. source.

The Social Security Amendments of 1983 required U.S. tax withholding on certain benefits paid to foreign persons beginning in 1984. At the same

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time, the Railroad Retirement Act of 1937 was also revised to require withholding on certain payments to foreigners. As a result, \$71 million in taxes was withheld in 1987 on \$793 million of social security and railroad retirement benefit payments.

The Deficit Reduction Act of 1984 removed the withholding tax on most interest payments made to foreigners. This exemption was effective for all qualified debt issues made after July 18, 1984. The Act was intended to reduce U.S. borrowing through tax-haven countries, and to encourage U.S. corporations to borrow foreign funds through direct Eurobond placements [3]. The interest paid on these new issues was exempted from withholding tax regardless of the recipient's country. The amounts, however, are still reported on Form 1042S and are included in these statistics.

DATA HIGHLIGHTS AND TRENDS

The most significant changes occurring in 1987 were the marked increase in the income paid to Japan, and the large decrease in income paid to the Netherlands Antilles. These two topics are addressed in the "Country of Recipient" and "Tax Haven Countries" sections of this article.

While the total income paid to foreign recipients increased by only 4 percent between 1986 and 1987, total tax withheld increased 13 percent. This occurrence is explained by the fact that there was a large increase in dividend income. Income from dividends (which is rarely exempt from withholding tax) increased from \$6.5 billion in 1986 to \$8.0 billion in 1987. The \$1.5 billion increase in dividend income was partly offset by a slight drop in interest income, rents and royalties income, and personal services income. Consequently, total income increased by only \$900 million from the 1986 level.

The average payment increased \$761 from 1986 to \$21,033. Likewise, the average tax withheld on these payments increased approximately \$200 to \$1,209. These changes are accounted for by increases in both total income (4 percent) and tax withheld (13 percent), but an almost imperceptible increase in the number of Forms 1042S being filed (0.51 percent).

The average effective tax rate (tax withheld as a percentage of total income) for all countries rose slightly from 5.29 in 1986 to 5.75 percent in 1987.

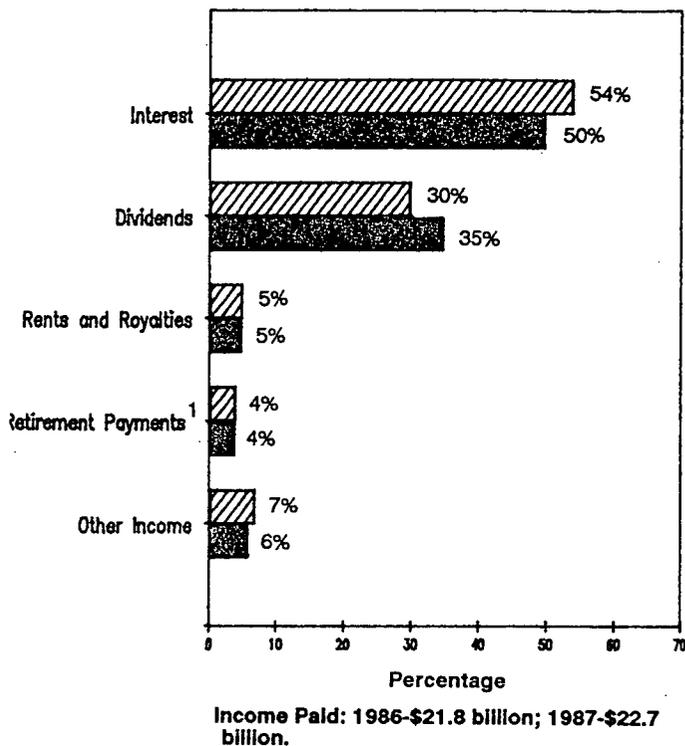
The effective rate is significantly lower than the 30 percent basic rate. The disparity between the two rates reflects the significant impact of income which is exempt from withholding (such as most interest payments), as well as income subject to reduced or zero withholding rates due to tax treaties.

TYPES OF INCOME

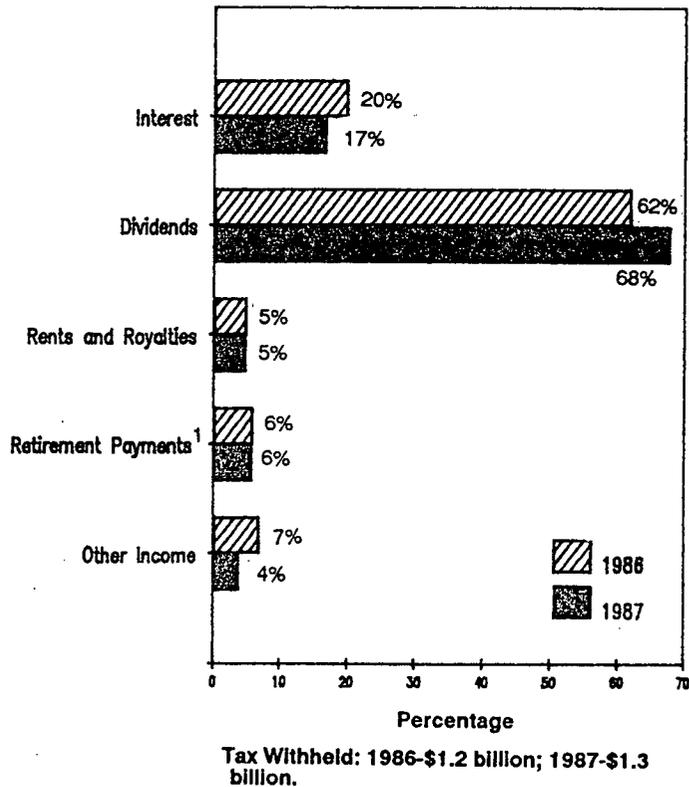
As Figure A shows, interest paid remained the largest single portion of total income paid, although the amount did drop from its 1986 level. While interest accounted for 50 percent of the total income paid, tax withheld on this income accounted for only 18 percent of the total amount of tax withheld. The disproportionately small amount of withholding on interest payments stems from two main sources; the 1984 Deficit Reduction Act, and treaty exemptions. At the same time, dividends paid, as a percent of total income paid to foreigners in 1987, increased 5 percent. Thus, dividend payments made up 35 percent of all income paid to nonresident aliens. The tax withheld on dividends constituted 68 percent of the total tax withheld. In contrast to interest, dividends are rarely exempt from withholding tax. The increase in dividend payments may be explained in large part by the shifting of foreign holdings away from U.S. Treasury securities and into other U.S. securities. Foreign holdings of U.S. corporation stock increased notably during the first three quarters of 1987, with purchases for that period exceeding the combined purchases of the two prior years [4]. After the stock market crash of October 19, 1987, foreigners were somewhat leary of the U.S. market, and there were large sales [5]. For the year, however, foreign persons made net stock purchases of \$15 billion, and this may, in part, account for the 23 percent rise in dividend payments, from \$6.5 billion in 1986 to \$8 billion in 1987 [6].

This is only the third year for which statistics on social security and railroad retirement benefit payments are available. These payments constituted only 3 percent of total income paid in 1987 to nonresident aliens. The total amount of these payments increased from \$769 million in 1986 to \$793 million in 1987, a rise of 3 percent. The percentage of the total going to each country, however, remained virtually unchanged from 1986 (see Figure B). As in the two previous years, Canada and Mexico together received more than 40 percent of all social security and railroad retirement benefit payments. Because these two countries border the United States many

Figure A
Percentage of Total Income Paid, by Income Type, 1986 and 1987



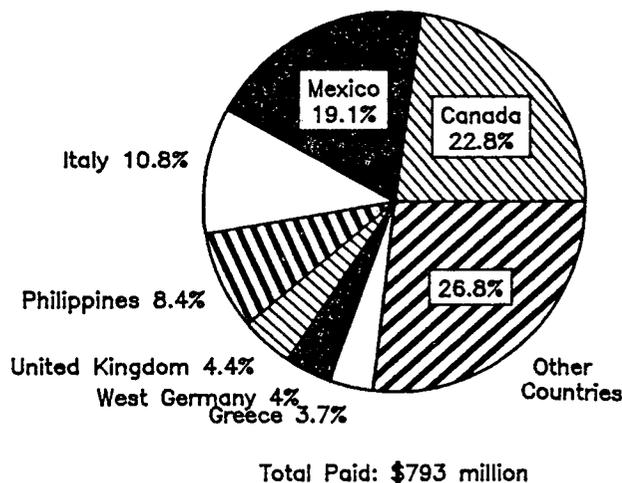
Percentage of Total Tax Withheld by Income Type, 1986 and 1987



¹Includes social security and railroad retirement payments.

of their residents have worked in the United States, and are therefore entitled to these benefits.

Figure B
Percentage of Social Security and Railroad Retirement Payments to Recipients in Selected Countries, 1987



TYPE OF RECIPIENT

Corporations received 62 percent of all U.S. source income paid to foreign persons in 1987, but accounted for only 53 percent of the total tax withheld. One reason for this difference was that corporations received 59 percent of their income from interest (which was subject to low or zero withholding tax), and only 30 percent of their income from dividends. Also, direct investment dividends (dividends paid on the investment of a parent company in a subsidiary or other affiliate) were subject to a lower tax rate under some tax treaties than were portfolio dividends.

The next two largest classes of income recipients were nominees and fiduciaries, (\$2.8 billion, 12 percent of total) and individuals (\$2.2 billion, 9 percent of total). Nominees and fiduciaries accounted for 14 percent of total tax withheld on U.S. source income, while individuals accounted for 17 percent of that total.

For reasons previously mentioned, the effective withholding tax rate for corporations was significantly lower than the effective rate for most other types of recipients. The effective U.S. withholding tax rate

for corporations was 4.9 percent, compared with an effective tax rate of 7.2 percent for all other types of recipients.

Government, international, and foreign tax-exempt organizations received 4.3 percent of total U.S. source income paid to foreign persons, but the tax withheld on this income constituted only 0.4 percent of the total tax withheld in 1987. Generally, tax is not withheld on payments to such organizations if the Internal Revenue Service has determined that they are not foreign private foundations [7].

The average payment received by individuals was by far the smallest of any recipient type, at \$2,517, a 2 percent drop from 1986. For corporations the average payment was \$177,320, an increase of 7.2 percent from the previous year. Government, international and foreign tax-exempt organizations received the largest average payment at \$2,714,458.

Figure C shows the distribution of income received and tax withheld by various types of income for several categories of foreign recipients. Thirty-seven percent of the total income paid to individuals was in the form of social security payments and railroad retirement benefits, thereby explaining the very large "other" income paid to individuals as shown in Figure C. Similarly, tax withheld on these social security and railroad retirement benefits constituted 32 of the 53 percent of the tax withheld on "other" income.

COUNTRY OF RECIPIENT

Figure D shows the percentage of total income paid and the total tax withheld for the nine countries with the largest U.S. source income. Because Belgian nominees once again received large interest payments, (\$841 million) the final recipients of this income may not have been Belgian residents. For this reason the data on Belgium may be somewhat overstated.

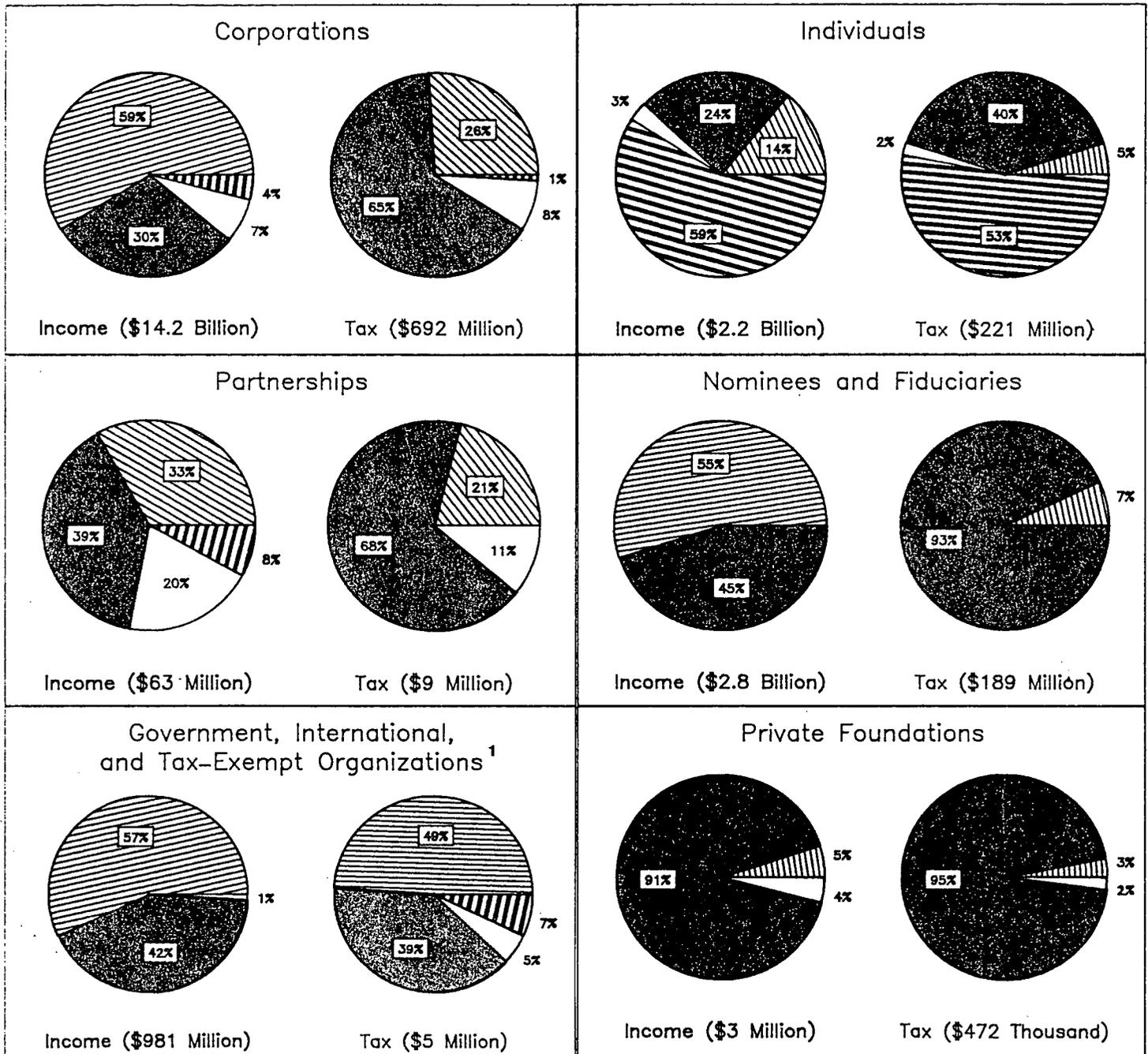
As mentioned previously, payments to Japan in 1987 increased 56 percent and payments to Japanese residents accounted for 20 percent of the total income paid to foreign persons. Japan's move to the position of the largest income recipient comes as no surprise. Japan's U.S. source income has increased steadily in the years prior to 1987. Figure E plots Japan's U.S. source income in both current and constant dollars for the period 1982 through

1987 [8]. During the mid to late 1980's, Japanese residents purchased over \$50 billion in U.S. Treasury bonds. In 1986, U.S. real estate purchases by the Japanese were estimated at \$4 billion [9]. Most notably, Japan accounted for more than 70 percent of the foreign purchases in the U.S. stock market during the first three quarters of 1987. The strong value of the yen, and the relaxation of certain restrictions imposed by the Japanese government on foreign portfolios made the United States bull market an extremely attractive place for Japanese investment [10]. This strong stock investment was reflected in a 134 percent increase in the dividend payments made to Japan; from \$380 million in 1986 to \$888 million in 1987.

The Netherlands Antilles lost the biggest percentage of total U.S. source income from 1986 to 1987. Antilles' U.S. source income dropped 39 percent from \$2.9 billion in 1986 to \$1.7 billion in 1987. This decrease may have stemmed from a number of causes. The principal reason was probably the expected response to the removal of the withholding tax on most types of interest for issues made after July 1984. As previously mentioned, the intent of this change was partly to decrease interest paid to the Netherlands Antilles by facilitating borrowing directly from persons in other countries that are not considered tax havens (See "Tax Haven Countries.")

It is, however, likely that another factor may have played a role in the drop in U.S. source income paid to the Netherlands Antilles. On June 29, 1987, the U.S. Treasury Department announced the termination of a 40-year old tax treaty with the Netherlands Antilles, effective January 1, 1988. A new treaty had been under negotiation for some time in which the United States sought to introduce rules to prevent the use of the United States-Netherlands Antilles treaty by residents of a third country for channelling investment into the United States. The announcement of the termination by the Treasury Department set off a flurry of activity in the Eurobond market. Bonds issued in the 1970's and early 1980's had been issued at interest rates significantly higher than the prevailing rate of June 1987. Additionally, the majority of the bonds issued through the Netherlands Antilles included a caveat that allowed the issuing corporations to call the bonds and refinance the debt at current rates if there was ever a change in the treaty status of the Antilles. A number of U.S. corporations intended to take advantage of this by paying off some very expensive debt early, while

Figure C
 Percentage of Income Paid and Tax Withheld by Income and Recipient Type, 1987



¹Other than private foundations.

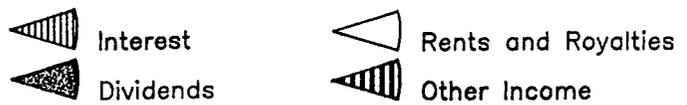
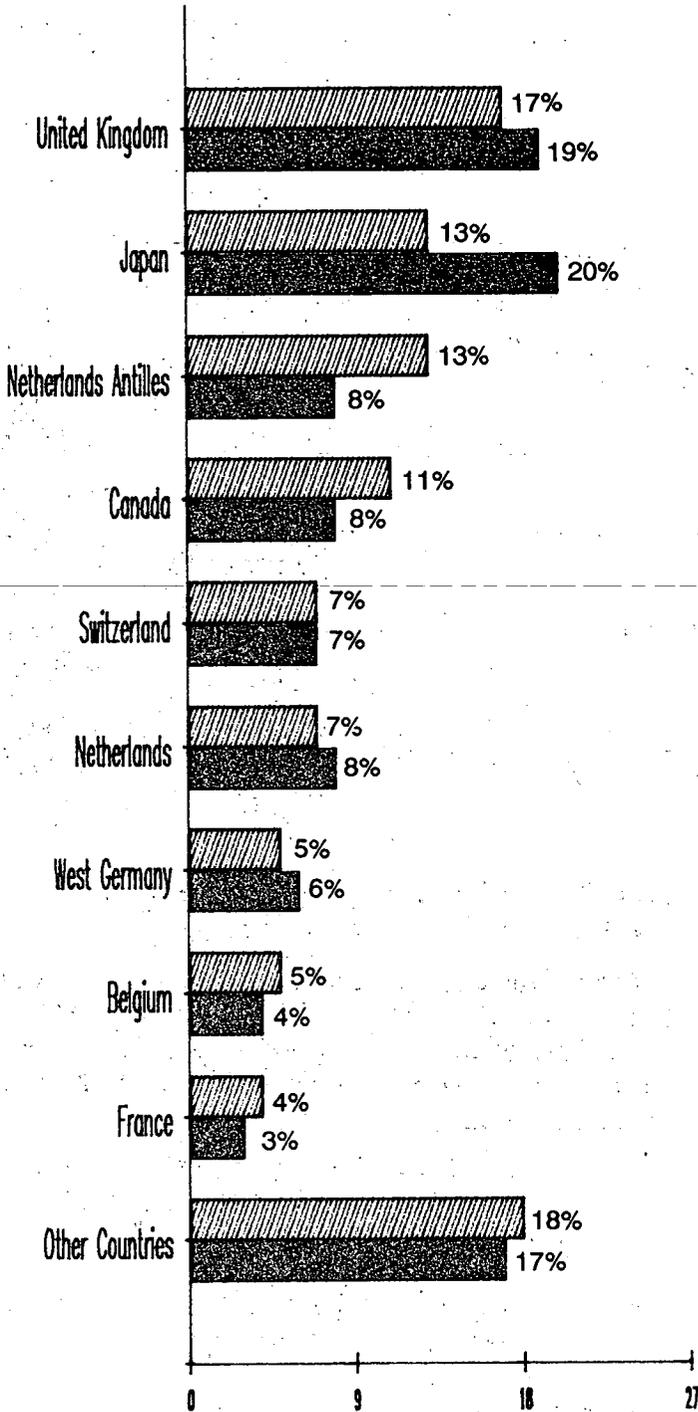
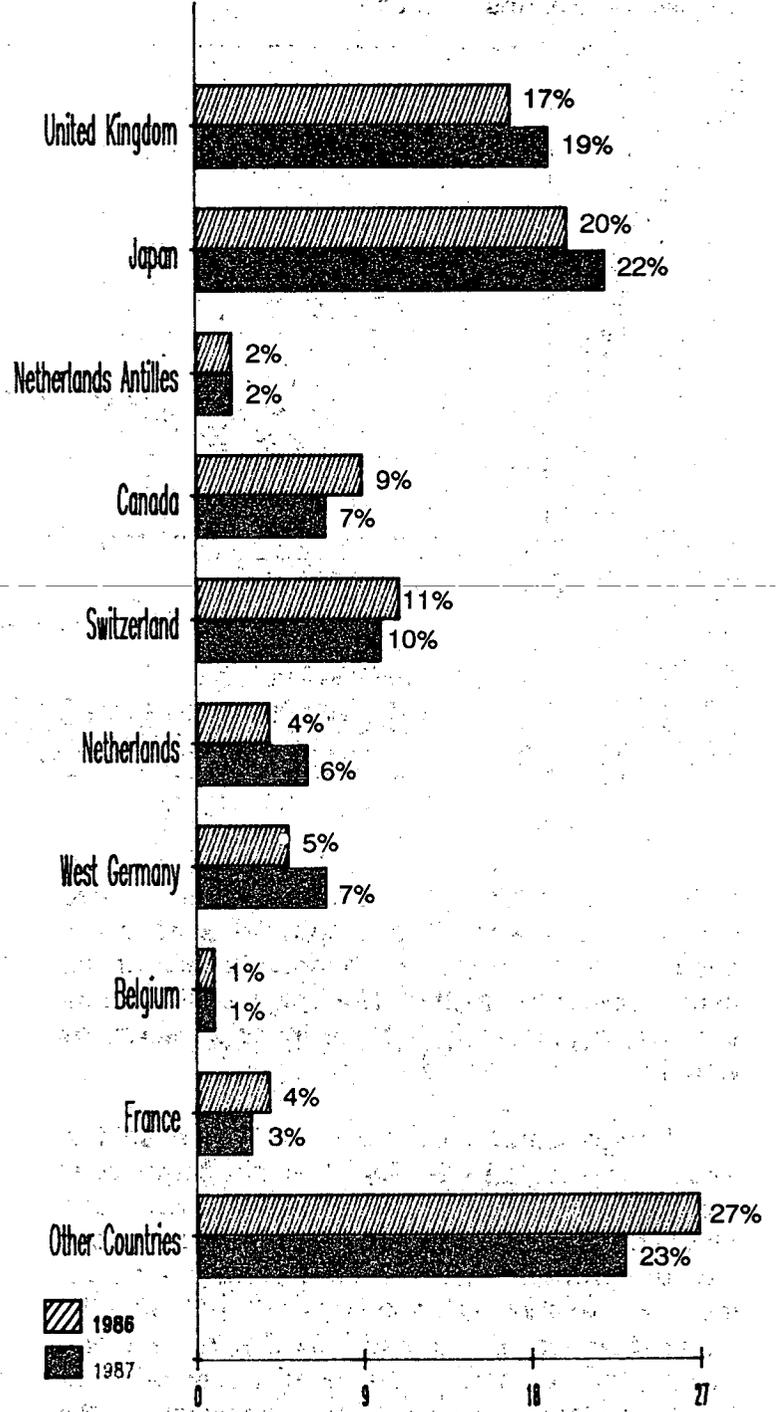


Figure D
Percentage of Total Income Paid, by Country of Recipient, 1986 and 1987



Percentage
 Income Paid: 1986-\$21.8 billion;
 1987-\$22.7 billion.

Percentage of Total Tax Withheld by Country of Recipient, 1986 and 1987

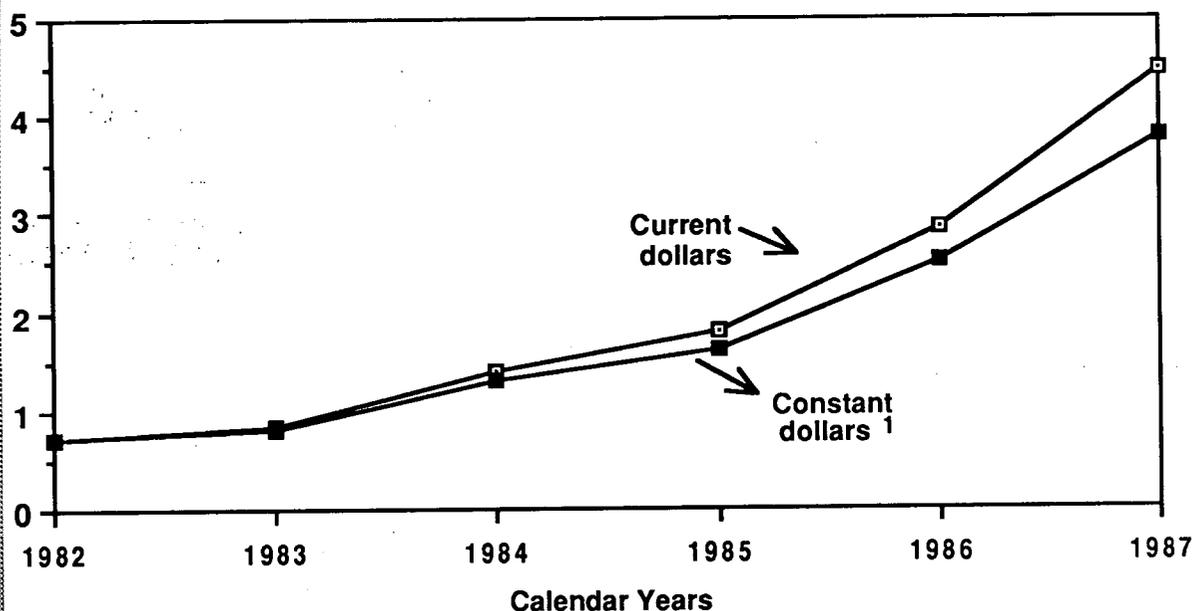


Percentage
 Tax Withheld: 1986-\$1.2 billion;
 1987-\$1.3 billion.

Figure E

U. S. Source Income Paid to Japan, 1982 Through 1987

Billions of dollars

¹Adjusted to 1982 dollars.

suffering no penalty [11]. Eurobonds, which had been trading at a premium, dropped dramatically in price upon the Treasury's announcement of the termination of the treaty. Not only was there concern in foreign markets, but U.S. financial institutions were in an uproar as well.

Although Eurobonds must initially be sold in foreign markets, after 90 days they may be resold in the United States. In recent years, U.S. banks and other financial institutions had acquired large holdings of Eurobonds [12]. In order to calm markets, the Treasury announced, on July 10, 1987, that the termination would not apply to the interest provisions, thus preserving the interest exemption for the Netherlands Antilles. The termination of the other provisions, however, eliminated the attractiveness of the Antilles as a conduit for most investments into the United States. The movement of many of these investments from the Antilles would be reflected in a decline in U.S. income payments to the Antilles.

TAX WITHHELD AND EFFECTIVE TAX RATES BY COUNTRY

The overall effective tax rate increased slightly in 1987 to 5.75 percent (from 5.29 percent in 1986). The overall effective tax rate was much lower than the basic U.S. withholding rate of 30 percent for a number of reasons:

- Tax treaties allow for lower tax rates on certain types of payments made to residents of certain countries.
- U.S. income paid to foreign government organizations is generally not taxed.
- Most U.S. income paid to foreign private foundations is taxed at only a 4 percent rate. The statutory rate for social security and railroad retirement benefit payments is 15 percent.
- The Tax Reform Act of 1984 removed the withholding tax on most types of interest.

These factors result in considerable variation among countries (as well as among types of recipients and income paid) in the effective U.S. withholding-tax rate (tax withheld as a percentage of total income paid).

Figure F ranks the 15 countries with the lowest effective U.S. withholding-tax rates for 1987. Tax withheld by foreign governments and foreign withholding agents is not included in this figure (except for Canada), because such tax cannot be properly attributed to income for a particular year. (See "Data Sources and Limitations.") This tax is, however, shown in Table 1 at the end of this article. Only countries receiving at least 500 payments and \$1 million or more of U.S. source income were considered for this ranking.

Figure F.—Ranking of 15 Countries With Lowest Effective U.S. Tax Rates, 1987

[Money amounts in thousands of dollars]

Country	Total income	Tax withheld	Effective U.S. tax rate
	(1)	(2)	(3)
All countries ¹	\$22,748,677	\$1,307,308	5.75%
United Arab Emirates.....	313,954	466	0.15
Singapore.....	154,882	1,689	1.09
Belgium.....	999,399	11,660	1.17
Pakistan.....	15,700	194	1.24
Saudi Arabia.....	146,185	2,082	1.42
Netherlands Antilles.....	1,736,794	26,726	1.54
Kuwait.....	182,769	3,161	1.73
Finland.....	36,560	654	1.79
Cyprus.....	7,524	137	1.82
Italy.....	244,088	7,007	2.87
China.....	32,435	942	2.90
Taiwan.....	41,264	1,390	3.37
Malta.....	1,574	54	3.45
Denmark.....	30,606	1,153	3.77
Cayman Islands.....	137,604	5,210	3.79
Other countries ¹	18,667,339	1,244,783	6.67

¹ Includes all other countries not listed, regardless of number of payments or amount of income paid.

As in previous years, the United Arab Emirates had the lowest effective tax rate, 0.15 percent, compared with the average for all countries of 5.75 percent. Although the United Arab Emirates is not a treaty country, most U.S. source income paid to the United Arab Emirates was paid to government organizations, which are generally exempt from withholding tax. The five newcomers to the list of countries with the lowest effective tax rate were Pakistan, Kuwait, Cyprus, China, and Denmark. Three of these, China, Denmark and Cyprus were the beneficiaries of tax treaty agreements which subject them to low withholding tax rates. Canada, New Zealand, Puerto Rico, Bahrain and the Netherlands were displaced from last year's list. While Canada and New Zealand were both tax treaty countries, the

provisions of their treaties did not reduce their withholding tax rates by nearly as much as did the tax treaties of the newcomers, China, Denmark and Cyprus. The low effective tax rates for Kuwait and Pakistan can be explained by the fact that over 94 percent of the income paid to these two countries was exempt from withholding tax.

TAX TREATY COUNTRIES

As a means of avoiding double taxation of income earned in one country by residents of another, the United States has negotiated tax treaties with many countries that reduce the withholding rates in both countries [13]. Presumably any losses in withholding tax revenue resulting from tax treaties are at least partly offset by a reduction in the foreign tax credits claimed by U.S. individuals and corporations against U.S. income tax. Reciprocal tax treaties generally provide for a reduced withholding rate for U.S. recipients of foreign income and for foreign recipients of U.S. income. As a result, U.S. individuals and corporations receiving income from tax treaty countries have less foreign tax withheld, and this usually reduces their foreign tax credit claimed and increases the amount of income tax paid to the United States.

Figure G compares the effective tax rates on payments to recipients in treaty countries (5.4 percent) with those in nontreaty countries (8.0 percent). Because nearly 90 percent of all U.S. source income was paid to residents of treaty countries, there is little difference between the average effective tax rate for all countries and that for treaty countries. (For a list of many of the tax-treaty and nontreaty countries and comparative data on income paid and tax withheld, see Table 1.)

Figure G.—Total Income, Tax Withheld, and Effective U.S. Tax Rates for Treaty and Nontreaty Countries, 1987

[Money amounts in thousands of dollars]

Treaty status	Total income	Tax withheld	Effective U.S. tax rate
	(1)	(2)	(3)
All countries.....	\$22,748,677	\$1,307,308	5.75%
Treaty countries.....	19,899,575	1,078,295	5.42
Nontreaty countries.....	2,849,102	229,013	8.04

Residents in tax treaty countries typically enjoyed lower U.S. withholding tax rates than did recipients in other countries. However, when U.S. source income is paid to a foreign nominee or fiduciary in a

treaty country on behalf of a person in a country not entitled to the treaty benefit, additional withholding may sometimes be collected by the government of the nominee or fiduciary. The purpose of this additional withholding is to prevent citizens of nontreaty countries from taking advantage of the lower tax rates of treaty countries. The additional tax is withheld by the government or withholding agent until the ultimate recipient provides proof of residency in that country. If residency is not proven, the tax is remitted to the United States (as shown in Table 1, column 7). These amounts are not included in the tax withheld data cited in Figure G and elsewhere in this article.

During 1987, the U.S. terminated its treaty with South Africa and announced the cancellation of its treaty with the Netherlands Antilles.

In the fall of 1986, the U.S. Congress passed sanctions against South Africa to protest the policy of apartheid practiced by the South African government. Among these sanctions was a termination of the United States-South Africa tax treaty effective July 1, 1987. Because the change in the treaty status of South Africa came in the middle of the year, the true effects of the termination are not completely reflected in the 1987 data. Additionally, because the treaty did not lower the withholding rates significantly, the effect on U.S. source income paid to South African residents, even when borne out completely, may not be notable.

Prior to the termination of the Netherlands Antilles treaty, residents enjoyed a zero withholding rate on interest and royalties and reduced rates on dividends. With the partial termination of the treaty in January 1988, the withholding rate on dividends and royalties jumped to 30 percent. However, the tax rate on interest paid by U.S. obligors remained at zero because of the decision not to terminate the interest provisions of the United States-Netherlands Antilles treaty.

TAX HAVEN COUNTRIES

Countries having tax and secrecy laws favorable to foreign individuals and organizations are generally considered to be tax havens. They attempt to attract foreign investors by offering taxation lower than that imposed by the investor's own country or by other foreign countries. The tax-haven country typically benefits by collecting certain fees or by impos-

ing taxes at a low rate. Tax-haven countries have the following characteristics:

- Low or zero withholding tax on most or certain classes of payments from the tax-haven country to foreign individuals and organizations;
- Low or zero effective income tax rates for foreign individuals and organizations operating within the tax-haven country; and
- Secrecy laws to prevent foreign governments from obtaining financial information about their own citizens and organizations.

A number of tax-haven countries have low tax rates in an effort to attract capital investment into the country, as well as financial investment.

In addition to tax haven countries, almost any treaty country can be an attractive conduit for third-country residents to invest in the United States with little or no withholding tax. All treaties may be subject to abuse by these third-country parties, and so new treaties with all countries now generally deny treaty benefits to residents of the treaty country if those benefits flow through to third-country residents. There is generally an exception to this rule, in different form depending on the treaty, if the resident of the treaty country is engaged in an active business in the treaty country and is not established or maintained merely to take advantage of the treaty. This is to prevent persons not entitled to treaty benefits from funneling U.S. source income through the treaty countries in order to minimize tax liability. The most notable of these tax treaty/tax haven countries has been the Netherlands Antilles.

For a number of years, the Netherlands Antilles served as the major conduit for placements of Eurobond issues and for other foreign borrowing by U.S. corporations. U.S. companies set up financial affiliates in the Antilles to borrow large amounts of foreign monies which they relend to the U.S. parent or other affiliates. The interest payments from the parent company to the Netherlands Antilles affiliate are exempt from U.S. tax withholding under the remaining portion of the United States-Netherlands Antilles treaty. Additionally, the U.S. corporation can claim the interest paid as a deduction on their federal income tax. The financial affiliates receive the interest as income but because the interest payments to

the third-country lenders are deductible on Netherlands Antilles tax returns, the financial affiliates have little net income for Netherlands Antilles tax purposes. In addition there is no withholding tax imposed by the Government of the Netherlands Antilles on the interest payments to the foreign lenders.

Although the Deficit Reduction Act of 1984 attempted to reduce such borrowing through tax haven countries by exempting most interest payments from the withholding tax, as of July 1987 there remained more than \$30 billion worth of outstanding Eurobond issues made through the Netherlands Antilles before July 18, 1984, the effective date of this portion of the Act [14]. The interest paid on this debt is still subject to reporting on Forms 1042S and therefore is included in these statistics. New issues, however, tend to be placed directly in the Eurobond market.

SUMMARY

U.S. source income paid to foreign persons rose 4 percent in 1987 to \$22.7 billion. The largest recipient of this income was Japan with \$4.5 billion. Japan's U.S. source income increased by 56 percent in 1987, following a trend of double digit increases. The removal of withholding tax on interest due to the Deficit Reduction Act of 1984, combined with the partial termination of the Netherlands Antilles treaty caused U.S. source income paid to the Antilles to drop 39 percent to \$1.7 billion in 1987. Interest remained the most common type of income, paid to all countries, accounting for 50 percent of the total paid in 1987.

Corporations, which received 62 percent of the total income paid, remained the largest class of recipients of U.S. source income, while foreign governments received the largest average payment (\$2,714,458).

Tax withheld on income paid to foreign persons rose 13 percent, to \$1.3 billion. Tax withheld on dividends made up the major portion of all tax withheld (68 percent).

DATA SOURCES AND LIMITATIONS

Payers of most U.S. source income to foreign persons must withhold tax in accordance with the Internal Revenue Code. Form 1042S, Foreign Persons' U.S. Source Income Subject to Withhold-

ing, is filed by the payer to report this income and the U.S. tax withheld. Often a financial institution acts as the payer's withholding agent.

The statistics in this article were tabulated by calendar year, based on all Forms 1042S filed with the IRS in 1987. The amounts shown represent the income that was paid and the U.S. tax that was withheld in 1987, except for U.S. tax withheld by foreign governments and withholding agents (which reflects the amount of tax remitted to the United States under treaty agreements during 1987). This additional tax cannot be properly attributed to specific income types and years. For this reason, tax withheld amounts throughout the article and percentages shown in Table 2 and Figures A, C, D, F and G do not include tax withheld by foreign governments and foreign withholding agents (except for Canada, which remits its tax payments during the same calendar year in which the U.S. income is paid).

Income that is "effectively connected" with a foreign person's U.S. trade or business is not subject to withholding tax, and is therefore generally not included in these statistics. This category of income was subject to the same graduated tax rates and methods of payment as the income of U.S. individuals and corporations. The U.S. source income discussed in this article also excludes bank deposit interest.

Because all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to nonsampling error, such as computer data entry errors and minor taxpayer reporting errors. A limited computerized program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld. In addition, Forms 1042S with income greater than \$1 million were manually verified.

EXPLANATION OF SELECTED TERMS

Eurobond.--Eurobond placements are U.S. corporate bonds placed in foreign markets that are denominated and sold in dollars and that also yield dollar interest.

Foreign Person.--For purposes of this article, foreign persons include (a) individuals whose residence (for tax purposes) is not within the United

States and who are not U.S. citizens; and (b) corporations and other organizations, including partnerships, private foundations, estates, trusts, and charitable organizations, created or organized outside the United States. Persons residing in Puerto Rico and other U.S. possessions are also considered foreign persons for purposes of the income and withholding tax discussed in this article.

Foreign Tax Credit.--U.S. persons are subject to U.S. tax on their worldwide income. The portion of this income derived from foreign sources is also generally subject to tax by the country in which it was earned. In order to avoid double taxation on this foreign source income, U.S. tax law allows for a dollar-for-dollar credit against U.S. income tax for income taxes paid on the foreign source income to foreign governments. This credit is subject to a number of limitations [15].

Income Effectively Connected With a U.S. Trade or Business.--Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding tax. This income is subject to substantially the same tax rates that apply to U.S. citizens, residents, and corporations. When a foreign corporation, for instance, has a business operation in the United States, it has to file a U.S. income tax return on Form 1120F and pay appropriate taxes on the income of this operation. When this income is then remitted by this U.S. branch of a foreign corporation to the foreign parent corporation, it is generally not subject to further U.S. taxation [16]. These amounts may be erroneously reported on Forms 1042S, but the extent of their inclusion in these statistics is unknown.

Nominee and Fiduciary.--An entity chosen or appointed to accept income for, or act on behalf of, the eventual recipient of the income. Typically, a financial institution acts as a nominee or fiduciary.

Resident (of a jurisdiction other than the United States).--A resident (other than a U.S. citizen) is a foreign "person" as described above.

Withholding Agent.--Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payer of the income or a "person" (usually a financial institution) acting on behalf of the payer. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent.

Foreign governments may also act as withholding agents by withholding additional taxes on persons who are not entitled to the treaty rates.

NOTES AND REFERENCES

- [1] U.S. source income includes, but is not limited to, interest, dividends, rents, royalties, capital gains, and compensation for personal services paid to foreign persons from sources within the United States. Many of these types of income are subject to a withholding tax at the source. The U.S. source income discussed in this article excludes bank deposit interest and income "effectively connected" with a U.S. trade or business. (See the "Explanation of Selected Terms" section of this article.) For a further discussion of U.S. source income, see U.S. Department of the Treasury, Internal Revenue Service, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, Publication 515, November 1988.
- [2] For an explanation of the varying withholding rates, see IRS Publication 515.
- [3] Prior to the passage of the 1984 Act, U.S. multinationals, seeking to borrow large amounts of money at interest rates below the prevailing U.S. rates, set up finance subsidiaries in the Netherlands Antilles and other tax haven countries. These subsidiaries borrowed large amounts of money in the Eurobond market and loaned that money to the parent. Smaller companies which needed to borrow less money, were substantially shut out of the Eurobond market, as the cost of setting up and maintaining a Netherlands Antilles finance subsidiary was prohibitive. As a result of the 1984 Act, small U.S. companies, as well as the Treasury, are now able to enter the foreign market directly. See "Explanation of Selected Terms."
- [4] Scholl, Russell B., "The Investment Position of the United States in 1987," *Survey of Current Business*, U.S. Department of Commerce, June 1987, pp. 79-80.
- [5] *Ibid.*, p. 80.
- [6] *Ibid.*
- [7] Foreign tax-exempt organizations are those corporations that would be tax-exempt under

- U.S. law despite the fact that they are incorporated in a foreign country. The tax exemption applies only to income "effectively connected" to the organization's tax-exempt purpose or function. Tax-exempt organizations may be taxed on "unrelated business income." See IRS Publication 515.
- [8] Computed using the implicit GNP price deflator, *Economic Report of the President*, February 1989, pp. 312-313.
- [9] Glasgall, William, et al., "An Investor the U.S. Can't Afford To Lose," *Business Week*, May 4, 1987, p. 32.
- [10] Scholl, op. cit., p. 80.
- [11] Brady, Rose and English, Victoria, "A Eurobond Bombshell," *Business Week*, July 13, 1987, p. 100.
- [12] Zigas, David, et al., "A Tempest Hits the Treasury" *Business Week*, July 20, 1987, p. 124.
- [13] For a list of specific tax treaty countries and their appropriate withholding rates, see IRS Publication 515.
- [14] Figures compiled by Salomon Brothers, Inc., and reported in the *Wall Street Journal*, June 30, 1987.
- [15] For further information on corporations claiming foreign tax credits, see Mose, Vergie A., "Corporate Foreign Tax Credit by Industry" in this issue of the *Statistics of Income Bulletin*.
- [16] For further information on foreign corporations with "effectively connected" income, see Hobbs, James R., "Foreign Investment and Activity in the United States Through Corporations, 1984 and 1985" *Statistics of Income Bulletin*, Spring 1989, Volume 8, Number 4.

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	By domestic withholding agents	By foreign government and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	1,081,571	22,748,677	12,329,619	10,419,057	1,431,074	1,307,308	123,763
Treaty countries, total.....	783,272	19,899,575	10,447,512	9,452,065	1,202,058	1,078,295	123,763
Australia.....	20,095	187,166	83,533	103,632	16,738	16,738	—
Austria.....	4,831	30,993	18,862	12,131	2,002	2,002	—
Belgium.....	11,394	999,399	917,977	81,422	15,181	11,660	3,521
Canada.....	315,930	1,742,873	1,113,341	629,532	92,479	92,479	—
Denmark.....	3,251	30,606	22,856	7,750	1,156	1,153	3
Egypt.....	1,214	2,371	1,565	806	135	135	—
Finland.....	1,254	36,560	29,753	6,808	654	654	—
France.....	22,473	693,479	263,742	429,737	41,766	41,158	608
Greece.....	15,553	40,907	6,555	34,353	5,634	5,634	—
Ireland.....	8,374	26,931	10,643	16,288	2,644	2,517	127
Italy.....	34,770	244,088	188,711	55,377	7,007	7,007	—
Jamaica.....	2,288	6,794	1,195	5,599	806	806	—
Japan.....	23,476	4,464,485	1,919,955	2,544,530	288,778	288,778	—
Luxembourg.....	4,467	114,023	62,200	51,823	15,495	12,699	2,796
Netherlands.....	11,218	1,930,405	840,486	1,089,919	81,129	81,129	—
Netherlands Antilles.....	3,743	1,736,794	1,473,300	263,494	26,727	26,726	1
New Zealand.....	2,655	9,294	3,328	5,966	891	891	—
Norway.....	6,610	42,328	26,175	16,153	2,528	2,528	—
Philippines.....	29,601	77,377	4,002	73,375	11,722	11,722	—
Poland.....	2,881	13,642	3,310	10,332	1,517	1,517	—
Sweden.....	8,129	140,908	52,929	87,979	7,449	7,449	—
Switzerland.....	36,685	1,657,933	596,664	1,061,269	243,022	129,349	113,673
Trinidad and Tobago.....	1,032	3,112	948	2,165	353	353	—
United Kingdom.....	127,378	4,267,678	1,999,063	2,268,615	244,235	241,201	3,034
West Germany.....	70,733	1,316,499	743,237	573,262	88,396	88,396	—
Other treaty countries.....	13,237	82,930	63,182	19,748	3,610	3,610	—
Nontreaty countries, total.....	298,299	2,849,102	1,882,107	966,989	229,013	229,013	—
Argentina.....	8,661	22,061	8,682	13,379	2,851	2,851	—
Bahamas.....	3,693	132,564	75,249	57,316	16,425	16,425	—
Barbados.....	656	7,539	3,748	3,792	828	828	—
Bermuda.....	2,388	138,799	69,627	69,172	20,497	20,497	—
Brazil.....	5,457	19,844	9,286	10,558	2,334	2,334	—
British Virgin Islands.....	956	36,378	11,628	24,750	7,027	7,027	—
Cayman Islands.....	2,091	137,604	119,151	18,453	5,210	5,210	—
Hong Kong.....	16,725	171,123	101,073	70,050	19,626	19,626	—
Israel.....	6,850	23,988	11,683	12,305	2,623	2,623	—
Jersey.....	492	25,559	8,774	16,785	4,681	4,681	—
Kuwait.....	1,418	182,769	172,168	10,601	3,161	3,161	—
Liberia.....	926	25,292	15,675	9,617	2,794	2,794	—
Liechtenstein.....	1,736	27,294	12,072	15,222	4,539	4,539	—
Mexico.....	90,070	278,221	70,580	207,642	37,381	37,381	—
Panama.....	8,180	219,722	128,458	91,264	26,789	26,789	—
Portugal.....	7,021	22,143	2,647	19,495	3,055	3,055	—
Puerto Rico.....	6,431	11,333	5,553	5,780	1,137	1,137	—
Saudi Arabia.....	4,492	146,185	139,066	7,119	2,082	2,082	—
Singapore.....	6,800	154,882	149,081	5,800	1,689	1,689	—
South Africa.....	2,777	7,285	2,764	4,520	1,203	1,203	—
Spain.....	9,732	48,554	22,735	25,819	5,607	5,607	—
Taiwan.....	5,002	41,264	35,129	6,135	1,390	1,390	—
United Arab Emirates.....	682	313,954	312,379	1,576	466	466	—
Venezuela.....	8,142	33,426	13,990	19,437	5,238	5,238	—
Other nontreaty countries.....	96,921	621,319	380,909	240,410	50,380	50,380	—

Note: Detail may not add to totals due to rounding.

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient

[Money amounts are in thousands of dollars]

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					Social security and railroad retirement	Personal service
			Total	Interest	Dividends	Rents and royalties			
			(1)	(2)	(3)	(4)	(5)		
All countries, total	1,081,571	1,307,308	22,748,677	11,383,656	8,031,076	1,186,225	792,748	405,617	
Individuals	856,634	220,996	2,156,416	310,634	513,107	73,244	792,748	189,419	
Corporations	80,150	691,723	14,212,190	8,384,626	4,321,986	1,027,605	—	191,959	
Argentina	8,661	2,851	22,061	9,848	4,015	181	3,509	1,739	
Individuals	7,854	2,310	15,908	5,122	3,430	116	3,509	1,157	
Corporations	114	120	2,604	2,416	143	30	—	—	
Australia	20,095	16,738	187,166	85,186	60,675	16,551	3,847	16,109	
Individuals	16,981	5,849	29,403	1,051	5,851	1,559	3,847	13,199	
Corporations	1,258	3,158	101,432	79,989	7,294	11,155	—	2,493	
Austria	4,831	2,002	30,993	14,067	7,498	683	2,988	1,584	
Individuals	3,363	1,059	9,743	605	1,937	177	2,988	1,305	
Corporations	323	676	17,518	12,227	4,419	373	—	22	
Bahamas	3,693	16,425	132,564	65,814	52,427	1,488	643	375	
Individuals	1,738	1,393	13,673	4,579	7,753	5	643	367	
Corporations	1,260	7,462	64,438	32,171	22,819	576	—	—	
Bahrain	425	737	12,047	7,891	3,824	52	—	15	
Individuals	324	168	594	10	258	(¹)	—	15	
Corporations	52	506	7,793	5,414	2,167	—	—	—	
Barbados	656	828	7,539	3,196	3,008	18	995	3	
Individuals	521	323	1,831	61	610	18	995	3	
Corporations	72	480	3,861	1,489	2,238	—	—	1	
Belgium	11,394	11,660	999,399	931,627	39,806	15,244	1,815	4,142	
Individuals	9,006	1,973	17,697	3,946	4,132	374	1,815	3,705	
Corporations	1,142	4,938	64,968	36,649	12,003	14,780	—	417	
Bermuda	2,388	20,497	138,799	61,844	66,539	8,245	473	973	
Individuals	1,278	912	5,107	1,654	2,463	61	473	273	
Corporations	550	11,432	89,538	43,632	38,477	6,381	—	685	
Bolivia	664	217	3,527	2,553	486	(¹)	144	15	
Individuals	574	196	2,063	1,343	408	—	144	13	
Corporations	19	1	168	159	1	—	—	1	
Brazil	5,457	2,334	19,844	8,605	3,030	313	2,964	2,143	
Individuals	4,858	1,802	14,053	4,068	2,378	221	2,964	1,677	
Corporations	117	194	1,305	1,114	115	49	—	14	
British Virgin Islands	956	7,027	36,378	6,481	10,158	17,843	—	11	
Individuals	462	327	1,496	342	1,070	42	—	—	
Corporations	329	6,550	32,542	4,366	8,564	17,753	—	11	
Canada	315,930	92,479	1,742,873	750,627	571,636	70,749	180,594	47,669	
Individuals	257,841	21,225	357,008	22,820	63,637	13,731	180,594	21,832	
Corporations	18,082	53,610	996,746	562,659	300,777	47,540	—	23,533	
Cayman Islands	2,091	5,210	137,604	107,502	18,555	623	357	425	
Individuals	487	412	3,743	2,326	977	60	357	—	
Corporations	1,323	3,724	89,434	13,712	1,582	563	—	422	
Chile	3,166	983	9,190	4,890	1,736	121	1,161	300	
Individuals	2,715	729	5,943	2,181	1,350	61	1,161	277	
Corporations	108	109	1,590	1,361	178	50	—	—	
China	5,389	942	32,435	4,790	1,789	9	56	18,347	
Individuals	5,206	419	26,304	850	347	7	56	17,849	
Corporations	24	82	1,915	1,289	3	1	—	465	
Colombia	5,740	1,497	13,769	6,582	2,937	165	2,571	172	
Individuals	5,083	1,309	10,358	4,192	2,402	95	2,571	167	
Corporations	127	70	1,562	1,344	202	12	—	4	
Costa Rica	2,608	856	10,275	2,707	1,136	72	2,543	145	
Individuals	2,052	754	6,427	1,339	804	72	2,543	65	
Corporations	119	73	1,186	848	236	—	—	78	
Czechoslovakia	1,155	1,041	5,431	104	47	213	3,392	1,294	
Individuals	1,092	817	4,679	102	46	17	3,392	745	
Corporations	7	23	79	2	—	2	—	75	
Denmark	3,251	1,153	30,606	16,622	2,594	5,386	3,387	840	
Individuals	2,879	880	6,333	353	780	131	3,387	620	
Corporations	152	143	13,304	6,654	979	4,950	—	14	
Dominican Republic	3,224	1,162	8,589	558	329	26	6,720	231	
Individuals	3,055	1,137	7,696	248	294	18	6,720	189	
Corporations	38	6	150	129	13	2	—	1	
Ecuador	2,257	856	7,225	1,790	793	437	2,998	427	
Individuals	2,085	765	5,958	1,291	596	303	2,998	386	
Corporations	47	53	540	248	137	111	—	2	
Egypt	1,214	135	2,371	683	589	15	27	208	
Individuals	1,117	118	2,100	493	514	14	27	204	
Corporations	31	8	89	46	40	—	—	2	
El Salvador	1,145	333	3,924	924	486	54	934	11	
Individuals	934	299	2,813	881	377	54	934	11	
Corporations	20	21	71	2	69	—	—	—	
Finland	1,254	654	36,560	22,602	4,455	925	1,965	3,377	
Individuals	1,133	412	4,497	997	213	100	1,965	631	
Corporations	49	219	12,857	5,058	4,190	752	—	2,702	
France	22,343	41,115	693,479	214,397	279,786	128,921	9,593	31,982	
Individuals	15,320	7,825	83,016	6,164	34,196	8,691	9,593	13,466	
Corporations	2,624	19,534	461,690	185,905	138,400	107,997	—	17,322	
Greece	15,553	5,634	40,907	2,658	3,584	127	29,038	1,311	
Individuals	14,860	5,189	38,136	1,378	2,310	113	29,038	1,223	
Corporations	150	274	2,011	1,093	842	4	—	20	
Guatemala	3,116	600	9,224	1,602	963	173	1,129	892	
Individuals	1,901	516	3,899	1,221	686	164	1,129	234	
Corporations	71	49	485	311	170	3	—	—	
Guernsey	475	3,176	15,617	4,861	10,147	113	—	—	
Individuals	136	156	542	143	274	109	—	—	

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

[Money amounts are in thousands of dollars]

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Corporations	66	1,187	8,727	4,174	4,070	3	—	—
Honduras	1,323	453	5,454	554	478	69	987	383
Individuals	1,088	426	4,452	455	396	12	987	381
Corporations	19	14	91	13	36	40	—	2
Hong Kong	16,725	19,626	171,123	102,815	54,093	3,547	4,703	1,421
Individuals	13,165	7,273	42,593	15,043	19,958	774	4,703	602
Corporations	1,388	8,886	88,434	60,097	22,839	2,766	—	795
India	3,071	1,372	11,898	2,494	1,721	394	588	491
Individuals	2,718	1,170	8,504	280	816	389	588	424
Corporations	35	41	2,634	1,906	102	1	—	1
Indonesia	1,393	592	11,347	8,391	1,146	20	32	515
Individuals	1,223	306	2,866	371	747	20	32	490
Corporations	33	184	7,903	7,833	46	—	—	—
Iran	1,241	512	2,977	823	1,571	18	—	205
Individuals	1,154	277	2,050	666	806	18	—	203
Corporations	14	221	751	13	738	—	—	—
Ireland	8,374	2,517	26,931	8,055	7,758	517	7,865	1,193
Individuals	7,899	1,577	12,853	601	1,893	331	7,865	761
Corporations	125	104	8,305	7,377	636	60	—	222
Israel	6,850	2,623	23,988	10,178	3,649	681	3,472	2,063
Individuals	5,849	2,142	13,729	2,065	2,327	577	3,472	1,622
Corporations	196	234	7,074	6,032	738	24	—	107
Italy	34,770	7,007	244,088	87,120	33,558	20,863	85,889	6,829
Individuals	33,283	2,427	108,813	2,737	5,346	1,721	85,889	4,555
Corporations	382	2,087	108,623	73,923	14,330	18,222	—	1,116
Jamaica	2,288	806	6,794	307	563	72	4,606	128
Individuals	2,092	755	5,909	134	300	71	4,606	124
Corporations	27	43	302	65	237	—	—	—
Japan	23,476	288,778	4,464,485	2,834,056	888,368	353,987	10,175	83,109
Individuals	15,198	2,700	51,066	4,249	5,399	3,947	10,175	10,500
Corporations	2,957	238,076	3,508,727	2,446,217	568,850	341,979	—	71,447
Jersey	492	4,681	25,559	9,979	15,517	39	6	12
Individuals	100	107	466	195	258	—	6	7
Corporations	153	1,914	7,532	982	6,510	34	—	3
Kuwait	1,418	3,161	182,769	131,344	50,610	67	—	39
Individuals	1,092	465	3,419	849	2,409	57	—	39
Corporations	101	1,552	30,294	24,869	5,339	—	—	—
Lebanon	1,560	709	4,546	1,585	1,251	82	351	58
Individuals	1,415	650	4,108	1,378	1,059	82	351	56
Corporations	39	34	114	6	108	—	—	—
Liberia	926	2,794	25,292	11,953	9,720	146	46	26
Individuals	382	224	1,104	114	693	—	46	26
Corporations	464	1,460	19,838	11,124	5,476	146	—	—
Liechtenstein	1,736	4,539	27,294	12,398	14,049	617	5	3
Individuals	316	946	4,360	1,871	2,378	59	5	—
Corporations	1,074	2,097	12,532	5,084	6,865	550	—	1
Luxembourg	4,467	12,699	114,023	58,777	52,124	48	171	919
Individuals	874	173	4,147	2,745	885	(¹)	171	194
Corporations	1,666	3,830	58,640	38,990	17,592	47	—	724
Malaysia	1,713	306	4,455	3,269	640	42	24	102
Individuals	1,563	245	1,097	33	541	40	24	99
Corporations	40	50	224	159	34	(¹)	—	—
Mexico	90,070	37,381	278,221	77,029	25,144	6,705	151,205	3,366
Individuals	87,243	32,294	236,053	46,853	20,351	6,067	151,205	2,209
Corporations	627	3,922	22,475	14,725	2,445	300	—	471
Monaco	637	1,916	12,271	5,493	4,888	114	127	1,090
Individuals	411	996	3,999	1,987	1,101	98	127	567
Corporations	115	467	3,716	719	2,577	5	—	57
Netherlands	11,218	81,129	1,930,405	726,960	1,126,466	46,933	5,004	6,722
Individuals	8,431	3,948	44,541	9,874	18,953	586	5,004	5,284
Corporations	1,145	51,272	1,589,654	663,366	868,834	44,544	—	1,163
Netherlands Antilles	3,690	26,726	1,736,794	1,346,940	290,231	85,580	370	351
Individuals	1,344	1,041	15,386	7,988	6,358	37	370	33
Corporations	1,785	16,462	1,498,594	1,287,824	117,173	85,015	—	318
New Zealand	2,655	891	9,294	1,431	4,881	561	303	1,384
Individuals	2,216	297	2,412	304	698	135	303	283
Corporations	131	414	5,533	908	3,193	411	—	1,019
Norway	6,610	2,528	42,328	11,891	5,501	824	10,830	821
Individuals	6,065	1,939	14,600	379	954	753	10,830	786
Corporations	234	446	13,721	10,096	3,604	7	—	12
Panama	8,810	26,789	219,722	132,697	73,878	7,775	960	176
Individuals	2,401	1,676	10,982	4,038	4,685	93	960	108
Corporations	4,556	19,982	165,119	94,742	59,897	7,621	—	16
Peru	2,450	550	4,768	1,852	1,028	73	808	108
Individuals	2,171	442	3,675	1,339	782	49	808	84
Corporations	40	57	246	125	104	18	—	—
Philippines	29,601	11,722	77,377	2,972	3,023	96	66,434	553
Individuals	29,022	11,557	76,080	2,334	2,431	94	66,434	541
Corporations	104	99	756	380	363	2	—	6
Portugal	7,021	3,055	22,143	2,424	716	25	18,201	117
Individuals	6,820	3,003	19,829	284	584	19	18,201	107
Corporations	76	5	1,478	1,450	14	(¹)	—	10
Puerto Rico	6,431	1,137	11,333	6,881	685	(¹)	3,320	305
Individuals	5,778	708	4,340	187	441	(¹)	3,320	255
Corporations	403	403	6,749	6,575	142	—	—	30
Saudi Arabia	4,492	2,082	146,185	85,065	56,962	78	8	3,123
Individuals	3,756	1,326	7,000	874	5,218	78	8	141

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

[Money amounts are in thousands of dollars]

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Corporations.....	100	179	33,589	7,629	25,890	—	—	69
Singapore.....	6,800	1,889	154,882	94,201	55,982	112	145	1,901
Individuals.....	5,975	618	3,083	685	1,591	102	145	154
Corporations.....	264	781	9,295	3,572	1,970	5	—	1,694
South Africa.....	2,777	1,203	7,285	527	1,226	741	500	1,660
Individuals.....	2,479	919	6,064	311	1,010	401	500	1,429
Corporations.....	47	103	357	102	108	142	—	5
South Korea.....	1,511	675	9,938	800	3,959	7	100	3,161
Individuals.....	1,422	179	5,372	119	333	7	100	2,996
Corporations.....	47	451	4,139	472	3,580	—	—	—
Spain.....	9,732	5,607	48,554	20,966	5,822	2,561	11,656	3,120
Individuals.....	8,922	3,876	24,780	3,137	3,662	274	11,656	1,819
Corporations.....	306	971	18,127	15,839	170	1,456	—	631
Sweden.....	8,129	7,449	140,908	27,262	77,703	7,442	10,796	10,902
Individuals.....	7,478	4,981	34,876	836	9,799	584	10,796	10,086
Corporations.....	256	1,808	95,783	22,563	64,617	6,632	—	382
Switzerland.....	36,685	129,348	1,657,933	708,702	742,832	115,816	4,015	20,983
Individuals.....	12,299	6,960	64,399	20,903	28,582	2,978	4,015	3,159
Corporations.....	15,911	63,800	1,052,569	571,005	346,850	109,280	—	16,953
Taiwan.....	5,002	1,390	41,264	33,359	4,063	4	144	2,383
Individuals.....	4,735	1,030	8,985	3,147	2,365	2	144	2,217
Corporations.....	61	279	4,692	3,883	597	24	—	162
Thailand.....	1,071	348	4,980	2,713	460	463	539	99
Individuals.....	978	312	2,390	207	387	456	539	99
Corporations.....	22	17	392	378	13	(¹)	—	—
Trinidad and Tobago.....	1,032	353	3,112	583	152	179	1,885	113
Individuals.....	966	346	2,726	221	130	179	1,885	113
Corporations.....	22	4	336	323	13	—	—	—
United Arab Emirates.....	682	466	313,954	156,946	155,815	4	7	—
Individuals.....	574	204	1,522	77	627	4	7	—
Corporations.....	35	224	1,285	162	749	—	—	—
United Kingdom.....	127,378	241,202	4,267,679	1,509,557	2,348,049	177,013	34,719	79,855
Individuals.....	80,764	13,718	170,311	19,220	45,800	15,870	34,719	33,667
Corporations.....	11,156	94,790	2,696,907	1,312,828	1,175,184	126,998	—	40,885
Uruguay.....	2,115	1,236	11,105	7,027	2,831	223	115	112
Individuals.....	1,162	491	3,816	1,676	1,149	209	115	91
Corporations.....	318	567	5,484	4,351	1,130	1	—	—
Venezuela.....	8,142	5,238	33,426	22,692	6,811	447	906	448
Individuals.....	6,833	2,043	14,572	6,653	4,479	271	906	363
Corporations.....	336	295	4,064	3,172	712	132	—	41
West Germany.....	70,733	88,396	1,316,499	553,305	591,610	72,922	31,824	21,743
Individuals.....	59,907	30,499	282,848	59,162	145,895	8,016	31,824	16,270
Corporations.....	2,608	47,619	917,167	467,882	370,116	60,956	—	3,858
Yugoslavia.....	3,980	2,483	15,122	260	506	102	11,356	227
Individuals.....	3,857	2,175	13,983	169	294	86	11,356	161
Corporations.....	22	23	81	—	77	(¹)	—	4
Other Countries.....	61,163	32,002	487,776	218,012	150,008	9,432	43,708	8,648
Individuals.....	48,359	12,281	125,236	14,124	18,144	1,363	43,708	6,701
Corporations.....	2,436	10,754	219,263	200,404	71,260	7,122	—	1,471

¹ Less than \$500.

Note: detail may not add to totals due to rounding.

Corporate Foreign Tax Credit, by Industry, 1984

By Vergie Mose*

U.S. companies paid over \$23.3 billion to foreign governments in income taxes and reduced their U.S. income tax by \$21.4 billion for 1984 [1,2]. The foreign tax credit fluctuated from 1980-1985 like the sway of a pendulum (see Figure A) [3]. The credit began declining from \$24.9 billion for 1980, dropping to \$18.9 billion for 1982 (its lowest level), and then rising to \$24.3 billion for 1985 (nearly returning to the 1980 amount) [4]. The U-shaped pattern of the foreign tax credit reflects the changing levels of both foreign and domestic profits of U.S. companies between 1980 and 1985.

OVERVIEW

Using growth in taxable income as an indication of profits, economic recovery from 1982 to 1984 can be measured for both foreign and domestic business activities. Domestic-source taxable income of all U.S. companies can be estimated by subtracting the foreign-source taxable income reported by U.S. corporations claiming a foreign tax credit from the worldwide taxable income of all U.S. companies [5].

Foreign economic recovery of U.S. companies from 1982 to 1984 was only one-fifth as strong as their domestic recovery. Foreign-source taxable income rose by only 7 percent from 1982 to \$63.6 billion for 1984. Domestic-source taxable income rose by 34 percent from 1982 to \$195.9 billion for 1984.

Not until 1984 did the worldwide taxable income of U.S. corporations (\$259.5 billion) rise to a level above that for 1980 (\$246.6 billion). This rise was due to the \$19.8 billion increase in domestic-source taxable income, as foreign-source taxable income for 1984 remained \$6.9 billion below the 1980 income level. Growth in worldwide taxable income continued for 1985 to \$266.1 billion.

As worldwide taxable income increased, the total U.S. corporate tax liability (before credits) rose from \$87 billion for 1982 to over \$109 billion for 1984. For both years, 1.2 million corporations had a U.S. income tax obligation (before credits). Only 0.4 percent of those companies (4,841 for 1984) claimed a

Figure A.—Foreign Tax Credit Claimed and Percentage Change, by Selected Industry, 1980–1985

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

Selected industry	1980	1981	1982	Percentage change, 1980 to 1982	1983	1984	1985	Percentage change, 1980 to 1985
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All Industries	\$24,880	\$21,829	\$18,932	-23.9%	\$19,951	\$21,420	\$24,263	-2.5%
Agriculture, forestry and fishing	7	3	2	-74.6	3	12	57	665.2
Mining, total	1,964	1,959	1,611	-18.0	1,053	1,165	1,079	-45.1
Oil and gas extraction	1,822	1,901	1,589	-12.8	1,047	1,069	990	-45.7
Construction.....	151	108	175	16.1	119	86	145	-4.2
Manufacturing, total	19,192	17,737	14,776	-23.0	16,439	17,490	20,002	4.2
Chemicals and allied products	1,721	2,250	1,809	5.1	2,207	2,414	2,741	59.3
Petroleum (including integrated and coal products).....	11,028	9,094	7,362	-33.2	8,725	8,496	10,137	-8.1
Machinery, except electrical	2,331	2,229	1,594	-31.6	2,209	2,259	3,028	29.9
Transportation and public utilities.....	462	228	255	-44.9	221	354	302	-34.7
Wholesale and retail trade	1,525	420	436	-71.4	309	482	613	-59.8
Finance, insurance, and real estate, total	1,397	1,190	1,458	4.4	1,682	1,627	1,777	27.2
Banking	1,061	936	1,173	10.6	1,246	1,340	1,313	23.7
Services.....	181	183	220	21.4	123	203	286	58.0

Note: 1980, 1982, and 1984 data are based on the SOI Corporation Foreign Tax Credit Study; 1981, 1983, and 1985 data are based on the annual SOI Corporation Income Tax Return Study.

U.S. tax credit for taxes paid to foreign countries. The foreign tax credit reduced the total 1984 U.S. corporate income tax by 20 percent to \$87 billion, the smallest percentage reduction during the 1980-1985 period. The largest percentage reduction of the total U.S. corporate income tax during this period occurred for 1980, a 24-percent reduction.

Throughout the first half of the 1980's (and earlier years as well) corporations primarily engaged in manufacturing activities claimed over 75 percent of the total foreign tax credit, reaching a high of 82 percent from 1983 through 1985. The predominance of manufacturing reflected the activities of integrated petroleum companies. The business activities of these companies included the extracting, refining, and marketing of oil products.

Of the 4,841 U.S. corporation income tax returns with a foreign tax credit for 1984, only 25 returns showed integrated petroleum activities as their primary business. However, these 25 companies claimed \$8.5 billion of foreign tax credit or 40 percent of the total credit. The foreign tax credit of these companies reduced the total U.S. income tax of all integrated petroleum companies by two-thirds, from \$12.8 billion to \$4.3 billion.

FOREIGN TAX CREDIT: A GLOBAL VIEW OF TAXATION

U.S. corporations are subject to U.S. tax on their worldwide income. Income earned by these companies in a foreign country is generally taxed by the foreign country as well as by the United States and could result in double taxation. To alleviate this, U.S. tax law has allowed corporations a credit since 1918 to reduce U.S. income tax for the income taxes paid to foreign countries.

Changes in the foreign tax credit provisions of U.S. tax law often parallel the development of U.S. business activities in the interdependent global economy [6]. When modern U.S. income taxation began in 1913, some U.S. corporations had operations in countries where income tax rates exceeded the U.S. tax rate. Because the foreign taxes exceeded what the U.S. taxes would have been, corporations were able to use the excess foreign taxes to reduce their U.S. tax on both foreign-source and domestic-source income by claiming a foreign tax credit. This situation was possible because there had been limitation on the credit: foreign income taxes paid

could reduce the U.S. income tax on a dollar-for-dollar basis.

Responding to this issue, the Revenue Act of 1921 placed a limitation on the foreign tax credit, which remains in effect today. The limitation restricted the credit for foreign income taxes to the lesser of (1) the U.S. tax on foreign-source taxable income, or (2) the actual foreign income taxes paid. Thus, the credit cannot exceed that percentage of U.S. income tax represented by the ratio of foreign-source taxable income to worldwide taxable income. If a corporation has an overall foreign loss, then the limitation is zero (no credit). In the case of a worldwide loss, the corporation has no U.S. income tax against which to claim a credit.

As international business activities became more varied, so, too, did the methods of restricting the foreign tax credit. The methods acted as a means of adjusting for global variation in income tax rates as well as variation in international business practices. For example, interest from certain foreign investments was taxed at either very low rates or not at all in some countries. Other types of foreign income, however, were often taxed at rates higher than the U.S. rate. By combining the "passive" foreign interest income (and lower foreign taxes paid) with other types of foreign income (on which the tax was higher), more of the foreign taxes that exceeded the U.S. tax rate could be credited against the U.S. income tax because the limitation was increased by the interest income. The different types of income could be generated in countries with different tax rates, or within one country which had various tax rates for different types of income.

The U.S. Congress responded by establishing separate limitations on the foreign tax credit based on several different categories of foreign income. The separate categories of income limited the foreign taxes to the specific income category to which they were related. For 1984, the separate limitations on the foreign tax credit were computed for (1) "passive foreign interest income," as defined in section 904(d) of the Internal Revenue Code; (2) dividends from a Domestic International Sales Corporation (DISC) or former DISC; and (3) all other income from foreign sources [7].

The former separate limitation for "foreign oil-related income" was discontinued for tax years after 1982. However, the separate limitation on foreign

taxes paid on foreign oil and gas extraction income was still required. Under this limitation, foreign taxes paid on foreign oil and gas extraction income in excess of the U.S. tax on such income were excluded from the "current-year foreign taxes" (see the "Definitions" section of this article) for computing the foreign tax credit.

Carryover provisions for foreign taxes applied to the separate limitations of the foreign tax credit. Any foreign taxes paid, accrued, or deemed paid, in excess of a current-year separate limitation could be carried back 2 years, then forward 5 years [8]. The total taxes under each separate limitation ("total foreign taxes available for credit before reduction," in the statistics) included current-year foreign taxes plus taxes that were carried forward from prior years.

The total foreign tax credit for 1984 was the sum of the amounts computed using the three separate limitations (previously noted). In some instances, the total credit was reduced for participation in, or for cooperation with, international boycotts [9].

To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay foreign income tax on the foreign income, and have a U.S. income tax liability. Only certain taxes are creditable. These include income taxes imposed by U.S. possessions or the national government of a foreign country, as well as its cities, states, and other subdivisions. Corporations can deduct all foreign income taxes in lieu of claiming a foreign tax credit. However, most corporations obtain a greater tax benefit by electing to credit these taxes against U.S. income tax [10]. Taxes such as excise, franchise, sales, and certain other taxes, do not qualify as creditable foreign taxes, but can be deducted in calculating worldwide taxable income, even when the foreign tax credit was elected for foreign income taxes.

CHANGES IN THE LAW

The data for Income Year 1984 reflect certain changes in the foreign tax credit provisions of U.S. tax law. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) was effective for tax years beginning after December 31, 1982, while the Tax Reform Act of 1984 affected foreign tax credit transactions made after July 17, 1984. The changes under these tax acts affected: (1) foreign oil-related and oil and gas extraction income and taxes (by TEFRA), and (2)

passive foreign income and taxes from interest and dividends, including certain passive income from foreign sources reclassified as domestic-source income (by the 1984 Act).

Foreign Oil-Related Income Prior to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)

Prior to TEFRA, the "foreign oil-related income" category included income from both the extraction of foreign oil and gas and from other oil-related activities. Other oil-related activities included processing, transporting, and distributing extracted minerals from foreign oil and gas wells. For tax years beginning after December 31, 1982, "foreign oil-related income" was included in a general limitation category, rather than having a separate limitation of its own.

The credit for foreign taxes on oil and gas extraction income was limited to the U.S. tax on foreign oil-related income. For this purpose, the extraction taxable income arising in one foreign country was not offset by any "net operating losses" arising in other foreign countries.

There were carryover provisions for the excess taxes paid on foreign oil and gas extraction income. The excess taxes could be carried back 2 years then carried forward 5 years. The carryover of the excess taxes was limited to 2 percent of the foreign oil and gas extraction taxable income for the current year.

Changes to the Foreign Tax Credit Under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) eliminated the separate limitation on the foreign tax credit for "foreign oil-related income," effective with taxable years beginning after December 31, 1982. After 1982, to compute the separate limitation on the foreign tax credit for "all other foreign income," the current-year foreign taxes were first reduced by the amount of foreign taxes paid on oil and gas extraction income that exceeded the U.S. tax on such income. However, the oil and gas extraction taxable income first had to be reduced by net operating losses arising in other foreign countries before computing the U.S. tax. In addition, TEFRA eliminated the 2-percent limitation on the carryover of oil and gas extraction taxes.

The 1982 Act also introduced provisions to limit the foreign taxes paid on oil-related income other than oil and gas extraction income in certain cases. There was concern that some foreign countries might avoid the limitation by shifting their higher tax rates from extraction income to income from non-extraction oil-related activities. As a result, foreign taxes paid on oil-related income (redefined as non-extraction income) were reduced to the amount of tax that the foreign country would impose on income that was neither foreign oil and gas extraction income nor foreign oil-related income, with any excess treated as a deductible business expense.

Passive Foreign Interest and Dividend Income Under the Tax Reform Act of 1984

The Tax Reform Act of 1984 introduced new provisions relating to foreign interest and dividend income. The new provisions generally applied to interest and certain dividends paid or accrued after July 17, 1984. Certain foreign dividend income was combined with passive foreign interest income to compute a separate limitation on the foreign tax credit. Prior to the Act, this category of passive foreign income was limited to interest income.

In addition, certain interest and dividend income, formerly treated as foreign income, that was received or, in some instances, deemed received, by a U.S. shareholder was reclassified as U.S.-sourced income. When 10 percent or more of the earnings and profits of a U.S.-owned foreign corporation was from a U.S. source, a portion of the interest and dividend income received by the U.S. shareholder was reclassified as U.S. source income. Consequently, the ratio of foreign-source income to worldwide income was reduced and, thus, reduced the limitation of the foreign tax credit as well. The same rules applied to interest and dividends deemed received from subsidiaries of U.S.-owned foreign parent corporations.

FOREIGN INCOME, TAXES, AND CREDIT BY INDUSTRY

Manufacturing companies increased their foreign tax credit from \$14.8 billion for 1982 to \$17.5 billion for 1984. (By 1985, these companies had increased their foreign tax credit to \$20 billion.) By comparison, the foreign tax credit for all other industries combined decreased by \$227 million from 1982 to 1984.

The foreign tax credit claimed by banks steadily increased between 1982 and 1984, from nearly \$1.2

billion to over \$1.3 billion, a 14 percent increase. Banks had also increased the credit they claimed, by 10 percent, between 1980 and 1982. The foreign tax credit for most other industries declined during this earlier time period.

Dominance of the Petroleum Industry

Companies in the petroleum industry demonstrate the influence that a small subgroup can have on an entire population. During the 1980-1985 period, only 1 percent of all U.S. corporations were classified in the petroleum industry (oil and gas extraction operations as well as integrated petroleum activities, which were a combination of extracting, refining and marketing). However, this small group accounted for over 10 percent of the worldwide taxable income and income tax (before credits) of all U.S. corporations.

The significance of petroleum companies to the population of U.S. corporations that claimed a foreign tax credit is shown in Figure B. Note that for 1984, only 147 petroleum companies (3 percent of the total for all industries) claimed 45 percent of the total foreign tax credit. They also accounted for 34 percent of the total foreign-source taxable income, and paid \$11.3 billion in foreign taxes (49 percent of the total). U.S. companies paid \$1.9 billion more in foreign taxes for 1984 than they could use as a credit against their U.S. income tax. Of that excess, petroleum companies accounted for \$1.7 billion.

Figure B.—Returns with a Foreign Tax Credit: Petroleum Industry Compared to All Industries, 1984

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

Selected items	All industries	Petroleum industry	Percentage of all industries
	(1)	(2)	(3)
Number of returns	4,841	147	3.0%
Total assets	\$4,339,759,746	\$532,758,080	12.3
Total non-branch foreign gross income	85,453,725	27,308,413	32.0
Total non-branch foreign deductions	38,766,636	12,298,672	31.7
Foreign branch income and specially allocable income (section 863(b))	16,900,886	6,686,277	39.6
Total foreign-source taxable income	63,587,976	21,696,018	34.1
Current-year foreign taxes	23,327,908	11,306,452	48.5
Income subject to U.S. tax	133,135,963	29,551,997	22.2
U.S. income tax before credits	59,593,157	13,454,329	22.6
Foreign tax credit	21,419,643	9,565,171	44.7

¹ Includes integrated petroleum companies (extracting, refining, and marketing) and oil and gas extraction companies.

The 147 petroleum companies also exemplify the effect that foreign activities can have on U.S. income tax data. For example, the 1984 U.S. income tax before credits for all 33,590 petroleum companies (including those with no foreign tax credit) was \$14.8

billion, nearly 14 percent of the U.S. total. As shown in Figure C, by reducing the U.S. corporate income tax before credits by the foreign tax credit, the petroleum industry accounted for less than 6 percent of the total remaining corporate income tax (before reduction by other credits).

Figure C.—All Corporation Returns: Petroleum Industry Compared To All Industries, U.S. Income Tax and Foreign Tax Credit, 1984

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

Tax and credit	All industries	Petroleum industry	Percentage of all industries
	(1)	(2)	(3)
U.S. income tax before credits	\$109.1	\$14.8	13.6%
Foreign tax credit	21.4	9.6	44.9
U.S. income tax after foreign tax credit	87.7	5.2	5.9

¹ Includes integrated petroleum companies (extracting, refining, and marketing) as well as oil and gas extraction companies.

Underlying the effect on U.S. tax liabilities from the foreign tax credit is the relationship of foreign-source taxable income to worldwide taxable income. Figure D shows that foreign-source taxable income made up two-thirds of the \$32.6 billion of worldwide taxable income of all U.S. petroleum companies for 1984. After reducing worldwide taxable income by the foreign-source taxable income, petroleum companies accounted for less than 6 percent of the remaining, domestic-source, taxable income. By comparison, based on their worldwide activities, the \$32.6 billion reported by these companies accounted for nearly 13 percent of the total income subject to U.S. tax.

Figure D.—All Corporation Returns: Petroleum Industry Compared To All Industries, Worldwide Taxable Income, 1984

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

Income	All industries	Petroleum industry ¹	Percentage of all industries
	(1)	(2)	(3)
Worldwide taxable income	\$259.5	\$32.6	12.6%
Foreign-source taxable income	63.6	21.7	34.1
Domestic-source taxable income	195.9	10.9	5.6

¹ Includes integrated petroleum companies (extracting, refining, and marketing) as well as oil and gas extraction companies.

Note: Worldwide taxable income is "income subject to U.S. tax" for all U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

Worldwide Taxable Income

As seen in the petroleum industry, the taxable income earned abroad can have a significant impact on U.S. tax liabilities. As shown in Figure E, 25

Figure E.—All Corporation Returns: Foreign-Source Taxable Income as a Percentage of Worldwide Taxable Income, 1980, 1982, and 1984

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

Income	1980	1982	1984
	(1)	(2)	(3)
All U.S. corporations:			
Worldwide taxable income	\$246.6	\$205.2	\$259.5
Foreign-source taxable income	70.5	59.5	63.6
Domestic-source taxable income	176.1	145.7	195.9
Foreign-source taxable income as a percentage of worldwide taxable income	29%	29%	25%
U.S. corporations claiming a foreign tax credit:			
Worldwide taxable income	\$138.6	\$107.2	\$133.1
Foreign-source taxable income	70.5	59.5	63.6
Domestic-source taxable income	68.1	47.7	69.5
Foreign-source taxable income as a percentage of worldwide taxable income	51%	56%	48%

Note: Worldwide taxable income is "income subject to U.S. tax" for all U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

percent of the worldwide taxable income of U.S. corporations for 1984 was from foreign sources. As would be expected, for corporations that claimed a foreign tax credit, the proportion of foreign-source taxable income to worldwide taxable income (48 percent) was much greater than for all corporations. For 1984, the ratio was nearly double.

Worldwide taxable income for all industries rose by 26 percent from 1982 to \$259.5 billion for 1984. The unequal growth in foreign-source (7 percent increase) and domestic-source (34 percent increase) taxable income between 1982 and 1984 resulted in a smaller proportion of foreign-source taxable income to worldwide taxable income (29 percent decreased to 25 percent). That growth contrasted with the nearly equal decline in both foreign and domestic income between 1980 and 1982, when the proportion of foreign-source taxable income to worldwide taxable income was unchanged at 29 percent for both years.

Foreign-source taxable income decreased between 1982 and 1984 for five of the eight industrial divisions, including: mining; finance, insurance, and real estate; construction; wholesale and retail trade; and services. Mining companies earned more than half (55 percent) of their worldwide taxable income from foreign sources for both 1982 and 1984. The percentage decline in foreign-source taxable income between 1982 and 1984 was nearly equal to the decline in domestic-source taxable income for these companies. From 1980 to 1982, on the other hand, the percentage decline in domestic-source taxable income was nearly double that for foreign-source taxable income. This decline in both domestic-source and foreign-source taxable income that oc-

curred in the mining industry between 1980 and 1984 was attributable to companies in the oil and gas extraction industry, as shown in Figure F.

Figure F.—Selected Mining Industries: Worldwide, Foreign-Source, and Domestic-Source Taxable Income, 1980, 1982, and 1984

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

Selected industry and income	1980	1982	1984
	(1)	(2)	(3)
Mining, total:			
Worldwide taxable income.....	\$9,074	\$7,320	\$5,167
Foreign-source taxable income.....	4,656	4,041	2,818
Domestic-source taxable income.....	4,418	3,278	2,349
Oil and gas extraction:			
Worldwide taxable income.....	7,479	6,705	4,310
Foreign-source taxable income.....	4,284	3,989	2,565
Domestic-source taxable income.....	3,196	2,716	1,745

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

Detail may not add to totals because of rounding.

Manufacturers accounted for more than half of the total \$54.3 billion increase in worldwide taxable income from 1982 to 1984. The worldwide taxable income of manufacturing companies increased by 31 percent from \$102.2 billion to \$133.9 billion. While this increase reflected profits from both foreign and domestic activities, domestic-source taxable income grew 2.5 times faster than foreign-source taxable income (41 percent compared to 16 percent).

For 1984, manufacturing companies generated 34 percent of their worldwide taxable income from foreign sources, down from 1982, when 39 percent of their worldwide taxable income was from foreign sources. This contrasts with a 36 percent figure for 1980.

The increases between 1982 and 1984 in both foreign-source and domestic-source taxable income for manufacturers, however, do not reveal the underlying variation in economic activity of the different segments of this industrial division, as shown in Figure G. The foreign-source taxable income of all manufacturing companies increased by \$6.2 billion between 1982 and 1984. Of that amount, 42 percent was attributed to integrated petroleum companies. However, this was accompanied by a continued decline in the domestic-source taxable income for these same petroleum companies, which dropped from \$21.8 billion for 1980 to \$12.1 and \$9.1 billion for 1982 and 1984, respectively. This decline was accompanied by a decline in the domestic capital spending of these companies, which for 1984 was in

sharp contrast to increases in domestic capital spending reported by other manufacturers of non-durable goods [11].

Figure G.—Selected Manufacturing Industries: Worldwide, Foreign-Source, and Domestic-Source Taxable Income, 1980, 1982, and 1984

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

Selected industry and income	1980	1982	1984
	(1)	(2)	(3)
Manufacturing, total:			
Worldwide taxable income.....	\$134,844	\$102,158	\$133,910
Foreign-source taxable income.....	47,993	39,359	45,583
Domestic-source taxable income.....	86,851	62,798	88,328
Petroleum (including integrated) and coal products:			
Worldwide taxable income.....	46,192	28,588	28,279
Foreign-source taxable income.....	24,363	16,514	19,131
Domestic-source taxable income.....	21,829	12,074	9,147
All other manufacturing (nonpetroleum products), total:			
Worldwide taxable income.....	88,652	73,570	105,632
Foreign-source taxable income.....	23,630	22,845	26,451
Domestic-source taxable income.....	65,021	50,725	79,181
Chemicals and allied products:			
Worldwide taxable income.....	13,241	12,522	16,393
Foreign-source taxable income.....	4,575	4,740	6,294
Domestic-source taxable income.....	8,666	7,781	10,098
Machinery, except electrical:			
Worldwide taxable income.....	14,330	10,881	13,330
Foreign-source taxable income.....	5,819	5,194	6,867
Domestic-source taxable income.....	8,511	5,687	6,464
Motor vehicles and equipment:			
Worldwide taxable income.....	2,215	2,857	9,957
Foreign-source taxable income.....	1,244	2,212	2,503
Domestic-source taxable income.....	972	645	7,454
Electrical and electronic equipment:			
Worldwide taxable income.....	8,717	8,046	11,472
Foreign-source taxable income.....	2,377	3,182	2,503
Domestic-source taxable income.....	6,340	4,864	8,969
Food and kindred products:			
Worldwide taxable income.....	10,267	9,162	9,501
Foreign-source taxable income.....	1,703	2,014	1,784
Domestic-source taxable income.....	8,565	7,148	7,718

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

Detail may not add to totals because of rounding.

The economic recovery between 1982 and 1984 in domestic-source taxable income for all other U.S. manufacturers was led by manufacturers of motor vehicles and equipment and electrical and electronic equipment. These two industries alone accounted for 43 percent of the \$25.5 billion overall increase from 1982 to 1984 in domestic-source taxable income of all manufacturing companies.

Nearly one-half of the foreign-source taxable income of manufacturers of nonpetroleum products was attributed to manufacturers of chemicals and allied products and of non-electrical machinery. The five groups shown in Figure G accounted for three-fourths of the total foreign-source taxable income of nonpetroleum manufacturers (\$26.5 billion). These five groups comprised only one-half of the \$79.2 billion of domestic-source taxable income, for 1984.

For finance, insurance, and real estate companies, taxable income from foreign activities was stable for 1980, 1982 and 1984, as compared to their earnings from domestic activities. The foreign-source taxable income of these companies was less than half (46 percent) of their worldwide taxable income for 1984, compared to 61 percent for 1982. This percentage shift reflects the sharp rise for 1984 in their domestic-source taxable income.

For 1984, banks accounted for 85 percent of the \$11.5 billion of foreign-source taxable income of the entire finance, insurance, and real estate industrial division, as shown in Figure H. Foreign-source taxable income of banks alone was \$9.8 billion. However, this amount was nearly \$1 billion less than that for 1982. A slowdown in foreign lending in 1984 contrasted with strong growth in domestic bank lending [12]. Throughout the 1980-1984 period, banks as a group reported domestic-source deficits on their U.S. income tax returns. However, the deficits they reported for 1984 dropped below \$500 million. For 1982, the deficits totaled \$4.4 billion [13].

Figure H.—Selected Finance, Insurance, and Real Estate Companies: Worldwide, Foreign-Source, and Domestic-Source Taxable Income, 1980, 1982, and 1984

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

Selected industry and income	1980	1982	1984
	(1)	(2)	(3)
Finance, insurance, and real estate, total:			
Worldwide taxable income.....	\$24,320	\$19,973	\$25,208
Foreign-source taxable income.....	11,400	12,138	11,504
Domestic-source taxable income.....	12,920	7,835	13,704
Banking:			
Worldwide taxable income.....	7,087	6,351	9,338
Foreign-source taxable income.....	9,888	10,766	9,831
Domestic-source taxable income.....	-2,800	-4,415	-493

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

Detail may not add to totals because of rounding.

Foreign Taxes

U.S. companies claiming a foreign tax credit paid \$23.3 billion in current-year foreign taxes for 1984. The relatively modest \$533 million increase from 1982 to 1984 in current-year foreign taxes may be compared with the \$7.2 billion decrease from 1980 to 1982. Inasmuch as manufacturing companies accounted for most of the increase in foreign-source taxable income between 1982 and 1984, they also accounted for most of the increase in current-year foreign taxes.

If effective foreign tax rates were the same as the U.S. rate, it would follow that the ratio of foreign-

source taxable income to worldwide taxable income should approximate the ratio of current-year foreign taxes to U.S. income tax after credits (excluding the foreign tax credit). Figure I suggests that for all corporations foreign tax liabilities were slightly higher than the U.S. tax, since the foreign tax ratio (27.2 percent) is higher than the foreign income ratio (24.5 percent) [14]. However, there were variations by industry.

For the finance, insurance, and real estate industrial division, foreign-source taxable income was nearly half of the worldwide taxable income (45.6 percent), while foreign taxes were only one-fifth as great as the U.S. income tax after credits (excluding the foreign tax credit). Low foreign withholding tax rates on banking income (primarily interest) were responsible for this low effective foreign tax rate.

On the other hand, while over one-half of the taxable income generated by the mining industrial division was from foreign sources, foreign taxes were 70 percent of the U.S. income tax after credits (excluding the foreign tax credit). The relatively large amount of foreign taxes reported by mining companies was due to the high tax rates associated with oil and gas extraction income.

Manufacturing also had a large amount of foreign taxes, comprising over 39 percent of the U.S. income tax on worldwide taxable income, even though only 34 percent of that income was from foreign sources.

CORPORATE STRUCTURES AND FOREIGN BUSINESS ACTIVITY

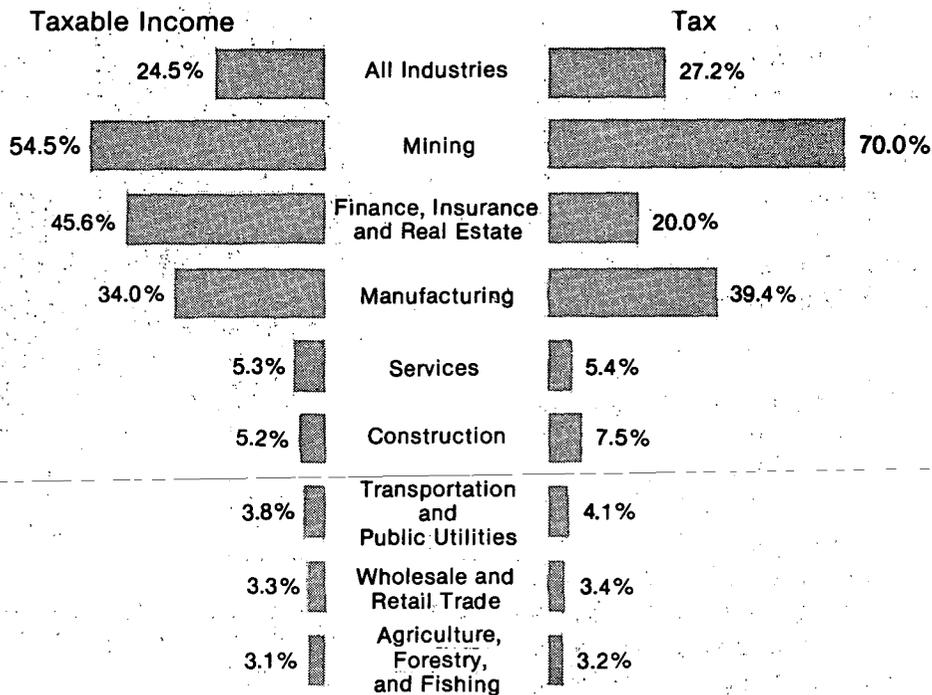
U.S. corporations with foreign business activities can operate abroad using a variety of business structures or methods. In some cases, foreign countries require the use of certain organizational structures. The types of structures or methods include:

- unincorporated foreign branches -- income is reported as branch taxable income;
- controlled foreign corporations [15] -- income is reported as dividends and "dividend gross-up" (see the "Definitions" section of this article); and
- direct transactions with a foreign corporation (whether controlled or not) or with unrelated

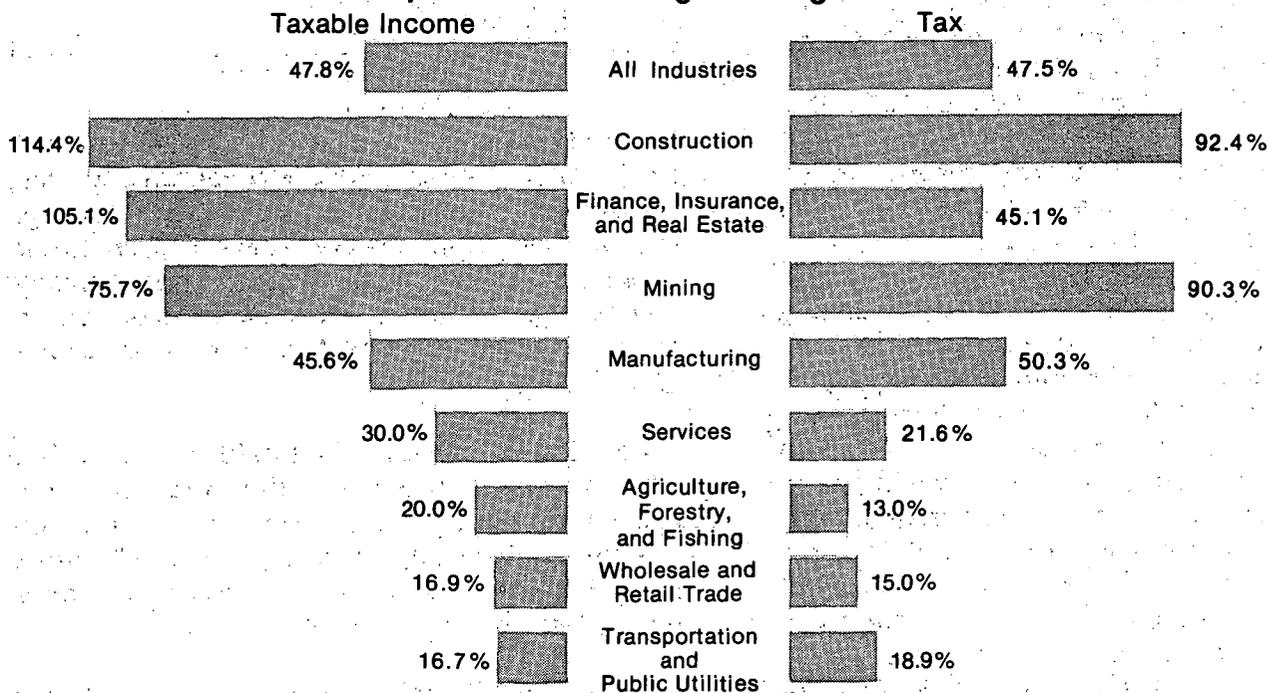
Figure I.

Foreign-Source Taxable Income and Current-Year Foreign Taxes as Percentages of Worldwide Taxable Income and U.S. Income Tax after Credits (Except the Foreign Tax Credit), by Industrial Division, 1984

All Corporations



Corporations Claiming a Foreign Tax Credit



Note: These percentages are estimates as a small amount of foreign income and tax data are not included in these statistics (see the "Data Sources and Limitations" section of this article).

entities -- income is reported as gross income, including interest, rents, royalties, and services income.

The components of foreign branch income (gross income and deductions) are not generally included in the statistics because corporations are not required to report them. However, the taxable income and taxes of foreign branches of U.S. corporations are included in the statistics and are separately discussed later in the "Foreign Branch Taxable Income" section of this article. The following section contains a discussion of the gross income (less loss) and taxes of controlled foreign corporations and from U.S. direct transactions abroad.

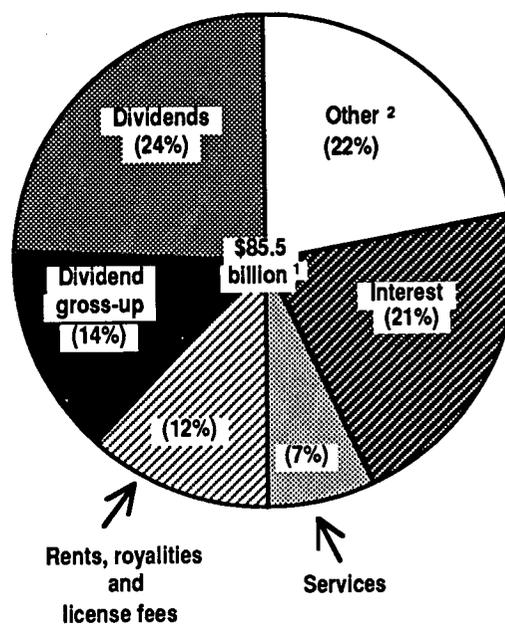
Foreign Gross Income and Taxes: Controlled Foreign Corporations and U.S. Direct Transactions Abroad

The increase in profits of foreign corporations for 1982 and 1984 was reflected in the \$4.8 billion (17 percent) increase in dividends (including the dividend gross-up) for 1984. A comparison of the components of foreign gross income (less loss) for 1984 and 1982 revealed that dividends and interest reversed positions as the leading sources of income from controlled foreign corporations and U.S. direct transactions abroad. As shown in Figure J for 1984, dividends were the most common type of foreign gross income; for 1982, interest had captured that position. The decline in interest income was primarily due to banks. While foreign-source interest of U.S. banks rose to \$16.6 billion for 1982, by 1984, that interest had fallen by 22 percent to \$12.9 billion. U.S. corporations other than banks experienced a 19-percent decline in foreign interest income for 1984 as well, from \$5.9 billion to \$4.8 billion.

Corporations engaged primarily in manufacturing and trade seemed more likely than corporations in other industries to operate through foreign subsidiaries, rather than through direct transactions. This tendency is best shown in Figure K by the high percentage of dividends (including the dividend gross-up) these industries received from foreign subsidiaries (53 percent and 48 percent of gross income, respectively). This is probably due to the foreign presence required of these companies to operate in certain foreign countries. Unlike corporations in these two industrial divisions, finance, insurance, and real estate companies seldom operated abroad through subsidiaries. These cor-

Figure J

Corporations Claiming a Foreign Tax Credit: Foreign Gross Income (Less Loss), Excluding Branch Income, by Incoming Type, 1984



¹Excludes branch income and specially allocable income. See the "Definitions" section, at the end of this article.

²Includes non-branch business receipts from sales, as well as net capital gains and partnership net income.

porations thus received only 7 percent of their foreign-source gross income as dividends (including the dividend gross-up). Income received through foreign subsidiaries was even less significant to corporations primarily engaged in agriculture, forestry, and fishing. Dividends and dividend gross-up accounted for only 2 percent of their foreign-source gross income.

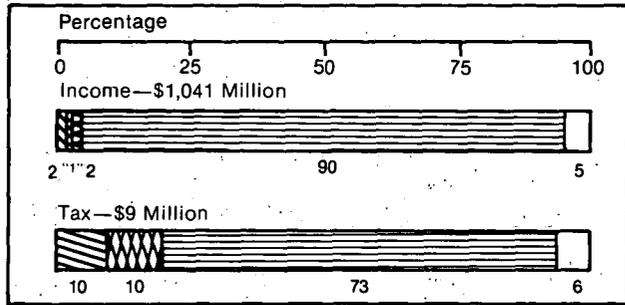
For 1984, U.S. corporations paid or accrued \$6.2 billion in foreign taxes on \$85.5 billion of "gross income," excluding branch and specially allocable income (see Figure J). These represented 2 percent and 18 percent decreases in income and taxes, respectively, compared to 1982.

Taxes withheld at the source on dividends and rents, royalties, and license fees amounted to \$2.5 billion for 1984, and accounted for 40 percent of the

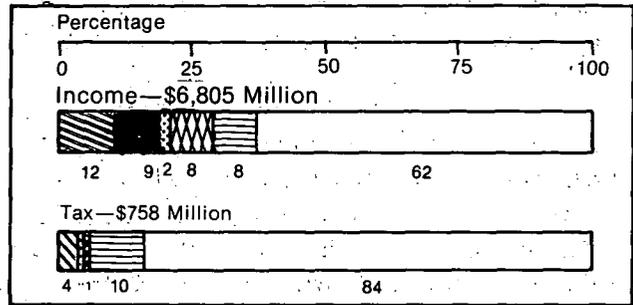
Figure K.

Corporations Claiming a Foreign Tax Credit: Foreign Gross Income (Less Loss), and Foreign Taxes, by Income Type and Industrial Division, 1984 ✓

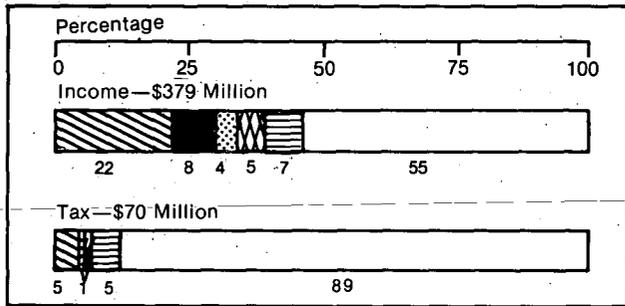
Agriculture, Forestry, and Fishing



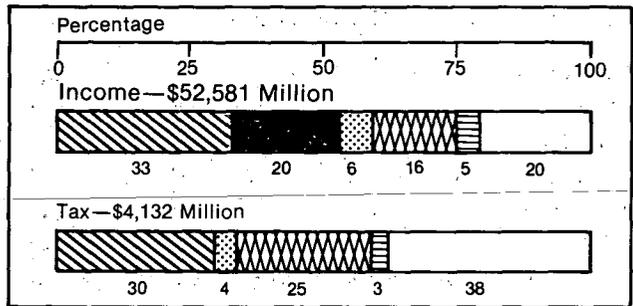
Mining



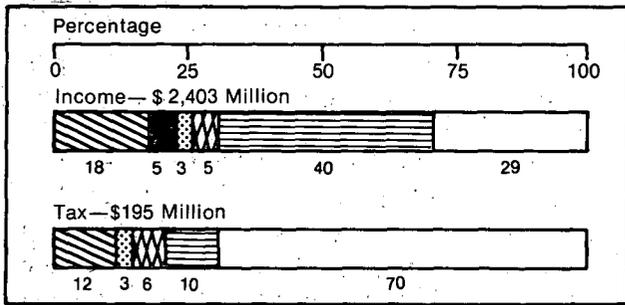
Construction



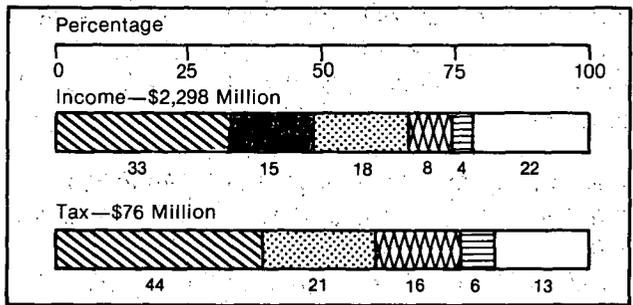
Manufacturing



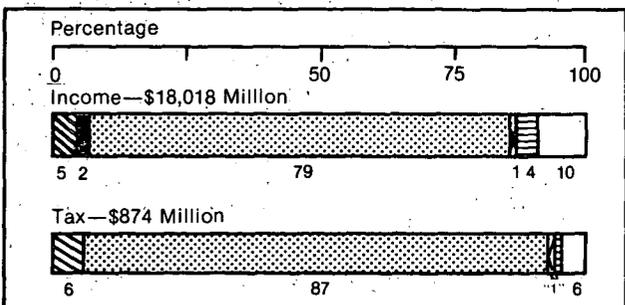
Transportation and Public Utilities



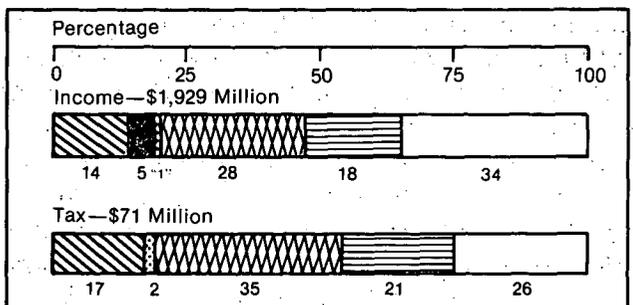
Wholesale and Retail Trade



Finance, Insurance, and Real Estate



Services



✓Excludes branch and specially allocable income. See the "Definitions" section of this article.

NOTE: Detail may not add to totals due to rounding.

total foreign taxes paid or accrued on gross income, excluding branch operations and specially allocable income. Manufacturers alone reported nearly all (91 percent) of the tax withheld.

Foreign tax withheld at the source on interest income accounted for 16 percent of the total foreign taxes paid or accrued on gross income other than from foreign branches and specially allocable income. By comparison, 21 percent of the total gross income was interest. The difference between these percentages reflects the low withholding rates associated with interest income, due especially to the fact that U.S. tax treaties with certain foreign countries required a zero withholding tax rate on this income. Almost three-fourths of the foreign tax withheld on interest income (from other than foreign branches) was reported by U.S. banks.

Taxes paid or accrued on "other" income accounted for nearly 40 percent of the total foreign taxes associated with the non-branch foreign gross income shown in Figure J. In contrast, this "other" income was only 22 percent of total gross income. Most of this income category was non-branch business receipts, generally from sales. However, income from foreign partnerships and net capital gains were also included in "other" income. More than 82 percent of the \$2.5 billion in taxes paid or accrued on "other" foreign gross income, and over 62 percent of the \$18.9 billion of that income were attributable to corporations in the petroleum industry.

The distribution of foreign non-branch gross income by type varied considerably by industrial division, as shown in Figure K. The distribution of income and taxes of manufacturers was similar to the distribution of income and taxes for all industries; these corporations comprised over half of both total gross income and total taxes. While wholesale and retail trade followed the overall pattern for income, 44 percent of the taxes represented amounts withheld on dividends while only 13 percent was paid on "other" income. The other industry groups deviated substantially from the overall distribution by type of income. Finance, insurance, and real estate companies, for example, received large amounts of interest income. For companies primarily engaged in agriculture, forestry, and fishing, services income was predominant.

Foreign Branch Taxable Income

As an alternative to incorporating in foreign countries, many U.S. companies establish unincor-

porated foreign branches to conduct business abroad. Income from these branches represented nearly one-fourth of total foreign-source taxable income for 1984, as shown in Figure L. Foreign branch taxable income remained stable for 1984 at \$14.5 billion, compared to 1982. In contrast, taxable income from foreign branches declined by \$7.3 billion between 1980 and 1982, due mainly to the integrated petroleum industry.

Figure L.—Returns with a Foreign Tax Credit: Foreign Branch Taxable Income as a Percentage of Total Foreign-Source Taxable Income, by Selected Industry, 1984

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

Selected industry	Total foreign-source taxable income	Foreign branch taxable income	Percentage
	(1)	(2)	(3)
All industries, total	\$63,588	\$14,541	22.9%
Agriculture, forestry, and fishing	50	1	1.3
Mining	2,818	328	11.7
Construction	295	5	1.7
Manufacturing, total	45,582	7,779	17.1
Petroleum (including integrated) and coal products	19,131	6,392	33.4
Transportation and public utilities	1,308	165	12.6
Wholesale and retail trade	1,320	17	1.3
Finance, insurance, and real estate, total	11,504	6,202	53.9
Banking	9,831	5,991	60.9
Services	711	46	6.4

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

Nearly all of the total foreign branch taxable income for 1984 and 1982 was attributable to the manufacturing and finance, insurance, and real estate industrial divisions. While for 1984, over half (53 percent) of this income was attributable to manufacturing, for 1982, this industrial division accounted for less than half (45 percent) of the total. This change reflected the increased profits of the integrated petroleum industry, whose foreign branch taxable income rose by 28 percent from 1982 to 1984. For both years, this industry largely (82 percent) accounted for the total foreign branch taxable income of U.S. manufacturers.

For 1984, one-third of the total foreign-source taxable income of integrated petroleum companies was earned through foreign branches. The components of foreign branch taxable income (gross income and deductions) are not generally included in the aggregate statistics. However, the gross income and deduction statistics for foreign oil and gas extraction activities, presented separately in Tables 1 and 4, include amounts earned through foreign branches as well as through controlled foreign corporations and direct transactions abroad. Unfortunately, the exact amount of gross income and deductions related to the extraction activities of

foreign branches can not be determined from the aggregate statistics.

As a contrast to manufacturers, the foreign branch taxable income of finance, insurance, and real estate companies decreased by 16 percent between 1982 and 1984. Financial corporations accounted for less than half of total foreign branch taxable income (43 percent) for 1984, while they comprised 51 percent for 1982. However, companies in the finance, insurance, and real estate industrial division as a whole relied more on branch operations than did manufacturing companies. Fifty-four and 61 percent of the total foreign-source taxable income of these companies was earned through foreign branches for 1984 and 1982, respectively. By comparison, for the manufacturing division, branch income was only 17 percent of total foreign-source taxable income for both years.

Figure L shows that U.S. banks, in particular, had a strong preference to conduct business in foreign countries through branch operations. Historically, U.S. banks have made foreign loans through their foreign branches rather than by establishing foreign banking subsidiaries. During the early part of 1984, U.S. banks also used their foreign branches as part of an effort to establish large credit lines for possible mergers [16].

SUMMARY

Between 1982 and 1984, the foreign tax credit claimed by U.S. corporations rose by \$2.5 billion, an increase of 13 percent. Likewise, the increases in worldwide taxable income, foreign-source taxable income, and U.S. income tax before credits over these 2 years contrasted sharply with the economic downturn between 1980 and 1982. The increases in foreign income and taxes for 1984 primarily reflected a strong foreign recovery made by manufacturing companies in the petroleum industry. While the petroleum industry experienced a strong foreign recovery for 1984, many other industries experienced a stronger domestic recovery, with decreases in foreign-source taxable income and taxes.

Dividends (including the dividend gross-up) from foreign subsidiaries emerged as the largest component of total foreign non-branch gross income in 1984, accounting for 39 percent of the total \$85.5 billion. Between 1982 and 1984, dividends (includ-

ing the dividend gross-up) increased by \$4.8 billion to \$32.9 billion, while interest income decreased by an equal amount, to \$17.7 billion.

Foreign branch operations were especially important to the banking industry. Over 60 percent of the foreign-source taxable income of banks was earned through foreign branches. As a contrast to banks, corporations in the trade and manufacturing industries more often established foreign subsidiary corporations. This was reflected in the large amount of foreign dividends and the dividend gross-up reported by those U.S. corporations.

DATA SOURCES AND LIMITATIONS

Sample Selection and Sampling Variability

The statistics for Income Year 1984 (which included accounting periods ending between July 1984 and June 1985) were estimated from a stratified probability sample of about 94,000 corporation income tax returns selected after revenue processing, but before audit examination. A description of the sample selection procedures for corporate returns is presented in the Appendix of this publication.

Returns claiming a foreign tax credit were selected for the 1984 statistics presented in this article from the general corporate sample. Slight differences exist between the 1984 foreign tax credit data presented here and the data previously published in *Statistics of Income—1984, Corporation Income Tax Returns*, as well as data shown in Table 13 of the Selected Historical Data section of this publication. The differences exist because the statistics presented in this article include 1984 data for 25 returns with foreign tax credit that were prescribed for inclusion in the 100 percent sample class, but were received too late to be included in the regular corporate statistics. However, estimates were used in the corporate statistics for the most significant (10) returns.

Accounting periods which ended January through June 1985, included returns filed for the first time by Foreign Sales Corporations (FSC's) and Interest Charge Domestic International Sales Corporations (IC-DISC's). Effective January 1985, the FSC and IC-DISC replaced the former Domestic International Sales Corporation (DISC). When a U.S. parent corporation receives a dividend from a FSC or an IC-DISC, the parent corporation can sometimes claim a foreign tax credit for a portion of the foreign taxes

paid by those corporations. However, no returns in the corporate sample for Income Year 1984 included a foreign tax credit for distributions from either a FSC or an IC-DISC.

Unlike an IC-DISC, a FSC may pay U.S. income tax. Therefore, a FSC can sometimes claim a foreign tax credit for the foreign taxes paid on its foreign trade income. A separate study of income tax returns (Forms 1120-FSC) was conducted for these newly created corporations with accounting periods ending January through June 1985. None of the Foreign Sales Corporations included in that study claimed a foreign tax credit.

Sampling error is a limitation only to the extent that returns are selected at a rate of less than 100 percent. However, for this article, returns selected at the 100 percent rate accounted for the largest part of the estimated amounts. For instance, for 1984, corporations with \$250 million or more in total assets (which were selected at the 100 percent rate) accounted for almost all of total assets (97.9 percent), foreign tax credit claimed (96.5 percent), and foreign-source taxable income (96.1 percent) reported by all corporations claiming a foreign tax credit. Because of the predominance of these large corporations, sampling error is not considered a major limitation of the statistics.

General Limitations

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations claiming a foreign tax credit generally provide supporting foreign income and tax data on Form 1118, *Computation of Foreign Tax Credit—Corporations*, attached to their U.S. income tax returns (Forms 1120).

Form 1118 is the source of the foreign income and tax data for this article. Detailed statistics from this form are generally obtained for only even numbered income years. The foreign income, taxes, and credit in this article were thus obtained from Forms 1118 for 1980, 1982, and 1984. The foreign tax credit was obtained for other years (i.e., 1981, 1983, and 1985) through the annual corporation income tax return statistics. Because of the different cycles of data collection, only the foreign tax credit can be compared or contrasted annually.

The statistics do not reflect any adjustments that may be made during audit examination, when the acceptability of the foreign income and taxes

reported for purposes of this credit is finally determined. In addition, some corporations provided only preliminary foreign income and tax data with their U.S. tax returns because not all the information on their foreign operations was available at the time the U.S. income tax return had to be filed.

There is a certain amount of undercoverage in the foreign income and tax data. Some corporations with foreign income and taxes reported an overall deficit on their U.S. income tax return and thus had no U.S. tax liability against which a foreign tax credit could be claimed. Other corporations may have chosen to deduct their foreign taxes from gross income rather than credit them against their U.S. income tax liability. It is believed that the amounts of foreign income and tax were insignificant for those returns. In both circumstances, the tax returns would have been excluded from this study. In other instances, corporations did not provide a Form 1118 in support of the foreign tax credit claimed with their tax return as originally filed. Since the foreign tax credit claimed by these corporations represented approximately 0.06 percent of the total foreign tax credit claimed by all corporations, it is believed that the related foreign income and tax data are insubstantial. Certain data about these corporations are, however, included in columns 1-16 of Table 1.

The U.S. tax law allows parent corporations to file consolidated income tax returns presenting the combined financial data of an entire group of affiliated corporations. Therefore, the actual number of corporations claiming a foreign tax credit is understated, inasmuch as the statistics in this article are for corporation income tax returns with a foreign tax credit. For purposes of this article, however, the term "corporations" is used interchangeably with "returns."

Each return included in the statistics was assigned an industry code during statistical processing. This code was used as a classifier of the returns. The industry code represented the principal business activity 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. To the extent that some returns (consolidated and nonconsolidated) were for corporations 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.

DEFINITIONS

Current-year Foreign Taxes.--Generally, current-year foreign taxes available for credit included (a) foreign taxes directly paid or accrued by a U.S. corporation on profits of foreign branch operations; taxes withheld on dividends, interest, rents, royalties and license fees; and foreign taxes paid or accrued on other income including income from partnerships and from the performance of services; and (b) foreign taxes indirectly, or "deemed," paid by a U.S. corporation. The deemed paid taxes were the taxes paid or accrued by a related foreign corporation on the profits from which dividends were paid (or constructive distributions made) to the U.S. corporation.

Dividend Gross-up.--An amount of income equal to tax deemed paid that is associated with dividends received or with includable income constructively received from Controlled Foreign Corporations.

Foreign-source Taxable Income.--Foreign-source gross income, including certain income "constructively" although not actually received (i.e., foreign dividend gross-up and includable income of Controlled Foreign Corporations) less, or "net" of, the allocable deductions determined under the Internal Revenue Code and by provisions of any tax treaty between the United States and a particular foreign country. This taxable income was the amount on which the U.S. income tax on foreign earnings was determined. It could differ from the taxable income from overseas business operations and investments computed under foreign tax law, which was used as the basis for foreign taxation. In general, foreign-source taxable income included foreign branch profits, dividends received from foreign corporations, rental income, royalties, license fees, interest, gains from the sale of real property, and compensation for labor or services performed.

Specially Allocable (Section 863(b)) Income.--Income partially earned within the United States and partially earned within a foreign country or U.S. possession. In general, the income was generated either by production within the United States and sales abroad, or vice versa; or by transportation, telegraph, or cable services.

NOTES AND REFERENCES

[1] For an explanation of the difference between the \$21.4 billion total foreign tax credit figure shown here and the \$21.1 billion figure shown

in *Statistics of Income -- 1984, Corporation Income Tax Returns*, see the "Data Sources and Limitations" section of this article.

- [2] Unless otherwise stated, the term foreign taxes paid is used in this article to mean current-year foreign taxes, which is described in the "Definitions" section of this article. Taxes paid to foreign governments on some income that was not repatriated to the United States are not included in the statistics in this report.
- [3] The focus of this article is Tax Year 1984 because statistics on the foreign income and taxes, which generate the foreign tax credit, are not available for 1985. See the "General Limitations" section of this article for a more detailed explanation. While the focus is also on industry data, information by selected countries is provided in Table 4, at the end of this article.
- [4] Starting from a record high of \$36.8 billion for 1979, the foreign tax credit plunged for 1980. This plunge resulted primarily from the nationalization of certain U.S. oil extraction interests in the Middle East.
- [5] Taxable income, in contrast to net income, which is somewhat higher, is used for measuring the recovery because it is the U.S. tax base used in the computation of the foreign tax credit. The foreign-source and domestic-source taxable income are estimates because a small amount of foreign-source taxable income is not included in these statistics. See the "Data Sources and Limitations" section of this article.
- [6] Major U.S. corporations today include multinational operations distributed throughout the European Economic Community, Japan, Canada, and numerous developing countries around the world. Many foreign countries are producing various component parts of the final products sold by U.S. companies today. Not only does the manufacturing of goods result from multinational coordination, so does the necessary financing which is provided through internationally coordinated operations of U.S. companies. For a discussion of a prototype of a large computer-age multinational firm see for example: Blumenthal, Michael, "Two Perspectives on International Macroeconomic Policy

Coordination," *International Economic Cooperation*, Martin Feldstein, editor, University of Chicago Press, 1988, pp. 43-49.

Business, Bureau of Economic Analysis, Department of Commerce, December 1984.

- [7] Under the Deficit Reduction Act of 1984, the DISC was replaced with the Foreign Sales Corporation (FSC), which created two new categories of foreign income (effective January 1985): (1) foreign trade income of a FSC and (2) distributions from a FSC or former FSC. See the "Data Sources and Limitations" section of this article for more details concerning the exclusion of these categories of foreign income from the 1984 statistics.
- [8] The foreign tax credit shown in the statistics do not include any foreign taxes carried back because this would require filing an amended tax return. Amended tax returns were not included in this study.
- [9] See Mose, Vergie, "Report on International Boycotts, 1976-1982: A Focus on the Middle East," *Statistics of Income Bulletin*, Summer 1985, Volume 5, Number 1.
- [10] For comparison of the tax effect using foreign taxes paid as a credit versus a deduction, see Barlow, Mary, "Foreign Tax Credit by Industry, 1982," *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4.
- [11] Seskin, Eugene P. and Landefeld, J. Steven, "Plant and Equipment Expenditures, the Four Quarters of 1984," *Survey of Current Business*, Bureau of Economic Analysis, Department of Commerce, June 1984.
- [12] Dilullo, Anthony J., "U.S. International Transactions, Third Quarter 1984," *Survey of Current Business*, Bureau of Economic Analysis, Department of Commerce, December 1984.
- [13] In general, a deficit occurred when the sum of ordinary and necessary business expenses plus statutory special deductions exceeded gross income. Ordinary business deductions, in the case of banks, include interest paid to depositors, as well as deductions for bad debts.
- [14] U.S. tax laws mandate the sequence in which tax credits must be taken in reducing U.S. income tax. The first credit to reduce U.S. income tax is the foreign tax credit. The remaining U.S. tax determines the limits of the other succeeding tax credits. For the calculations shown in Figure 1, the reported amounts of the other credits were used to reduce U.S. income tax. These credits were not recalculated to simulate higher limitations due to the U.S. income tax before credits not being reduced by the foreign tax credit (for Figure 1).
- [15] A Controlled Foreign Corporation (CFC) is generally described as a corporation created under the laws of a government outside of the United States and with more than 50 percent of the voting stock or more than 50 percent of all classes of stock owned by U.S. "persons" on any day during the taxable year of the CFC. For 1984 industrially classified Controlled Foreign Corporation data, see Lewis, Margaret P., "Controlled Foreign Corporations, 1984: An Industry Focus," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2.
- [16] Krueger, Russel C., "U.S. International Transactions, First Quarter 1984," *Survey of Current Business*, Bureau of Economic Analysis, Department of Commerce, June 1984.

Corporate Foreign Tax Credit, 1984

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry.

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

Major industry	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All industries	4,841	4,339,759,746	2,385,182,002	14,654,846	4,859,970	3,682,959	12,095,447	139,112,230	133,135,963
Agriculture, forestry, and fishing	55	2,491,866	5,487,388	20,322	12,103	1,173	3,231	256,010	248,798
Mining	143	93,528,192	52,245,406	672,975	34,656	114,007	636,358	3,960,095	3,724,530
Metal mining	*13	*2,274,014	*1,790,179	*8,022	—	*321	*8,122	*142,752	*102,939
Coal mining	3	3,177,555	2,272,903	—	—	84	—	164,918	160,354
Oil and gas extraction	122	86,575,076	46,577,588	660,434	34,656	113,603	627,676	3,475,236	3,285,111
Nonmetallic minerals, except fuels	*6	*1,501,548	*1,604,735	*4,518	—	—	*560	*177,189	*176,126
Construction	99	16,555,188	9,155,157	62,484	5,403	16,358	29,234	346,209	258,187
General building contracts and operative builders	*79	*1,587,418	*5,768,749	*33,907	*219	*100	*14,385	*235,763	*178,539
Heavy construction contractors	*12	*14,721,944	*3,074,613	*26,593	*5,184	*16,128	*14,263	*83,758	*54,291
Special trade contractors	*7	*245,826	*311,795	*1,964	—	*130	*586	*26,688	*25,358
Manufacturing	1,709	1,483,187,187	1,501,703,306	12,290,707	4,691,051	3,038,417	10,596,834	102,432,248	99,909,028
Food and kindred products	85	69,736,405	113,579,826	658,078	123,283	230,361	541,796	5,528,038	5,426,331
Tobacco manufactures	6	46,692,190	37,467,091	35,386	129,091	52,331	40,553	4,113,136	4,098,582
Textile mill products	38	7,923,961	10,842,731	25,189	6,788	15,937	19,897	579,697	576,310
Apparel and other textile products	80	6,599,344	9,464,355	13,600	3,630	5,373	7,511	645,899	642,630
Lumber and wood products	18	29,781,501	26,578,063	10,587	66,795	45,283	13,027	1,130,357	1,094,721
Furniture and fixtures	18	2,516,576	3,918,508	1,297	2,693	—	861	479,350	470,136
Paper and allied products	53	40,447,280	45,899,090	223,366	145,389	39,711	170,882	2,973,208	2,898,580
Printing and publishing	96	28,796,978	33,189,867	81,381	24,687	14,835	75,610	3,734,951	3,695,930
Chemicals and allied products	242	193,890,741	202,468,505	2,024,633	1,024,274	785,728	1,734,613	13,220,399	13,007,067
Petroleum (including integrated) and coal products	25	446,183,004	394,568,998	4,465,174	132,999	577,479	4,085,187	27,042,329	26,266,886
Rubber and miscellaneous plastics products	81	17,777,124	24,720,012	132,844	47,445	17,082	74,616	1,227,858	1,152,545
Leather and leather products	15	3,730,968	5,752,109	9,554	218	194	5,864	261,725	250,423
Stone, clay, and glass products	44	22,308,060	25,073,101	227,964	63,432	24,553	199,970	1,834,840	1,799,569
Primary metal industries	50	50,160,428	35,749,069	120,797	58,965	99,399	53,563	1,299,599	1,267,286
Fabricated metal products	156	40,175,607	38,977,957	513,771	122,022	44,146	345,850	2,974,685	2,826,889
Machinery, except electrical	233	125,589,174	114,174,860	1,719,725	661,977	402,150	1,685,874	11,643,130	11,422,326
Electrical and electronic equipment	211	123,809,196	131,603,739	541,786	649,750	213,237	292,819	7,944,502	7,741,692
Motor vehicles and equipment	50	154,376,591	152,672,562	929,652	585,729	239,831	729,231	9,408,308	9,317,794
Transportation equipment, except motor vehicles	26	29,461,625	42,545,198	179,954	355,294	43,536	142,558	2,308,162	2,104,419
Instruments and related products	104	30,915,004	38,653,913	323,284	458,031	179,023	336,482	2,915,311	2,777,929
Miscellaneous manufacturing products and manufacturing not allocable	80	12,315,430	13,803,753	52,684	28,559	8,228	40,068	1,166,761	1,070,982
Transportation and public utilities	239	209,169,334	126,032,746	166,757	12,900	255,851	129,905	8,575,905	7,855,802
Transportation	187	43,498,155	36,420,876	54,934	1,564	21,603	15,580	1,890,434	1,515,918
Water transportation	6	6,590,871	2,367,393	13,444	—	5,832	534	91,339	86,148
Other transportation	181	36,907,285	34,053,483	41,491	1,564	15,771	15,045	1,799,095	1,429,771
Communication	14	57,633,211	30,055,208	68,587	6,352	109,259	69,792	2,813,183	2,629,701
Electric, gas, and sanitary services	38	108,037,968	59,556,663	43,236	4,984	124,989	44,534	3,872,288	3,710,183
Wholesale and retail trade	735	229,204,888	250,642,292	529,509	62,502	202,612	340,312	8,933,854	7,826,424
Wholesale trade	636	89,494,330	82,371,216	363,518	51,085	66,657	199,065	3,428,366	3,353,911
Groceries and related products	*17	*1,791,938	*7,351,401	*6,545	*869	*5,114	*4,497	*76,424	*69,753
Machinery, equipment, and supplies	85	3,773,873	6,843,706	6,835	4,933	9,372	7,864	255,742	250,007
Miscellaneous wholesale trade	534	83,928,518	68,176,109	350,138	45,283	52,171	186,704	3,096,200	3,034,152
Drugs, chemicals, and allied products	115	3,186,127	8,010,364	16,901	5,391	1,561	9,729	219,244	204,478
Petroleum and petroleum products	*11	*4,076,406	*9,737,311	*213,540	*723	*32,620	*115,973	*443,308	*446,431
Other miscellaneous wholesale trade	408	76,665,984	50,428,435	119,697	39,168	17,990	61,002	2,433,648	2,383,243
Retail trade	100	139,710,559	168,271,076	165,991	11,417	135,955	141,247	5,505,488	4,472,512
Building materials, garden supplies, and mobile home dealers	*24	*129,643	*234,492	*31	—	—	—	*7,835	*7,655
General merchandise stores	10	107,102,221	103,426,966	89,742	2,271	102,024	69,966	2,825,007	2,331,568
Food stores	7	10,142,298	36,301,555	58,699	5,809	14,797	56,490	662,897	332,581
Apparel and accessory stores	*21	*3,754,401	*6,889,028	*350	—	*1,350	*170	*390,684	*354,022
Eating and drinking places	15	11,280,356	10,898,348	4,964	2,771	16,228	6,617	864,628	845,884
Miscellaneous retail stores	23	7,301,640	10,520,686	12,204	566	1,555	8,003	754,437	600,802
Finance, insurance, and real estate	1,362	2,270,614,319	379,310,593	723,118	8,525	181,195	267,461	12,149,312	10,946,504
Banking	153	1,618,619,515	193,158,529	384,970	197	97,436	129,298	5,884,257	5,894,079
Credit agencies other than banks	97	85,042,081	18,175,292	48,517	265	34,833	27,558	404,868	265,814
Security, commodity brokers, and services	102	72,750,775	6,536,543	16,002	—	2,168	3,234	405,534	307,544
Insurance carriers	224	477,136,039	148,030,217	89,933	368	39,061	35,707	4,346,505	3,673,496
Insurance agents, brokers and services	16	2,532,915	1,861,625	9,810	—	1,009	6,444	74,886	71,585
Real estate	346	2,601,383	2,762,232	6,136	293	—	3,638	186,310	137,150
Holding and other investment companies except bank holding companies	424	11,931,610	8,786,156	167,750	7,401	6,687	61,581	846,951	596,838
Services	499	35,008,771	40,605,114	189,095	32,829	73,345	92,111	2,458,596	2,366,690
Hotels and other lodging places	*8	*3,908,429	*3,105,600	*862	—	—	—	*138,933	*133,690
Personal services	8	1,921,069	2,389,922	20,868	—	—	19,304	198,477	187,959
Business services	253	11,673,898	19,594,126	71,760	12,050	26,319	44,593	1,143,010	1,111,328
Auto repair; miscellaneous repair services	*6	*3,998,025	*3,761,950	*3,854	—	—	*2,981	*126,270	*126,123
Amusement and recreational services	127	5,888,762	4,659,433	82,032	11,536	36,785	17,573	258,464	251,649
Other services	97	7,618,587	7,094,083	9,719	9,243	10,241	7,660	593,443	555,942

Footnotes at end of table.

Corporate Foreign Tax Credit, 1984

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All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

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

Major industry	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	General business credit	Other credits	U.S. income tax after credits	Foreign income and taxes reported on Form 1118		
	Total	Regular and alternative tax						Gross income (less loss) excluding branch operations and specially allocable income		
								Total	Dividends	Dividend gross-up
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
All industries	59,593,157	58,535,320	21,419,643	12,333	9,108,438	1,391,978	27,680,764	85,453,725	20,834,778	12,094,872
Agriculture, forestry, and fishing	105,152	104,459	11,985	—	9,833	1,368	81,966	1,040,798	21,495	3,232
Mining	1,746,686	1,689,279	1,164,747	—	54,747	2,402	524,790	6,805,006	789,198	636,358
Metal mining	*43,631	*41,381	*35,238	—	*4,740	*27	*3,626	*649,467	*8,024	*8,122
Coal mining	69,572	67,414	58,836	—	3,033	—	7,703	1,795	84	—
Oil and gas extraction	1,552,764	1,500,450	1,069,449	—	35,259	2,375	445,681	6,147,416	776,572	627,676
Nonmetallic minerals, except fuels	*80,719	*80,034	*1,224	—	*11,715	—	*67,781	*6,328	*4,518	*560
Construction	117,412	114,963	86,027	—	5,843	63	25,479	378,705	83,634	29,234
General building contracts and operative builders	*80,785	*80,067	*68,464	—	*2,336	*63	*9,922	*251,244	*34,007	*14,385
Heavy construction contractors	*25,297	*23,745	*16,509	—	*3,177	—	*5,611	*114,705	*47,532	*14,263
Special trade contractors	*11,330	*11,151	*1,053	—	*330	—	*9,947	*12,757	*2,095	*586
Manufacturing	45,053,227	44,305,507	17,490,318	11,328	5,892,030	1,306,926	20,352,625	52,581,078	17,558,110	10,596,281
Food and kindred products	2,449,202	2,420,632	765,270	—	315,801	117,742	1,250,389	2,138,062	901,327	541,796
Tobacco manufactures	1,760,529	1,756,615	71,029	—	158,242	5,817	1,525,440	1,201,650	140,972	40,553
Textile mill products	262,427	262,920	25,251	—	56,041	1,480	179,655	89,456	41,128	19,897
Apparel and other textile products	294,571	293,846	13,290	—	18,465	422	262,395	102,157	19,256	7,511
Lumber and wood products	388,019	361,202	23,801	—	158,384	2,038	203,796	85,520	52,103	13,027
Furniture and fixtures	216,016	215,421	1,314	—	13,436	744	200,521	4,826	1,297	861
Paper and allied products	1,271,951	1,248,825	246,131	—	282,063	37,045	706,712	799,651	337,317	170,499
Printing and publishing	1,575,722	1,565,739	93,508	—	164,756	3,433	1,314,026	517,987	106,760	75,609
Chemicals and allied products	5,902,304	5,789,792	2,414,330	8,584	815,873	228,467	2,435,050	7,168,996	3,111,455	1,734,610
Petroleum (including integrated) and coal products	11,901,565	11,771,474	8,495,722	—	815,034	57,762	2,533,046	21,160,997	5,812,189	4,085,187
Rubber and miscellaneous plastics products	516,257	506,474	136,140	—	88,905	16,664	274,549	473,258	158,028	74,616
Leather and leather products	114,954	114,381	7,825	—	11,440	550	95,140	31,436	9,750	5,862
Stone, clay, and glass products	806,914	788,496	223,991	—	77,366	14,554	491,003	678,289	276,656	199,970
Primary metal industries	574,550	560,163	123,104	—	106,958	10,955	333,532	509,110	225,774	53,563
Fabricated metal products	1,277,222	1,269,596	411,544	2,294	100,303	16,465	746,616	1,252,550	568,905	345,686
Machinery, except electrical	5,324,905	5,181,970	2,259,393	362	558,516	267,933	2,238,701	8,087,489	2,215,111	1,685,872
Electrical and electronic equipment	3,356,823	3,228,132	539,626	—	722,928	210,341	1,883,928	3,104,544	1,078,819	292,821
Motor vehicles and equipment	4,325,740	4,269,999	970,271	—	1,028,286	139,602	2,187,581	2,512,433	1,260,206	729,231
Transportation equipment, except motor vehicles	965,707	957,431	213,206	—	181,764	72,646	498,090	1,107,857	465,698	142,558
Instruments and related products	1,277,148	1,261,761	404,742	88	183,531	89,275	599,512	1,412,733	713,514	336,482
Miscellaneous manufacturing products and manufacturing not allocable	490,701	484,637	50,830	—	33,939	12,991	392,941	142,078	61,847	40,068
Transportation and public utilities	3,490,450	3,429,021	353,604	—	1,559,987	22,341	1,554,519	2,403,213	419,787	129,905
Transportation	669,287	661,141	55,631	—	421,023	1,229	191,404	810,249	76,413	15,580
Water transportation	39,492	39,305	19,752	—	6,950	18	12,773	239,531	19,275	534
Other transportation	629,795	621,836	35,879	—	414,073	1,212	178,631	570,719	57,137	15,045
Communication	1,158,683	1,125,696	103,617	—	520,635	9,771	524,661	703,053	172,868	69,792
Electric, gas, and sanitary services	1,662,480	1,642,184	194,357	—	618,329	11,341	838,454	889,911	170,506	44,534
Wholesale and retail trade	3,508,538	3,464,482	482,406	1,005	578,686	22,451	2,423,989	2,298,290	762,224	340,314
Wholesale trade	1,514,946	1,502,434	300,618	—	91,744	10,042	1,112,541	1,487,484	459,262	199,064
Groceries and related products	*31,665	*31,273	*5,764	—	*7,765	*461	*17,674	*24,546	*11,491	*4,497
Machinery, equipment, and supplies	114,194	110,924	12,595	—	13,950	373	87,276	145,940	17,669	7,864
Miscellaneous wholesale trade	1,369,087	1,360,237	282,259	—	70,229	9,207	1,007,591	1,316,998	430,102	186,704
Drugs, chemicals, and allied products	88,679	87,133	13,688	—	8,874	117	66,001	111,737	18,463	9,729
Petroleum and petroleum products	*200,591	*199,591	*169,183	—	*5,382	*219	*25,807	*480,985	*276,335	*115,973
Other miscellaneous wholesale trade	1,079,816	1,073,513	99,389	—	55,773	8,872	915,783	724,276	135,304	61,002
Retail trade	1,993,592	1,962,049	181,788	1,005	486,942	12,409	1,311,448	810,806	302,962	141,250
Building materials, garden supplies, and mobile home dealers	*3,044	*2,995	*199	—	*1,008	*37	*1,799	*1,340	*31	—
General merchandise stores	1,028,357	1,012,157	83,070	—	262,476	9,948	672,863	474,037	193,577	69,966
Food stores	153,135	150,160	60,368	1,005	55,556	2,086	34,119	170,400	73,317	56,490
Apparel and accessory stores	*162,846	*162,263	*2,117	—	*10,687	—	*150,042	*8,703	*1,700	*170
Eating and drinking places	375,868	364,550	17,786	—	80,308	104	277,671	125,904	20,577	6,618
Miscellaneous retail stores	270,343	269,923	18,248	—	76,907	234	174,954	30,421	13,760	8,006
Finance, insurance, and real estate	4,481,673	4,371,760	1,627,158	—	783,794	19,784	2,050,939	18,017,937	934,510	267,441
Banking	2,509,947	2,443,233	1,339,753	—	520,334	6,196	643,663	14,524,591	471,425	129,298
Credit agencies other than banks	111,645	101,864	53,297	—	26,322	—	32,026	1,467,016	152,612	27,558
Security, commodity brokers, and services	124,823	122,687	10,177	—	22,375	1,587	90,685	155,547	18,171	3,234
Insurance carriers	1,410,597	1,388,389	130,846	—	191,140	9,430	1,079,181	1,441,301	127,427	35,707
Insurance agents, brokers and services	30,725	29,630	8,091	—	3,005	142	19,486	54,047	10,684	6,444
Real estate	51,185	48,607	6,458	—	5,042	287	39,398	78,777	6,138	3,635
Holding and other investment companies except bank holding companies	242,751	237,350	78,534	—	15,576	2,141	146,500	296,658	148,054	61,564
Services	1,080,019	1,055,849	203,401	—	223,519	18,642	648,457	1,928,697	265,821	92,106
Hotels and other lodging places	*57,402	*55,242	*5,528	—	*19,666	—	*32,207	*14,673	*862	—
Personal services	84,948	84,549	21,741	—	16,124	59	47,024	126,576	20,868	19,304
Business services	525,135	499,966	93,191	—	89,536	14,546	327,862	905,331	98,103	44,593
Auto repair; miscellaneous repair services	*54,930	*53,760	*5,204	—	*35,324	*78	*14,325	*16,106	*3,854	*2,981
Amusement and recreational services	111,916	111,484	56,762	—	22,988	251	31,915	523,456	125,499	17,573
Other services	255,687	250,849	20,973	—	39,881	1,708	193,125	342,556	16,636	7,656

Footnotes at end of table.

Corporate Foreign Tax Credit, 1984

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

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

Major industry	Foreign income and taxes reported on Form 1118—Continued									
	Gross income (less loss) excluding branch operations and specially allocable income— Continued						Oil and gas extraction gross income (less loss)			
	Interest income	Rents, royalties and license fees	Service income	Net capital gain	Partnership income (net)	Other income	Total	From extraction of oil or gas	From sale of business assets	Dividends from foreign corporations
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	
All industries	17,723,038	9,818,002	6,119,912	780,459	321,385	17,761,280	26,903,371	19,471,137	81,696	7,447,512
Agriculture, forestry, and fishing	6,087	19,818	935,121	-979	-87	56,310	—	—	—	—
Mining	116,428	532,886	516,522	469	244,518	3,968,630	1,948,488	1,036,312	59,896	819,672
Metal mining	*11,681	*429	*317,491	—	*200,031	*103,688	—	—	—	—
Coal mining	1,711	—	—	—	—	—	—	—	—	—
Oil and gas extraction	102,497	532,456	198,320	469	44,485	3,864,942	1,948,488	1,036,312	59,896	819,672
Nonmetallic minerals, except fuels	*540	*(*)	*710	—	—	—	—	—	—	—
Construction	14,867	17,076	27,064	1,206	192,115	13,509	—	—	—	—
General building contracts and operative builders	*10,065	*3,908	*2,564	—	*184,244	*2,072	—	—	—	—
Heavy construction contractors	*4,802	*13,167	*24,501	*681	*7,872	*1,886	—	—	—	—
Special trade contractors	—	—	—	*525	—	*9,551	—	—	—	—
Manufacturing	2,888,339	8,235,413	2,599,425	701,873	-138,137	10,139,774	24,305,516	17,810,710	21,715	6,603,661
Food and kindred products	133,652	314,543	42,952	7,006	-1,306	198,091	—	—	—	—
Tobacco manufactures	22,132	183,280	584,160	16,187	—	214,365	28,594	28,594	—	—
Textile mill products	4,095	13,146	4,787	63	128	6,213	—	—	—	—
Apparel and other textile products	16,919	47,907	3,507	32	—	7,026	—	—	—	—
Lumber and wood products	16,916	1,578	1,406	-6,460	65	6,884	—	—	—	—
Furniture and fixtures	118	2,424	123	—	—	3	—	—	—	—
Paper and allied products	45,816	169,059	16,104	21,174	-22	39,702	—	—	—	—
Printing and publishing	29,347	114,337	83,894	17,220	-206	91,026	—	—	—	—
Chemicals and allied products	353,907	980,659	151,448	82,804	-5,321	759,433	1,595,893	711,209	517	887,871
Petroleum (including integrated) and coal products	1,140,539	1,584,292	674,849	43,925	-164,358	7,984,374	22,669,847	17,059,727	21,199	5,715,791
Rubber and miscellaneous plastics products	11,115	103,206	56,955	39,642	-108	29,804	—	—	—	—
Leather and leather products	833	4,148	4,397	—	—	6,446	—	—	—	—
Stone, clay, and glass products	32,682	96,571	11,949	28,424	-2,732	34,770	—	—	—	—
Primary metal industries	35,228	164,202	9,161	14,895	—	6,287	362	362	—	—
Fabricated metal products	51,556	121,521	32,352	14,102	11,012	107,415	—	—	—	—
Machinery, except electrical	361,025	3,313,767	277,652	-7,040	-425	241,527	1	—	—	—
Electrical and electronic equipment	242,799	559,324	221,556	424,601	-1,679	286,303	10,818	10,818	—	—
Motor vehicles and equipment	150,784	59,823	232,008	6,700	—	73,681	—	—	—	—
Transportation equipment, except motor vehicles	144,007	137,168	196,425	-4,214	26,345	-132	—	—	—	—
Instruments and related products	90,053	236,715	-7,058	2,614	428	39,986	—	—	—	—
Miscellaneous manufacturing products and manufacturing not allocable	4,815	27,744	797	199	41	6,568	—	—	—	—
Transportation and public utilities	79,989	116,608	957,165	2,057	10,760	686,943	596,096	595,098	10	—
Transportation	30,655	57,726	601,809	1,514	1,571	24,981	24,512	22,959	—	—
Water transportation	1,243	-1,530	196,118	127	1,342	22,421	23,751	22,422	—	—
Other transportation	29,412	59,257	405,691	1,387	230	2,560	761	538	—	—
Communication	8,379	40,685	238,049	378	6,710	166,194	—	—	—	—
Electric, gas, and sanitary services	40,955	18,197	117,307	165	2,478	495,768	571,584	572,139	10	—
Wholesale and retail trade	411,928	188,492	94,151	9,655	4,013	487,513	52,869	28,624	74	24,171
Wholesale trade	300,394	103,208	65,291	9,416	2,064	348,785	52,869	28,624	74	24,171
Groceries and related products	*7,902	*156	—	—	—	*500	—	—	—	—
Machinery, equipment, and supplies	14,639	8,818	39,026	2,333	273	55,319	—	—	—	—
Miscellaneous wholesale trade	277,853	94,235	26,266	7,083	1,791	292,966	52,869	28,624	74	24,171
Drugs, chemicals, and allied products	2,401	7,055	463	106	—	73,520	—	—	—	—
Petroleum and petroleum products	*24,074	*3,109	*536	*98	—	*60,860	*24,171	—	—	*24,171
Other miscellaneous wholesale trade	251,378	84,070	25,267	6,879	1,791	158,586	28,698	28,624	74	—
Retail trade	111,533	85,283	28,859	240	1,949	138,728	—	—	—	—
Building materials, garden supplies, and mobile home dealers	*19	*448	*503	—	—	*339	—	—	—	—
General merchandise stores	91,726	6,111	32,031	-540	—	81,165	—	—	—	—
Food stores	158	13,665	12	—	2,123	24,634	—	—	—	—
Apparel and accessory stores	*61	*3,555	—	*780	—	*2,436	—	—	—	—
Eating and drinking places	15,127	52,320	4,204	—	-174	27,231	—	—	—	—
Miscellaneous retail stores	4,441	9,183	-7,890	—	—	2,922	—	—	—	—
Finance, insurance, and real estate	14,180,927	176,365	636,655	61,716	-4,224	1,764,546	402	393	—	9
Banking	12,882,195	99,738	237,151	26,809	-43,202	721,177	393	393	—	—
Credit agencies other than banks	340,558	24,344	105,672	9,526	—	789,747	—	—	—	—
Security, commodity brokers, and services	35,586	944	31,673	1	8	65,930	—	—	—	—
Insurance carriers	892,047	12,735	230,382	17,036	21,255	104,713	9	—	—	9
Insurance agents, brokers and services	1,750	3,506	29,336	—	712	1,615	—	—	—	—
Real estate	381	1,228	—	—	5	67,390	—	—	—	—
Holding and other investment companies except bank holding companies	28,411	33,869	2,441	8,344	—	13,975	—	—	—	—
Services	24,473	531,544	353,810	4,460	12,428	644,055	—	—	—	—
Hotels and other lodging places	*438	*8,138	*3,977	-20	—	*1,279	—	—	—	—
Personal services	1,128	1,093	80,947	2,233	—	1,003	—	—	—	—
Business services	14,542	142,768	154,314	2,247	747	448,016	—	—	—	—
Auto repair, miscellaneous repair services	*2,763	*2,000	*4,508	—	—	—	—	—	—	—
Amusement and recreational services	—	367,156	5,063	—	—	6,819	—	—	—	—
Other services	5,601	10,389	105,002	—	10,335	186,938	—	—	—	—

Footnotes at end of table.

Corporate Foreign Tax Credit, 1984

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

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

Major Industry	Foreign Income and taxes reported on Form 1118—Continued									
	Oil and gas extraction gross income (less loss)—Continued			Deductions other than from branch operations and specially allocable income						
	Includable income of Controlled Foreign Corporations	Partnership income	Total	Deductions allocable to specific types of income				Deductions not allocable to specific types of income		
				Total	Rental, royalty and licensing expenses		Service expenses	Other deductions	Total	Research and development expenses
Depreciation, depletion and amortization	Other	Total	Research and development expenses							
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
All Industries	2,773	-99,748	38,766,638	25,481,874	320,279	954,455	2,286,314	21,920,826	13,284,762	42,721
Agriculture, forestry, and fishing	—	—	991,200	964,047	—	—	—	964,047	27,153	5,785
Mining	—	32,809	4,315,160	4,099,417	64,145	58,668	332,149	3,644,457	215,743	10
Metal mining	—	—	*535,623	*535,623	*4,067	—	*184,690	*346,866	—	—
Coal mining	—	—	—	—	—	—	—	—	—	—
Oil and gas extraction	—	32,609	3,778,339	3,563,251	60,077	58,666	147,460	3,297,048	215,088	10
Nonmetallic minerals, except fuels	—	—	*1,198	*543	*(1)	—	—	*543	*655	—
Construction	—	—	91,596	36,670	—	913	12,531	23,226	54,926	—
General building contracts and operative builders	—	—	*46,325	*2,075	—	—	*1,532	*544	*44,249	—
Heavy construction contractors	—	—	*44,232	*34,523	—	*913	*10,999	*22,611	*9,708	—
Special trade contractors	—	—	*1,040	*72	—	—	—	*72	*968	—
Manufacturing	17	-130,567	17,012,611	13,461,379	181,381	654,307	827,844	11,797,847	3,551,232	27,995
Food and kindred products	—	—	507,889	322,184	—	58,739	8,747	254,698	185,705	3,272
Tobacco manufactures	—	—	877,048	238,333	1,381	1,263	5,371	230,318	638,716	—
Textile mill products	—	—	17,228	9,567	1,309	—	4,430	3,828	7,661	—
Apparel and other textile products	—	—	34,706	19,334	11	4,683	1,525	13,114	15,373	—
Lumber and wood products	—	—	10,721	3,444	—	281	131	3,032	7,276	—
Furniture and fixtures	—	—	155	60	—	—	—	60	95	—
Paper and allied products	—	—	183,659	128,899	—	860	3,530	124,509	54,760	—
Printing and publishing	—	—	202,806	184,471	374	31,533	58,261	94,302	18,336	—
Chemicals and allied products	—	-3,703	1,837,709	1,145,641	457	10,193	52,636	1,082,355	692,069	4,392
Petroleum (including integrated) and coal products	17	-126,886	8,520,333	7,982,210	122,121	388,247	221,008	7,250,834	538,124	—
Rubber and miscellaneous plastics products	—	—	73,652	20,786	71	2,448	1,557	16,710	52,866	2,071
Leather and leather products	—	—	6,006	4,300	—	—	—	4,300	1,706	—
Stone, clay, and glass products	—	—	120,782	57,619	648	14,925	12,669	29,377	63,163	2,724
Primary metal industries	—	—	192,097	138,950	30,141	62,752	225	45,833	53,147	—
Fabricated metal products	—	—	210,008	117,748	883	1,012	21,896	93,958	92,260	634
Machinery, except electrical	—	1	2,129,513	1,777,646	9,118	11,284	132,323	1,624,921	351,867	14,738
Electrical and electronic equipment	(1)	—	1,000,003	765,834	293	47,048	72,110	646,383	234,169	163
Motor vehicles and equipment	—	—	606,410	323,324	60	6,554	207,791	108,919	283,086	—
Transportation equipment, except motor vehicles	—	—	251,002	171,536	12,745	9,866	22,171	126,754	79,466	—
Instruments and related products	—	—	210,648	45,099	756	446	1,231	42,665	165,549	—
Miscellaneous manufacturing products and manufacturing not allocable	—	—	20,235	4,395	1,012	2,173	233	977	15,840	(1)
Transportation and public utilities	2,756	-1,769	1,358,408	988,134	11,622	51,130	455,429	469,953	370,274	—
Transportation	—	1,553	645,722	432,059	6,654	48,874	360,737	15,794	213,663	—
Water transportation	—	1,330	188,331	7,663	1,615	3,714	22	2,312	180,667	—
Other transportation	—	223	457,391	424,395	5,039	45,160	360,715	13,482	32,995	—
Communication	—	—	295,349	233,215	529	1,961	24,439	206,286	62,134	—
Electric, gas, and sanitary services	2,756	-3,322	417,337	322,860	4,439	295	70,253	247,874	94,477	—
Wholesale and retail trade	—	—	1,006,075	534,922	1,179	37,532	79,853	416,357	471,154	—
Wholesale trade	—	—	730,727	360,259	946	35,587	61,601	262,125	370,468	—
Groceries and related products	—	—	429	*38	—	—	—	*38	—	
Machinery, equipment, and supplies	—	—	101,794	79,595	676	68	37,508	41,342	22,199	
Miscellaneous wholesale trade	—	—	628,504	280,627	270	35,518	24,092	220,746	347,876	
Drugs, chemicals, and allied products	—	—	78,775	76,408	—	2,566	40	73,802	2,367	
Petroleum and petroleum products	—	—	*95,016	*60,336	—	—	*446	*59,890	*34,680	
Other miscellaneous wholesale trade	—	—	454,713	143,883	270	32,952	23,607	87,054	310,830	
Retail trade	—	—	275,348	174,662	233	1,946	18,253	154,231	100,686	
Building materials, garden supplies, and mobile home dealers	—	—	*811	*811	—	*224	*352	*235	—	
General merchandise stores	—	—	203,274	149,566	—	—	15,561	134,006	53,708	
Food stores	—	—	21,196	15,394	176	761	—	14,457	5,801	
Apparel and accessory stores	—	—	*800	*770	—	*683	—	*87	*30	
Eating and drinking places	—	—	38,483	6,032	—	254	1,693	4,085	32,451	
Miscellaneous retail stores	—	—	10,784	2,089	56	23	647	1,363	8,695	
Finance, insurance, and real estate	—	—	12,722,974	4,435,816	57,892	88,478	358,012	3,933,433	8,287,158	8,637
Banking	—	—	10,688,210	2,838,798	54,692	59,151	130,629	2,594,326	7,849,412	8,598
Credit agencies other than banks	—	—	1,194,130	1,001,858	3,020	27,327	13,730	957,781	192,272	
Security, commodity brokers, and services	—	—	29,258	28,761	—	96	23,929	4,736	497	
Insurance carriers	—	—	626,394	447,009	179	1,905	187,610	257,316	179,385	
Insurance agents, brokers and services	—	—	25,622	16,282	—	—	8	16,273	9,340	
Real estate	—	—	65,935	65,551	—	—	106	65,444	384	
Holding and other investment companies except bank holding companies	—	—	93,426	37,558	—	—	—	37,558	55,867	
Services	—	—	1,268,612	961,489	4,060	63,4				

Corporate Foreign Tax Credit, 1984

All Corporation Returns with Foreign Tax Credit
 Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

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

Major Industry	Foreign income and taxes reported on Form 1118—Continued									
	Deductions other than from branch operations and specially allocable income—Continued		Deductions from oil and gas extraction income			Taxable income (less loss)				
	Deductions not allocable to specific types of income—Continued		Total	Allocable to specific types of income	Not allocable to specific types of income	Before loss recapture				Recapture of prior year foreign losses
	Interest expenses	General and administrative expenses				Total	Foreign branch income	Specially allocable income (Section 863 (B))	Other than from branch operations and specially allocable income	
(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	
All Industries	4,637,836	1,386,214	9,486,672	9,306,920	179,752	63,587,976	14,541,126	2,359,760	46,687,089	181,246
Agriculture, forestry, and fishing	10,594	9,361	—	—	—	49,734	635	-499	49,598	—
Mining	53,888	75,050	488,906	394,428	94,478	2,818,291	328,445	—	2,489,846	5,541
Metal mining	—	—	—	—	—	*115,187	*1,344	—	*113,843	—
Coal mining	—	—	—	—	—	129,058	127,263	—	1,795	—
Oil and gas extraction	53,888	75,050	488,906	394,428	94,478	2,564,710	195,632	—	2,369,078	5,541
Nonmetallic minerals, except fuels	—	—	—	—	—	*9,336	*4,206	—	*5,130	—
Construction	4,241	2,218	—	—	—	295,251	4,898	3,243	287,109	1,899
General building contracts and operative builders	—	—	—	—	—	*206,244	*1,325	—	*204,920	*606
Heavy construction contractors	*4,241	*2,218	—	—	—	*76,210	*2,494	*3,243	*70,473	*1,293
Special trade contractors	—	—	—	—	—	*12,797	*1,080	—	*11,717	—
Manufacturing	520,889	632,801	8,699,441	8,638,360	61,081	45,582,499	7,778,640	2,235,392	35,568,467	136,607
Food and kindred products	9,088	5,065	—	—	—	1,783,568	126,000	27,395	1,630,173	1,105
Tobacco manufactures	1,321	161,827	18,565	18,565	—	335,478	-47,412	58,289	324,601	5,980
Textile mill products	—	1	—	—	—	72,512	318	-34	72,228	2,876
Apparel and other textile products	—	—	—	—	—	67,598	—	—	67,451	—
Lumber and wood products	—	—	—	—	—	90,622	10,032	5,791	74,799	14,480
Furniture and fixtures	2	14	—	—	—	5,734	125	937	4,671	—
Paper and allied products	13,583	17,036	—	—	—	654,926	3,485	35,449	615,992	—
Printing and publishing	966	6,508	—	—	—	313,316	-8,454	6,589	315,180	—
Chemicals and allied products	48,096	75,167	187,373	158,170	29,203	6,294,392	644,654	318,451	5,331,287	6,368
Petroleum (including integrated) and coal products	205,820	147,526	8,483,014	8,451,181	31,832	19,131,308	6,392,491	98,154	12,640,664	72,494
Rubber and miscellaneous plastics products	3,904	1,640	—	—	—	403,733	186	3,940	399,606	603
Leather and leather products	14	5	—	—	—	25,430	—	—	25,430	82
Stone, clay, and glass products	4,175	10,863	—	—	—	570,379	4,308	8,564	557,507	—
Primary metal industries	280	653	48	3	45	391,563	18,102	56,448	317,013	18,399
Fabricated metal products	6,705	26,366	—	—	—	1,173,511	99,004	31,965	1,042,541	4,803
Machinery, except electrical	55,438	73,087	(¹)	(¹)	(¹)	6,866,751	309,237	599,537	5,957,976	1,321
Electrical and electronic equipment	16,218	15,287	10,440	10,440	—	2,502,578	206,839	191,197	2,104,541	5,310
Motor vehicles and equipment	152,920	81,385	—	—	—	2,502,767	-23,801	620,545	1,906,023	1,170
Transportation equipment, except motor vehicles	1,498	2,004	—	—	—	874,097	4,661	12,581	856,855	1,278
Instruments and related products	95	6,957	—	—	—	1,378,365	38,844	137,436	1,202,086	61
Miscellaneous manufacturing products and manufacturing not allocable	765	1,409	—	—	—	143,873	20	22,009	121,843	277
Transportation and public utilities	61,442	27,299	277,615	253,423	24,193	1,307,628	164,503	98,320	1,044,806	24,923
Transportation	12,883	27,299	2,480	2,480	—	383,092	132,422	86,143	164,528	11,044
Water transportation	—	26,484	2,305	2,305	—	189,225	119,162	18,863	51,200	—
Other transportation	12,883	816	175	175	—	193,868	13,260	67,280	113,328	11,044
Communication	—	—	—	—	—	428,434	8,724	12,005	407,704	—
Electric, gas, and sanitary services	48,559	—	275,135	250,942	24,193	496,102	23,356	172	472,574	13,879
Wholesale and retail trade	110,220	8,056	20,710	20,710	—	1,319,926	16,801	10,910	1,292,214	5,002
Wholesale trade	96,957	383	20,710	20,710	—	779,582	11,583	11,243	756,757	5,002
Groceries and related products	—	—	—	—	—	*24,117	—	—	*24,117	—
Machinery, equipment, and supplies	—	—	—	—	—	44,192	47	—	44,146	—
Miscellaneous wholesale trade	96,957	383	20,710	20,710	—	711,273	11,536	11,243	688,494	5,002
Drugs, chemicals, and allied products	14	383	—	—	—	33,512	-445	995	32,962	—
Petroleum and petroleum products	—	—	*1,431	*1,431	—	*385,934	-35	—	*385,969	—
Other miscellaneous wholesale trade	96,943	—	19,278	19,278	—	291,827	12,016	10,248	269,563	5,002
Retail trade	13,263	7,673	—	—	—	540,343	5,218	-332	535,458	—
Building materials, garden supplies, and mobile home dealers	—	—	—	—	—	*529	—	—	*529	—
General merchandise stores	12,601	79	—	—	—	268,446	-2,324	8	270,762	—
Food stores	—	—	—	—	—	149,205	—	—	149,205	—
Apparel and accessory stores	—	—	—	—	—	*8,635	*1,068	-336	*7,903	—
Eating and drinking places	—	—	—	—	—	71,451	-15,966	-4	87,421	—
Miscellaneous retail stores	662	7,594	—	—	—	42,077	22,440	—	19,637	—
Finance, insurance, and real estate	3,872,741	630,798	(¹)	—	(¹)	11,503,915	6,201,683	7,290	5,294,962	3,198
Banking	3,843,595	624,935	—	—	—	9,830,790	5,991,349	3,060	3,836,381	25
Credit agencies other than banks	—	—	—	—	—	366,657	93,771	—	272,886	—
Security, commodity brokers, and services	17	—	—	—	—	147,042	20,753	—	126,289	—
Insurance carriers	24,874	1,841	(¹)	—	(¹)	913,297	95,221	3,169	814,907	2,269
Insurance agents, brokers and services	4,254	—	—	—	—	28,425	—	—	28,425	—
Real estate	—	14	—	—	—	16,824	3,981	—	12,842	—
Holding and other investment companies except bank holding companies	1	230	—	—	—	200,881	-3,412	1,061	203,232	904
Services	3,821	631	—	—	—	710,732	45,542	5,104	660,086	4,075
Hotels and other lodging places	*2,866	—	—	—	—	*22,627	*14,252	—	*8,375	—
Personal services	44	—	—	—	—	49,303	684	—	48,618	541
Business services	256	631	—	—	—	280,118	22,927	933	256,258	3,467
Auto repair, miscellaneous repair services	—	—	—	—	—	*14,865	*7,580	—	*7,285	—
Amusement and recreational services	—	—	—	—	—	233,088	-628	2,011	231,705	—
Other services	655	—	—	—	—	110,732	726	2,160	107,645	67

Footnotes at end of table.

Corporate Foreign Tax Credit, 1984

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

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

Major industry	Foreign income and taxes reported on Form 1118—Continued										
	Taxable income (less loss) Continued	Foreign taxes available for credit									
		After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Total	Paid or accrued				
							Tax withheld at source on			Other taxes paid or accrued on	
						Dividends	Interest	Rents, royalties and license fees	Branch income	Service income	
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	
All Industries	63,406,730	27,008,241	1,596,589	28,604,831	11,233,040	1,398,265	958,851	1,098,086	5,047,204	261,441	
Agriculture, forestry, and fishing	49,734	35,078	—	35,078	8,948	892	23	894	297	6,347	
Mining	2,812,750	3,071,799	121,503	3,193,303	889,485	30,323	7,557	5,726	131,343	74,559	
Metal mining	*115,187	*136,046	*7,813	*143,859	*103,510	*1,174	*66	—	*542	*58,511	
Coal mining	129,058	58,836	7,034	65,870	65,870	—	257	—	65,613	—	
Oil and gas extraction	2,559,169	2,875,693	106,657	2,982,350	719,536	29,112	7,205	5,726	64,976	15,756	
Nonmetallic minerals, except fuels	*9,336	*1,224	—	*1,224	*570	*37	*29	—	*211	*292	
Construction	293,352	114,712	—	114,712	73,811	3,363	340	932	3,477	3,437	
General building contracts and operative builders	*205,639	*82,147	—	*82,147	*63,868	*883	—	*345	*907	*216	
Heavy construction contractors	*74,916	*31,212	—	*31,212	*9,186	*2,389	*340	*587	*1,904	*3,221	
Special trade contractors	*12,797	*1,352	—	*1,352	*757	*91	—	—	*666	—	
Manufacturing	45,445,892	20,695,675	1,420,048	22,115,723	8,451,344	1,245,158	168,138	1,034,263	4,319,414	131,909	
Food and kindred products	1,782,463	847,546	47	847,593	228,842	93,685	9,438	22,519	91,884	3,384	
Tobacco manufactures	329,499	71,053	6,791	77,844	37,291	4,525	1,438	10,069	4,841	4,963	
Textile mill products	69,636	30,694	—	30,694	6,084	4,338	142	1,136	10	230	
Apparel and other textile products	67,598	13,858	—	13,858	6,032	1,243	437	3,685	—	355	
Lumber and wood products	76,141	27,843	6	27,850	8,039	5,222	2,310	173	200	—	
Furniture and fixtures	5,734	1,318	—	1,318	430	103	7	258	44	18	
Paper and allied products	654,926	278,520	—	278,520	59,814	26,049	2,035	13,110	17,842	643	
Printing and publishing	313,316	130,913	—	130,913	39,127	8,043	2,556	5,291	5,574	1,979	
Chemicals and allied products	6,288,023	2,646,882	74,364	2,721,246	740,694	206,304	21,700	70,617	412,989	6,688	
Petroleum (including integrated) and coal products	19,058,814	10,957,777	1,324,287	12,282,064	5,874,053	320,965	79,592	623,402	3,371,912	43,608	
Rubber and miscellaneous plastics products	403,129	146,146	3	146,149	44,492	18,437	669	13,684	845	5,470	
Leather and leather products	25,347	8,126	—	8,126	2,237	580	44	429	—	409	
Stone, clay, and glass products	570,379	264,994	2	264,996	47,255	29,436	2,169	8,495	4,824	899	
Primary metal industries	373,163	144,694	3,308	148,002	51,180	7,583	284	10,277	28,521	3,370	
Fabricated metal products	1,168,708	460,619	—	460,619	93,901	51,445	2,843	9,672	25,397	552	
Machinery, except electrical	6,865,430	2,310,263	111	2,310,374	575,086	192,482	17,692	160,003	159,688	16,135	
Electrical and electronic equipment	2,497,268	601,889	11,128	613,017	253,553	47,170	5,266	44,885	129,902	14,517	
Motor vehicles and equipment	2,501,596	1,038,696	1	1,038,697	226,333	157,076	12,506	6,468	29,913	15,996	
Transportation equipment, except motor vehicles	872,819	225,672	—	225,672	65,749	23,619	4,396	10,626	14,191	12,320	
Instruments and related products	1,378,304	427,996	—	427,996	81,914	42,572	2,349	15,550	20,533	206	
Miscellaneous manufacturing products and manufacturing not allocable	143,596	60,175	—	60,175	9,239	4,281	266	3,916	305	167	
Transportation and public utilities	1,282,705	389,489	54,297	443,786	229,682	22,487	5,641	11,198	34,325	19,753	
Transportation	372,049	67,362	90	67,451	43,518	6,173	3,503	2,727	7,778	9,982	
Water transportation	189,225	23,077	—	23,077	21,978	1	140	1,404	3,403	7,873	
Other transportation	182,824	44,284	90	44,374	21,540	6,172	3,363	1,322	4,375	2,109	
Communication	428,434	106,312	—	106,312	35,480	12,479	582	7,551	5,110	3,198	
Electric, gas, and sanitary services	482,223	215,816	54,207	270,024	150,684	3,835	1,556	920	21,436	6,574	
Wholesale and retail trade	1,314,923	579,020	660	579,680	95,659	33,314	16,188	12,493	19,243	4,668	
Wholesale trade	774,580	333,674	660	334,335	49,226	21,685	8,696	4,440	4,721	2,527	
Groceries and related products	*24,117	*6,005	—	*6,005	*1,406	*1,112	*278	*116	—	—	
Machinery, equipment, and supplies	44,193	18,387	—	18,387	3,810	292	276	630	—	1,130	
Miscellaneous wholesale trade	706,271	309,281	660	309,942	44,010	20,281	8,142	3,795	4,721	1,397	
Drugs, chemicals, and allied products	33,512	21,728	—	21,728	3,330	1,062	449	720	171	23	
Petroleum and petroleum products	*385,934	*169,897	*660	*170,557	*10,242	*8,490	*48	*55	—	*5	
Other miscellaneous wholesale trade	286,825	117,657	—	117,657	30,437	10,730	7,645	3,020	4,550	1,368	
Retail trade	540,343	245,346	—	245,346	46,433	11,628	7,491	8,052	14,521	2,141	
Building materials, garden supplies, and mobile home dealers	*529	*199	—	*199	*93	*4	—	*70	—	—	
General merchandise stores	268,446	118,412	—	118,412	17,260	4,009	5,150	475	5,765	918	
Food stores	149,205	64,855	—	64,855	8,055	5,746	139	1,424	—	432	
Apparel and accessory stores	*8,635	*2,139	—	*2,139	*1,969	*418	*18	*419	*81	—	
Eating and drinking places	71,451	18,297	—	18,297	10,084	530	1,993	4,318	2,173	791	
Miscellaneous retail stores	42,077	41,443	—	41,443	8,970	921	192	1,346	6,502	—	
Finance, insurance, and real estate	11,500,717	1,854,471	4	1,854,475	1,393,021	50,906	759,773	7,640	519,458	6,122	
Banking	9,830,765	1,402,426	4	1,402,430	1,208,009	28,434	712,202	2,468	441,266	316	
Credit agencies other than banks	366,657	113,275	—	113,275	57,225	2,011	14,925	741	29,988	1,009	
Security, commodity brokers, and services	147,042	10,517	—	10,517	5,937	1,796	661	135	1,669	1,592	
Insurance carriers	911,028	190,558	—	190,558	104,038	8,513	30,345	923	46,535	3,176	
Insurance agents, brokers and services	28,425	8,446	—	8,446	2,002	1,470	66	114	—	3	
Real estate	16,824	8,518	—	8,518	3,294	582	45	461	—	—	
Holding and other investment companies except bank holding companies	199,977	120,730	—	120,730	12,516	8,099	1,530	2,799	—	26	
Services	706,657	267,997	76	268,073	91,091	11,823	1,191	24,940	19,647	14,648	
Hotels and other lodging places	*22,627	*5,679	—	*5,679	*5,534	—	*46	*1,968	*2,445	*556	
Personal services	48,761	29,539	—	29,539	3,086	1,281	23	52	93	432	
Business services	276,651	135,344	76	135,418	45,484	5,095	383	7,870	16,231	11,664	
Auto repair; miscellaneous repair services	*14,865	*5,204	—	*5,204	*2,224	*827	*399	*107	*485	—	
Amusement and recreational services	233,088	58,783	—	58,783	20,099	4,195	—	14,465	—	225	
Other services	110,664	33,451	—	33,451	14,664	425	340	477	473	1,284	

Footnotes at end of table.

Corporate Foreign Tax Credit, 1984

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

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

Major industry	Foreign income and taxes reported on Form 1118—Continued									
	Foreign taxes available for credit—Continued				Foreign tax credit computed			Income and taxes of related foreign corporations and DISC's		
	Paid or accrued—Continued		Deemed paid	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations	Gains, profits and income	Taxes paid on gains, profits and income	Dividends paid or constructively distributed to domestic corporations
	Partnership income	Other income								
(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	
All industries	123,054	2,346,140	12,094,868	5,276,923	21,415,963	1,843	21,414,121	68,372,124	26,200,709	16,459,170
Agriculture, forestry, and fishing	—	496	3,231	22,898	11,985	—	11,985	17,523	6,194	5,892
Mining	42,393	597,584	636,358	1,667,460	1,164,747	—	1,164,747	1,736,530	1,131,217	425,089
Metal mining	*41,836	*1,381	*8,122	*32,227	*35,238	—	*35,238	*28,696	*15,713	*7,068
Coal mining	—	—	—	—	58,836	—	58,836	—	—	—
Oil and gas extraction	557	596,203	627,676	1,635,138	1,069,449	—	1,069,449	1,698,953	1,111,476	417,551
Nonmetallic minerals, except fuels	—	—	*560	*95	*1,224	—	*1,224	*8,880	*4,028	*471
Construction	62,088	174	29,234	11,667	86,027	—	86,027	165,805	36,985	61,188
General building contracts and operative builders	*61,344	*174	*14,385	*3,894	*68,464	—	*68,464	*38,547	*12,900	*25,648
Heavy construction contractors	*744	—	*14,263	*7,763	*16,509	—	*16,509	*11,134	*19,035	*34,706
Special trade contractors	—	—	*586	*9	*1,053	—	*1,053	*16,124	*5,051	*834
Manufacturing	8,172	1,544,288	10,596,281	3,068,098	17,496,392	1,842	17,494,550	60,519,460	23,285,394	14,059,990
Food and kindred products	636	7,296	541,796	76,956	765,200	420	764,780	2,327,985	787,054	781,044
Tobacco manufactures	—	11,455	40,553	—	71,029	—	71,029	316,341	58,534	98,338
Textile mill products	144	85	19,897	4,712	25,251	—	25,251	163,078	57,449	28,920
Apparel and other textile products	—	312	7,511	314	13,269	—	13,269	68,451	21,044	18,192
Lumber and wood products	24	111	13,027	6,784	23,801	—	23,801	149,306	34,631	41,824
Furniture and fixtures	—	—	861	26	1,314	—	1,314	6,787	3,006	1,185
Paper and allied products	—	135	170,499	48,207	245,679	—	245,679	1,004,343	360,072	202,553
Printing and publishing	47	15,636	75,609	16,177	93,508	—	93,508	721,391	279,303	90,134
Chemicals and allied products	2,489	19,907	1,734,610	245,941	2,414,530	202	2,414,328	8,051,011	2,802,260	2,700,893
Petroleum (including integrated) and coal products	—	1,434,575	4,085,187	2,322,824	8,495,722	—	8,495,722	19,917,118	7,491,872	4,575,521
Rubber and miscellaneous plastics products	—	5,388	74,616	27,040	136,352	204	136,148	516,325	178,510	121,601
Leather and leather products	—	776	5,862	27	7,655	—	7,655	18,481	5,595	7,711
Stone, clay, and glass products	—	1,432	199,970	17,772	224,006	15	223,991	958,742	332,146	231,781
Primary metal industries	—	1,145	53,563	43,259	123,104	—	123,104	809,380	251,532	147,845
Fabricated metal products	3,184	808	345,686	21,031	416,983	—	416,983	1,585,737	585,530	515,584
Machinery, except electrical	1,369	27,717	1,685,872	49,417	2,259,524	131	2,259,393	10,042,424	4,535,903	1,995,511
Electrical and electronic equipment	6	11,806	292,821	66,643	539,654	16	539,638	2,043,309	713,915	506,044
Motor vehicles and equipment	—	4,374	729,231	83,133	970,229	—	970,229	8,677,048	3,546,122	1,226,671
Transportation equipment, except motor vehicles	225	372	142,558	17,365	213,206	—	213,206	760,431	252,235	243,626
Instruments and related products	40	664	336,482	9,601	405,543	851	404,692	2,188,793	918,426	468,896
Miscellaneous manufacturing products and manufacturing not allocable	9	294	40,068	10,869	50,833	3	50,830	192,978	70,252	56,117
Transportation and public utilities	2,275	134,002	129,905	84,199	354,738	—	354,738	945,333	248,071	352,668
Transportation	874	12,480	15,580	8,354	55,631	—	55,631	149,480	26,172	56,159
Water transportation	750	8,407	534	565	19,752	—	19,752	55,054	1,647	17,163
Other transportation	124	4,073	15,045	7,789	35,879	—	35,879	94,426	24,524	38,996
Communication	775	5,785	69,792	1,040	104,752	—	104,752	501,895	144,370	162,347
Electric, gas, and sanitary services	626	115,737	44,534	74,806	194,356	—	194,356	293,958	77,529	134,162
Wholesale and retail trade	1,087	8,667	340,314	143,708	482,407	1	482,406	2,147,959	653,041	696,028
Wholesale trade	1,035	6,120	199,064	86,045	300,619	1	300,619	1,148,407	307,764	407,406
Groceries and related products	—	*1	*4,497	*103	*5,764	—	*5,764	*11,897	*5,065	*6,061
Machinery, equipment, and supplies	—	1,480	7,864	6,714	12,595	—	12,595	39,855	14,947	15,292
Miscellaneous wholesale trade	1,035	4,639	186,703	79,228	282,260	1	282,260	1,096,656	287,752	386,053
Drugs, chemicals, and allied products	—	906	9,729	8,669	13,689	1	13,688	43,868	17,525	14,507
Petroleum and petroleum products	—	*1,645	*115,973	*44,342	*169,183	—	*169,183	*360,250	*115,973	*242,477
Other miscellaneous wholesale trade	1,035	2,089	61,002	26,217	99,389	—	99,389	692,537	154,254	129,069
Retail trade	52	2,547	141,250	57,662	181,788	—	181,788	999,552	345,277	288,622
Building materials, garden supplies, and mobile home dealers	—	*19	—	*106	*199	—	*199	—	—	—
General merchandise stores	—	944	69,966	31,185	83,070	—	83,070	732,221	226,842	184,065
Food stores	—	315	56,490	310	60,368	—	60,368	129,872	56,518	73,199
Apparel and accessory stores	—	*1,033	*170	—	*2,117	—	*2,117	*1,636	*187	*1,424
Eating and drinking places	52	228	6,618	1,595	17,786	—	17,786	85,257	37,165	17,820
Miscellaneous retail stores	—	9	8,006	24,467	18,248	—	18,248	50,567	24,566	12,115
Finance, insurance, and real estate	4,145	44,978	267,437	194,017	1,616,276	—	1,616,276	2,294,368	662,603	676,365
Banking	438	22,885	129,298	65,123	1,328,811	—	1,328,811	1,463,116	446,682	406,200
Credit agencies other than banks	1,445	7,106	27,557	28,493	53,297	—	53,297	80,117	30,946	44,118
Security, commodity brokers, and services	2	81	3,234	1,346	10,177	—	10,177	74,976	10,137	13,417
Insurance carriers	1,947	12,599	35,707	50,813	130,915	—	130,915	170,865	55,523	72,126
Insurance agents, brokers and services	312	37	6,444	—	8,091	—	8,091	158,711	28,823	8,269
Real estate	—	2,208	3,635	1,589	6,458	—	6,458	14,454	6,186	5,338
Holding and other investment companies except bank holding companies	—	62	61,561	46,653	78,527	—	78,527	332,129	84,306	126,897
Services	2,893	15,951	92,106	84,876	203,391	—	203,391	545,145	177,204	181,949
Hotels and other lodging places	—	*519	—	*145	*5,528	—	*5,528	—	—	—
Personal services	—	1,205	19,304	7,150	21,741	—	21,741	118,765	53,046	20,868
Business services	672	3,569	44,593	45,340	93,181	—	93,181	213,414	78,846	63,092
Auto repair, miscellaneous repair services	—	—	*2,981	—	*5,204	—	*5,204	*6,835	*2,981	*3,854
Amusement and recreational services	137	1,077	17,573	21,111	56,762	—	56,762	179,160	32,464	79,574
Other services	2,084	9,580	7,656	11,131	20,973	—	20,973	26,972	9,868	14,561

Footnotes at end of table.

Corporate Foreign Tax Credit, 1984

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

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

Major industry	Foreign income and taxes reported on Form 1118—Continued							
	Income and taxes of related foreign corporations and DISC's—Continued							
	Taxes deemed paid by related foreign corporations	Dividends paid to related foreign corporations and DISC's by second-tier foreign corporations	Dividends paid to second-tier foreign corporations by third-tier foreign corporations	Income and taxes of first, second, and third-tier foreign corporations from which constructive distributions were received				
				Gains, profits and income	Taxes paid on gains, profits and income	Dividends constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Taxes deemed paid by domestic corporations
(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	
All Industries	4,389,878	5,617,042	255,688	7,241,862	1,879,031	3,070,724	391,245	1,320,467
Agriculture, forestry, and fishing	—	—	—	—	—	—	—	—
Mining	1,255	20,943	10,000	160,001	31,899	87,655	1,007	17,998
Metal mining	—	—	—	—	—	—	—	—
Coal mining	—	—	—	—	—	—	—	—
Oil and gas extraction	1,255	20,943	10,000	160,001	31,899	87,655	1,007	17,998
Nonmetallic minerals, except fuels	—	—	—	—	—	—	—	—
Construction	21,314	30,171	—	38,378	4,868	13,119	—	1,968
General building contracts and operative builders	*1,486	*1,160	—	—	—	—	—	—
Heavy construction contractors	*19,829	*29,011	—	*38,378	*4,868	*13,119	—	*1,968
Special trade contractors	—	—	—	—	—	—	—	—
Manufacturing	4,168,161	5,235,712	205,642	6,228,742	1,720,656	2,431,048	355,763	1,175,440
Food and kindred products	185,337	360,448	85,670	442,677	122,316	203,209	44,000	121,380
Tobacco manufactures	52,409	94,875	—	141,478	24,473	51,026	24,346	22,683
Textile mill products	11	11	—	22,492	10,971	5,597	—	7,942
Apparel and other textile products	—	—	—	9,362	530	4,601	—	208
Lumber and wood products	1,530	2,430	—	140,932	31,467	39,304	1,530	11,141
Furniture and fixtures	—	—	—	—	—	—	—	—
Paper and allied products	36,237	46,309	5,208	47,076	13,547	21,521	4,291	13,088
Printing and publishing	3,580	3,762	3,088	23,784	9,735	13,473	—	9,535
Chemicals and allied products	267,521	516,731	21,729	1,515,286	359,572	702,544	138,103	296,672
Petroleum (including integrated) and coal products	3,107,907	3,434,118	6,414	1,233,980	372,417	434,502	79,230	187,875
Rubber and miscellaneous plastics products	7,869	13,770	—	13,711	3,840	7,325	—	2,840
Leather and leather products	3,075	3,750	—	1,822	183	194	—	19
Stone, clay, and glass products	48,242	78,671	9,505	18,391	5,091	8,739	1,466	5,324
Primary metal industries	8,772	15,565	743	67,487	4,029	42,914	295	2,649
Fabricated metal products	46,354	98,320	53,785	67,325	28,043	33,729	768	22,974
Machinery, except electrical	161,625	240,876	369	964,896	348,782	354,805	29,355	258,029
Electrical and electronic equipment	64,276	101,028	12,506	319,515	70,584	103,039	3,895	43,267
Motor vehicles and equipment	88,634	102,945	299	519,761	56,672	205,236	1,221	52,736
Transportation equipment, except motor vehicles	32,963	55,010	5,766	102,720	35,067	29,994	7,415	18,633
Instruments and related products	51,449	66,651	512	566,416	219,746	165,137	19,845	94,860
Miscellaneous manufacturing products and manufacturing not allocable	370	441	47	9,632	3,591	4,158	4	3,586
Transportation and public utilities	62,072	68,744	838	355,569	35,450	219,291	28,099	46,697
Transportation	3,847	6,972	634	55,478	3,803	18,945	264	2,689
Water transportation	—	—	—	37,001	1,579	3,757	—	471
Other transportation	3,847	6,972	634	18,478	2,224	15,187	264	2,219
Communication	54,701	55,842	138	131,483	8,652	94,391	27,743	21,087
Electric, gas, and sanitary services	3,525	5,930	66	168,607	22,995	105,955	92	22,921
Wholesale and retail trade	73,390	97,058	19,317	263,416	40,502	185,156	5,998	36,423
Wholesale trade	11,080	21,613	1,005	103,202	18,248	55,076	2,308	12,979
Groceries and related products	—	—	—	—	—	—	—	—
Machinery, equipment, and supplies	—	—	—	19,204	6,501	9,190	—	4,719
Miscellaneous wholesale trade	11,080	21,613	1,005	83,997	11,747	45,885	2,308	8,260
Drugs, chemicals, and allied products	—	—	—	65	21	44	—	21
Petroleum and petroleum products	—	—	—	*34,646	*3,808	*30,838	—	*3,808
Other miscellaneous wholesale trade	11,080	21,613	1,005	49,287	7,917	15,004	2,308	4,431
Retail trade	62,310	75,446	18,312	160,215	22,254	130,080	3,690	23,443
Building materials, garden supplies, and mobile home dealers	—	—	—	—	—	—	—	—
General merchandise stores	62,186	75,345	18,312	126,167	17,552	101,136	3,690	19,182
Food stores	—	—	—	15,345	727	14,618	—	727
Apparel and accessory stores	—	—	—	*1,174	*24	*1,151	—	*24
Eating and drinking places	120	96	—	16,930	3,873	12,868	—	3,450
Miscellaneous retail stores	4	5	—	599	78	308	—	60
Finance, insurance, and real estate	56,341	151,848	18,641	172,379	40,266	117,232	378	37,287
Banking	2,225	7,323	—	91,235	18,722	65,541	—	17,492
Credit agencies other than banks	5	17	—	29,797	10,354	19,296	—	10,180
Security, commodity brokers, and services	1,521	1,521	1,111	2,656	609	2,016	—	609
Insurance carriers	925	2,943	264	32,920	7,727	24,989	—	7,640
Insurance agents, brokers and services	26,548	97,139	7,725	1,473	167	668	136	225
Real estate	—	—	—	—	—	—	—	—
Holding and other investment companies except bank holding companies	25,118	42,906	9,541	14,298	2,687	4,723	241	1,140
Services	7,345	12,584	1,250	23,378	5,390	17,223	—	4,654
Hotels and other lodging places	—	—	—	—	—	—	—	—
Personal services	2,316	7,603	1,180	—	—	—	—	—
Business services	4,971	4,628	70	4,664	2,312	1,586	—	1,577
Auto repair; miscellaneous repair services	—	—	—	—	—	—	—	—
Amusement and recreational services	—	—	—	6,902	768	6,134	—	768
Other services	58	333	—	11,812	2,309	9,503	—	2,309

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

¹ Less than \$500 per return.

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

Corporate Foreign Tax Credit, 1984

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
 Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets

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

Size of total assets	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	4,809	4,338,015,288	2,361,756,510	14,654,209	4,856,696	3,882,572	12,094,902	138,927,479	132,953,823
Zero assets	86	—	14,504,099	54,619	20,542	45,028	54,264	1,685,990	1,619,117
\$1 under \$1,000,000	1,374	636,679	807,211	4,603	972	—	1,798	82,969	73,306
\$1,000,000 under \$10,000,000	1,217	4,670,240	6,721,629	26,766	10,888	4,791	18,811	617,601	542,458
\$10,000,000 under \$50,000,000	822	19,961,217	30,792,088	107,970	66,553	41,057	86,745	2,415,915	2,275,859
\$50,000,000 under \$100,000,000	258	18,856,761	26,223,154	71,702	103,087	23,894	52,752	2,095,180	1,959,945
\$100,000,000 under \$250,000,000	291	46,194,161	66,994,730	250,032	155,726	52,405	193,375	4,828,962	4,651,353
\$250,000,000 under \$500,000,000	171	62,550,929	81,150,234	327,504	214,963	62,733	228,649	5,319,840	5,137,551
\$500,000,000 under \$1,000,000,000	162	114,788,752	144,664,941	557,238	284,509	118,855	376,069	8,433,688	8,148,669
\$1,000,000,000 or more	429	4,070,356,550	1,989,898,425	13,253,775	3,999,456	3,533,809	11,082,439	113,447,335	108,545,565

Size of total assets	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	General business credit	Other credits	U.S. income tax after credits	Foreign income and taxes reported on Form 1118		
	Total	Regular and alternative tax						Gross income (less loss) excluding branch operations and specially allocable income		
								Total	Dividends	Dividend gross-up
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
Total	59,508,965	58,451,950	21,407,265	12,333	9,104,476	1,391,254	27,593,637	85,453,725	20,834,778	12,094,872
Zero assets	799,949	713,972	147,458	—	46,958	5,235	600,297	772,187	99,647	54,264
\$1 under \$1,000,000	18,499	18,352	4,315	—	512	3	13,669	127,209	4,665	1,794
\$1,000,000 under \$10,000,000	221,743	219,955	34,687	1,087	14,111	5,153	166,705	331,394	33,907	18,789
\$10,000,000 under \$50,000,000	1,019,044	1,011,593	133,139	10,241	77,516	18,750	779,399	856,704	150,948	86,744
\$50,000,000 under \$100,000,000	872,651	866,371	119,954	—	74,875	18,206	659,616	633,320	100,702	52,749
\$100,000,000 under \$250,000,000	2,111,344	2,090,145	303,685	1,005	185,951	41,328	1,579,376	2,076,675	319,608	193,375
\$250,000,000 under \$500,000,000	2,295,193	2,277,588	357,297	—	258,696	41,925	1,637,274	1,395,864	418,425	228,649
\$500,000,000 under \$1,000,000,000	3,719,366	3,681,392	682,865	—	482,563	85,256	2,468,682	2,960,395	682,330	376,066
\$1,000,000,000 or more	48,451,175	47,572,583	19,623,866	—	7,963,294	1,175,397	19,688,618	76,299,977	19,024,548	11,082,442

Size of total assets	Foreign income and taxes reported on Form 1118—Continued									
	Gross income (less loss) excluding branch operations and specially allocable income—Continued		Total gross income (less loss) from extraction of oil or gas	Total deductions excluding branch operations and specially allocable income	Total deductions from oil and gas extraction income	Taxable income (less loss)				
	Interest income	Other income				Before loss recapture				Recapture of prior year foreign losses
						Total	Foreign branch income	Specially allocable income (Section 863(B))	Other than from branch operations and specially allocable income	
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	
Total	17,723,038	34,801,037	26,903,371	38,766,636	9,486,672	63,587,976	14,541,126	2,359,760	46,687,089	181,246
Zero assets	345,475	272,801	30,024	202,110	—	626,313	41,359	14,878	570,077	2,992
\$1 under \$1,000,000	116	120,634	—	92,452	—	34,756	—	—	34,756	—
\$1,000,000 under \$10,000,000	11,057	267,641	5,971	197,895	1,271	136,011	1,703	809	133,499	494
\$10,000,000 under \$50,000,000	38,204	580,808	109,074	431,150	48,655	462,548	29,098	7,895	425,554	4,207
\$50,000,000 under \$100,000,000	22,225	457,645	67,831	281,124	30,246	388,975	16,600	20,179	352,196	1,069
\$100,000,000 under \$250,000,000	75,003	1,488,690	585	1,295,041	48	842,871	29,303	31,933	781,634	1,114
\$250,000,000 under \$500,000,000	130,585	618,206	261,614	516,727	95,195	1,011,366	60,554	71,675	879,137	1,748
\$500,000,000 under \$1,000,000,000	271,155	1,630,844	199,657	1,175,237	68,549	2,098,203	210,149	102,896	1,785,158	4,861
\$1,000,000,000 or more	16,829,218	29,363,770	26,228,616	34,574,899	9,242,708	57,986,933	14,152,360	2,109,495	41,725,078	164,762

Size of total assets	Foreign income and taxes reported on Form 1118—Continued									
	Taxable income (less loss)—Continued	Foreign taxes available for credit								
		After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Paid or accrued on				
						Total	Dividends	Interest	Rents, royalties and license fees	Branch income
(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	
Total	63,406,730	27,008,241	1,596,589	28,604,831	11,233,040	1,398,265	958,851	1,098,086	5,047,204	2,730,634
Zero assets	623,321	171,590	76	171,666	63,098	3,339	34,183	2,030	481	23,065
\$1 under \$1,000,000	34,756	17,189	—	17,189	4,902	421	8	1,802	—	2,671
\$1,000,000 under \$10,000,000	135,517	47,760	—	47,760	18,718	1,274	779	3,508	864	12,295
\$10,000,000 under \$50,000,000	458,341	198,208	1,268	199,476	60,868	9,447	2,370	11,961	14,723	22,367
\$50,000,000 under \$100,000,000	387,907	141,279	1,643	142,922	64,368	8,614	1,440	6,640	6,435	41,239
\$100,000,000 under \$250,000,000	841,757	409,472	74	409,546	168,147	23,439	3,405	13,854	14,304	113,145
\$250,000,000 under \$500,000,000	1,009,618	449,593	27,600	477,193	171,040	29,932	4,107	11,587	28,553	96,861
\$500,000,000 under \$1,000,000,000	2,093,342	843,466	19,350	862,816	364,141	51,654	7,799	22,979	64,625	217,084
\$1,000,000,000 or more	57,822,171	24,729,685	1,546,578	26,276,263	10,317,755	1,270,144	904,760	1,023,726	4,917,220	2,201,906

**Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets—Continued**

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

Size of total assets	Foreign income and taxes reported on Form 1118—Continued				
	Foreign taxes available for credit—Continued		Foreign tax credit computed		
	Total deemed paid	Carryover available for credit	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations
	(40)	(41)	(42)	(43)	(44)
Total	12,094,868	5,276,923	21,415,963	1,843	21,414,121
Zero assets	54,264	54,304	147,458	—	147,458
\$1 under \$1,000,000	1,791	10,496	4,315	—	4,315
\$1,000,000 under \$10,000,000	18,789	10,253	34,687	—	34,687
\$10,000,000 under \$50,000,000	86,744	51,863	133,140	—	133,140
\$50,000,000 under \$100,000,000	52,749	25,805	119,954	—	119,954
\$100,000,000 under \$250,000,000	193,375	48,024	303,721	15	303,706
\$250,000,000 under \$500,000,000	228,649	77,504	357,298	—	357,297
\$500,000,000 under \$1,000,000,000	376,066	122,609	682,865	—	682,865
\$1,000,000,000 or more	11,082,442	4,876,065	19,632,527	1,827	19,630,700

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

Corporate Foreign Tax Credit, 1984

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
Table 3.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed

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

Type of foreign income for which separate credit was computed	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	4,809	4,338,015,288	2,361,756,510	14,654,209	4,856,696	3,882,572	12,094,902	138,927,479	132,953,823
Certain interest income	231	1,225,375,752	910,399,612	8,974,111	2,347,698	2,068,007	7,953,355	59,861,447	58,338,292
Dividends received from DISC's	110	658,665,932	566,927,900	3,916,765	1,773,097	1,080,187	3,066,884	35,188,311	33,583,914
All other foreign source income	4,716	4,284,486,953	2,350,693,127	14,653,855	4,847,182	3,881,052	12,094,778	138,532,784	132,504,054
Foreign oil and gas extraction income	59	676,218,995	542,653,476	5,973,180	725,000	1,137,796	5,474,277	36,485,620	35,162,101

Type of foreign income for which separate credit was computed	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	General business credit	Other credits	U.S. income tax after credits	Foreign income and taxes reported on Form 1118		
	Total	Regular and alternative tax						Gross income (less loss) excluding branch operations and specially allocable income		
								Total	Dividends	Dividend gross-up
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Total	59,508,965	58,451,950	21,407,265	12,333	9,104,476	1,391,254	27,593,637	85,453,725	20,834,778	12,094,872
Certain interest income	26,577,776	26,052,985	13,344,800	—	3,172,217	771,420	9,289,340	1,298,348	109,976	25,299
Dividends received from DISC's	15,059,635	14,684,024	6,489,213	—	2,310,511	335,467	5,924,444	1,716,894	1,709,109	7,785
All other foreign source income	59,305,455	58,250,845	21,403,346	12,333	9,060,049	1,390,618	27,439,108	82,438,483	19,015,694	12,061,787
Foreign oil and gas extraction income	15,780,409	15,462,714	10,878,032	—	1,526,076	137,197	3,239,104	28,214,058	7,776,393	5,457,315

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118—Continued										
	Gross income (less loss) excluding branch operations and specially allocable income—Continued			Total gross income (less loss) from extraction of oil or gas	Total deductions excluding branch operations and specially allocable income	Total deductions from oil and gas extraction income	Taxable income (less loss)				Recapture of prior year foreign losses
	Interest income	Other income	Total				Before loss recapture				
							Foreign branch income	Specially allocable income (Section 863(b))	Other than from branch operations and specially allocable income		
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	
Total	17,723,038	34,801,037	26,903,371	38,766,636	9,486,672	63,587,976	14,541,126	2,359,760	46,687,089	181,246	
Certain interest income	1,163,073	—	—	297,667	—	1,000,682	—	—	1,000,682	51	
Dividends received from DISC's	—	—	—	374,355	—	1,342,539	—	—	1,342,539	608	
All other foreign source income	16,559,965	34,801,037	26,903,371	38,094,614	9,486,672	61,244,756	14,541,126	2,359,760	44,343,869	180,587	
Foreign oil and gas extraction income	1,149,981	13,830,369	26,903,371	10,804,602	9,486,672	17,416,699	7,255,966	166,042	17,409,456	73,967	

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118—Continued									
	Taxable income (less loss)—Continued		Foreign taxes available for credit							
	After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Paid or accrued on					
					Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
Total	63,406,730	27,008,241	1,596,589	28,604,831	11,233,040	1,398,265	958,851	1,098,086	5,047,204	2,730,634
Certain interest income	1,000,630	83,664	—	83,664	57,399	289	57,110	—	—	—
Dividends received from DISC's	1,341,931	8,182	—	8,182	133	133	—	—	—	—
All other foreign source income	61,064,169	26,916,395	1,596,589	28,512,985	11,175,508	1,397,843	901,742	1,098,086	5,047,204	2,730,634
Foreign oil and gas extraction income	24,757,496	14,562,225	1,536,755	16,140,413	5,431,805	402,168	60,160	650,593	3,831,239	2,062,840

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118—Continued				
	Foreign taxes available for credit—Continued		Foreign tax credit computed		
	Total deemed paid	Carryover available for credit	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations
	(40)	(41)	(42)	(43)	(44)
Total	12,094,868	5,276,923	21,415,963	1,843	21,414,121
Certain interest income	25,299	966	76,977	—	—
Dividends received from DISC's	7,785	264	8,057	—	—
All other foreign source income	12,061,783	5,275,693	21,330,929	—	—
Foreign oil and gas extraction income	3,611,604	590,525	10,829,795	—	—

NOTE: The data in columns 1–16 pertain to the total activity of the domestic parent corporation. Since many corporations compute a foreign tax credit for more than one type of foreign income, the data in these columns are not additive. The data in columns 43 and 44 are reported as corporate totals only, not by type of income. The data in columns 17–21, 23, 26–31, 33, 35–39, and 42 of the foreign oil and gas extraction income line represent the amounts of total all other foreign source income and tax for those corporations reporting foreign oil and gas extraction income and taxes. The data in columns 22, 24, 25, 32, 34, 40, and 41 of the foreign oil and gas extraction income line are the actual foreign oil and gas extraction income and tax amounts. Form 1118 detail may not add to totals because of rounding.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends

(Money amounts are in thousands of dollars)

Country and DISC dividends	Number of returns	Total assets	Income and taxes from all sources							Foreign taxes deemed paid	Reduction for certain foreign taxes
			Net income (less deficit)	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
All geographic areas, total	762	4,247,696,231	127,200,863	121,831,785	53,531,563	20,664,028	61,969,502	10,852,937	11,687,156	1,593,528	
Canada	567	3,776,719,834	117,217,818	112,060,793	49,138,002	20,151,443	58,979,708	10,375,933	11,485,546	1,541,785	
Latin America, total	499	3,731,943,323	109,687,647	106,100,115	46,576,797	19,959,968	58,772,340	10,328,958	11,339,649	1,535,184	
Mexico	402	3,398,513,149	99,434,350	96,188,232	42,262,840	18,509,263	54,919,739	9,639,400	10,518,857	1,423,577	
Central America, total	236	2,836,838,886	84,986,203	82,496,378	36,051,415	16,998,230	49,758,189	8,749,389	9,555,059	1,215,483	
Honduras	79	1,742,955,671	52,427,448	50,507,494	22,187,159	11,324,104	32,653,417	5,749,529	6,784,802	968,405	
Panama (including Canal Zone)	179	2,491,717,367	75,011,844	72,809,013	31,730,013	14,463,777	43,215,829	7,100,567	8,557,094	1,138,757	
Caribbean countries, total	241	2,885,924,708	83,531,865	80,911,332	35,384,112	17,030,425	49,803,227	8,795,697	9,694,346	1,273,544	
Cayman Islands (British)	121	1,970,083,994	53,878,225	51,679,637	22,749,802	12,632,548	37,050,185	7,172,664	6,769,282	1,143,877	
Dominican Republic	103	1,864,092,886	57,969,673	55,854,967	24,479,169	12,247,366	35,367,359	5,463,078	7,689,869	469,248	
Trinidad and Tobago	103	1,714,713,544	56,039,201	55,097,061	23,973,714	12,890,060	35,573,533	6,492,323	7,513,557	628,365	
South America, total	410	3,468,821,384	103,807,366	100,475,848	44,064,847	19,511,947	57,141,209	10,234,667	11,039,248	1,525,658	
Argentina	246	2,916,946,565	87,008,919	84,799,885	37,372,076	18,205,855	52,758,276	9,647,906	10,228,176	1,472,883	
Brazil	304	3,216,615,521	92,067,196	89,683,659	39,306,274	18,075,615	52,971,550	9,175,915	10,449,278	1,305,087	
Chile	172	2,575,245,666	77,077,175	75,285,279	32,904,257	15,758,968	46,058,739	8,361,903	8,361,903	1,182,090	
Colombia	191	2,604,388,582	80,813,647	78,124,266	34,479,960	16,936,578	48,196,776	8,656,664	9,778,418	1,284,551	
Ecuador	140	2,280,462,029	71,771,676	69,832,418	30,697,861	15,778,852	44,463,563	8,279,146	8,948,347	1,237,930	
Peru	178	2,649,277,567	76,877,239	74,338,336	32,679,286	16,545,851	47,901,294	8,706,185	9,348,602	1,331,438	
Venezuela	264	2,967,273,498	90,674,541	87,626,531	38,612,536	17,996,526	52,458,346	9,583,323	10,251,964	1,504,505	
Other Western Hemisphere, total	314	3,270,009,156	97,515,132	94,215,824	41,328,717	18,837,985	55,152,462	9,888,709	10,609,929	1,509,946	
The Bahamas	120	2,282,146,861	61,828,382	59,693,902	26,200,174	13,573,638	40,489,161	7,446,345	7,396,292	1,122,564	
Netherlands Antilles	203	2,735,167,690	76,345,281	73,811,526	32,242,128	15,006,210	44,169,400	7,231,997	9,216,116	1,214,240	
Europe, total	527	3,715,251,971	112,924,034	108,759,105	47,764,829	20,271,969	59,640,100	10,428,345	11,557,448	1,534,120	
Common Market countries, total	503	3,664,117,625	111,768,441	107,703,344	47,289,769	20,197,691	59,367,596	10,344,394	11,538,947	1,509,216	
Belgium	246	2,889,158,670	87,929,068	85,597,427	37,450,316	16,931,280	49,706,878	8,584,847	9,742,078	1,200,153	
France (including Andorra)	316	3,062,295,580	93,349,344	90,503,383	39,618,429	16,748,022	50,123,205	7,745,877	10,373,565	1,190,644	
Greece	118	1,926,416,950	61,112,709	59,327,241	26,022,599	13,541,437	38,777,201	7,311,213	7,473,934	1,019,514	
Ireland	120	1,992,647,391	60,260,322	59,276,329	25,880,745	14,739,831	41,367,184	8,022,806	8,204,093	1,266,363	
Italy (including San Marino)	300	3,062,806,944	93,290,939	90,418,609	39,583,717	18,005,418	52,822,821	9,406,623	10,190,377	1,393,633	
Luxembourg	53	1,474,281,489	31,369,574	30,235,051	13,350,058	8,605,113	24,077,222	4,458,714	5,105,939	513,456	
Netherlands	264	2,881,586,627	86,387,566	83,007,963	36,770,274	17,475,774	50,323,834	8,935,226	10,079,439	1,299,445	
United Kingdom	427	3,483,222,176	107,981,590	104,238,786	45,768,027	19,974,413	58,319,678	10,222,407	11,421,155	1,499,768	
West Germany	331	3,098,867,049	96,869,485	93,518,133	40,944,052	17,986,002	52,483,208	8,987,676	10,396,579	1,282,787	
Other West European countries, total	386	3,436,599,656	102,512,787	99,318,002	43,571,480	19,714,031	57,753,912	10,234,225	11,196,594	1,507,848	
Austria	133	1,949,486,314	62,842,804	60,948,791	26,750,774	13,915,876	39,998,323	6,661,274	8,519,722	1,041,657	
Finland	136	2,284,132,521	64,623,485	63,479,697	27,651,148	12,693,977	37,658,868	6,170,401	7,524,849	959,849	
Norway	148	1,924,688,335	68,124,486	66,457,104	29,088,652	14,946,547	42,024,472	8,296,064	8,265,350	1,406,977	
Spain	265	3,132,676,340	88,994,155	86,696,739	37,919,113	17,627,791	52,093,357	8,914,580	10,161,421	1,276,578	
Sweden	199	2,523,043,739	73,927,710	71,919,825	31,325,783	14,855,358	43,739,613	7,066,657	9,086,166	1,139,748	
Switzerland	246	2,843,416,538	86,541,863	84,366,394	36,938,323	17,586,342	50,932,083	8,710,008	10,332,651	1,174,299	
Turkey	87	1,707,816,849	56,757,236	55,574,002	24,640,193	13,098,450	36,624,638	6,981,292	7,177,644	942,134	
East European countries, total	112	1,756,323,950	63,358,929	61,739,007	27,266,588	13,923,581	39,092,618	7,959,025	7,462,710	1,317,483	
Africa, total	309	3,060,723,690	97,123,522	94,272,439	41,375,758	19,160,024	54,464,006	9,865,597	10,874,224	1,500,298	
North Africa, total	135	2,374,027,341	72,633,548	70,426,185	31,099,907	16,174,634	45,251,006	9,191,261	8,554,482	1,488,173	
Egypt	104	2,071,411,339	62,701,460	60,669,146	26,786,392	14,470,645	40,846,844	8,021,789	7,720,064	1,196,829	
Libya	24	687,474,836	29,090,003	28,538,376	12,837,753	8,514,517	21,563,440	3,650,078	5,392,372	272,279	
East Africa, total	63	1,470,129,251	49,666,092	48,323,292	21,626,151	13,262,530	33,763,565	7,260,153	7,358,948	1,150,217	
West and Central African countries, total	126	2,248,929,336	70,514,427	68,817,955	30,425,008	15,450,095	42,915,362	8,296,895	8,651,298	1,289,775	
Gabon	30	1,067,606,306	39,944,606	38,947,956	17,267,849	11,285,860	29,829,817	6,501,526	6,101,673	1,090,782	
Nigeria	63	1,417,650,136	43,866,701	42,536,744	19,008,460	11,789,444	31,307,639	6,685,777	6,503,498	1,105,156	
Zaire	27	1,031,843,676	36,522,519	35,653,611	16,029,368	10,229,628	27,366,090	5,439,136	5,727,628	495,219	
Southern Africa, total	249	2,630,707,454	84,890,323	82,633,925	36,240,238	16,599,155	47,240,318	8,070,528	10,029,644	1,337,467	
South Africa (includes Namibia)	240	2,479,502,345	83,886,519	81,784,155	35,868,170	16,394,355	46,507,063	7,930,909	9,983,565	1,337,467	
Zimbabwe	42	764,560,646	33,020,814	32,585,894	14,662,999	7,920,474	22,145,025	3,495,558	4,998,527	1,212,858	
Asia, total	509	3,664,194,948	113,142,995	109,041,699	47,925,368	20,235,682	59,415,845	10,612,438	11,472,007	1,575,167	
Middle East, total	242	2,852,163,638	84,699,784	81,643,281	36,025,770	17,350,166	49,618,879	9,145,429	9,803,524	1,332,693	
Iran	39	1,087,114,451	46,517,792	45,503,735	20,358,273	11,480,772	30,862,483	6,484,955	6,321,353	1,141,036	
Israel	139	1,954,909,418	56,738,411	54,692,470	24,215,536	11,381,248	33,728,816	5,174,807	7,153,140	580,657	
Kuwait	61	1,238,736,000	42,911,686	42,074,235	18,660,786	9,796,983	27,291,457	5,132,563	5,824,598	991,429	
Qatar	25	1,079,735,465	37,952,852	37,016,774	16,351,055	9,483,763	25,931,109	4,437,954	5,976,487	461,474	
Saudi Arabia	125	1,751,325,056	57,795,342	55,930,446	24,637,675	13,135,465	37,009,486	6,655,765	7,914,846	1,152,239	
United Arab Emirates	65	1,696,822,101	51,342,561	50,023,533	22,283,368	13,087,578	35,692,829	6,769,478	7,456,237	747,095	
Southern and Southeastern Asia, total	339	3,198,629,767	99,989,142	96,081,170	42,382,141	19,437,674	56,430,267	10,208,281	10,921,626	1,534,594	
India	155	2,155,645,922	75,547,921	73,819,023	32,666,653	16,436,142	45,751,556	8,888,936	9,062,163	1,406,663	
Indonesia	143	2,312,997,632	68,514,812	66,548,310	29,270,487	15,583,402	43,936,509	8,667,284	9,390,675	1,345,709	
Malaysia	127	1,983,339,360	62,591,571	60,719,629	26,644,780	14,171,332	39,618,335	7,795,607	7,629,046	1,228,209	
Philippines	196	2,710,061,454	81,146,783	78,203,142	34,468,502	16,874,133	48,885,081	8,714,615	9,578,943	1,278,700	
Singapore	197	2,766,606,511	83,063,586	79,994,368	35,215,178	17,073,608	49,701,165	8,875,855	9,713,583	1,324,763	
Thailand	145</										

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

[Money amounts are in thousands of dollars]

Country and DISC dividends	Income and taxes from all sources—Continued			Income and taxes from specific geographic area or country					
	Carryover	Foreign tax credit computed		Gross income excluding branch operations and specially allocable income (less loss)					
		Before reduction for international boycott operations	Reduction for international boycott operations	Total	Dividends	Dividend gross-up	Interest	Rents, royalties and license fees	Service income
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
All geographic areas, total	5,076,178	20,672,689	1,827	80,656,236	20,125,302	11,687,156	17,230,958	9,213,691	5,181,163
Canada	4,444,377	20,160,103	1,827	6,381,698	2,437,378	1,918,926	1,617,139	818,142	238,293
Latin America, total	4,376,237	19,967,425	1,827	11,949,978	1,994,928	829,811	5,014,337	432,637	987,472
Mexico	3,153,499	18,516,718	1,827	2,180,929	174,814	66,362	1,546,663	170,131	69,137
Central America, total	2,925,780	17,005,668	1,808	1,892,791	670,410	153,001	187,724	38,433	766,622
Honduras	2,333,783	11,324,437	333	306,589	3,423	2,354	9,534	2,163	277,380
Panama (including Canal Zone)	2,629,949	14,471,175	1,769	1,234,819	645,687	141,448	98,921	22,354	311,893
Caribbean countries, total	3,910,579	17,037,865	1,811	2,047,723	154,857	18,882	544,707	15,308	20,779
Cayman Islands (British)	2,607,999	12,633,738	1,190	620,470	128,517	13,806	476,689	440	306
Dominican Republic	1,179,612	12,248,930	1,565	59,953	667	65	20,385	3,970	13,623
Trinidad and Tobago	2,288,893	12,896,876	1,187	1,276,361	2,723	2,104	15,247	6,854	2,924
South America, total	4,263,405	19,519,404	1,827	5,612,549	994,841	591,565	2,523,620	208,577	130,926
Argentina	4,006,058	18,207,291	1,436	742,154	81,853	4,180	419,746	68,326	16,612
Brazil	3,947,863	18,082,693	1,449	2,525,103	675,507	483,530	1,189,702	56,635	16,692
Chile	2,730,104	15,765,985	1,388	250,582	30,343	18,542	172,757	18,500	4,013
Colombia	3,894,161	16,939,980	1,402	390,530	68,841	34,937	83,577	23,152	39,280
Ecuador	3,710,370	15,780,052	1,200	509,692	49,235	1,324	68,041	6,353	11,196
Peru	3,868,782	16,547,617	1,766	387,139	14,253	8,212	86,608	8,866	3,736
Venezuela	4,022,473	18,003,598	1,444	596,452	69,448	39,314	363,362	22,081	32,366
Other Western Hemisphere, total	4,183,626	18,846,581	1,811	3,583,463	1,823,203	194,395	1,589,648	11,577	34,038
The Bahamas	2,608,262	13,579,984	717	1,435,336	84,741	28,862	1,302,299	2,420	7,910
Netherlands Antilles	3,645,794	15,013,515	541	1,645,709	1,359,517	161,681	94,382	3,131	14,847
Europe, total	4,438,175	20,279,494	1,827	29,235,883	8,029,517	6,497,747	4,615,489	5,126,090	1,007,270
Common Market countries, total	4,402,604	20,205,217	1,827	23,598,475	7,001,220	5,987,529	3,426,786	3,367,268	829,804
Belgium	2,815,094	16,938,694	1,785	892,582	286,315	193,108	221,634	170,938	70,491
France (including Andorra)	2,837,009	16,755,478	1,827	1,921,596	412,571	361,572	374,079	623,975	33,937
Greece	2,578,481	13,542,825	1,388	315,946	6,622	2,331	37,166	11,229	18,016
Ireland	3,610,658	14,740,900	1,069	190,014	43,952	7,542	38,184	46,134	9,003
Italy (including San Marino)	3,063,591	18,012,458	1,411	1,383,924	323,016	208,648	309,406	372,469	116,653
Luxembourg	1,029,636	8,605,519	406	90,121	33,341	31,024	16,676	3,309	5,618
Netherlands	3,900,785	17,483,053	1,581	2,952,090	1,068,357	641,888	153,246	326,411	22,011
United Kingdom	4,347,998	19,981,938	1,827	12,708,206	3,877,070	3,619,085	1,885,234	1,022,564	434,352
West Germany	3,048,534	17,993,459	1,827	2,934,752	918,784	908,018	284,526	722,224	108,875
Other West European countries, total	4,339,207	19,721,483	1,824	4,908,310	1,027,054	510,194	944,335	1,724,718	175,795
Austria	2,405,651	13,917,438	1,562	189,917	47,212	37,465	44,515	48,123	5,796
Finland	2,508,120	12,694,311	333	144,558	38,460	24,461	29,987	50,034	1,884
Norway	2,793,310	14,946,883	336	2,131,350	66,873	38,884	338,719	1,236,444	64,324
Spain	3,969,270	17,635,037	1,617	551,629	136,217	63,341	228,799	108,863	11,445
Sweden	2,689,982	14,856,763	1,405	421,039	67,148	38,091	132,966	112,490	16,629
Switzerland	3,920,499	17,593,750	1,779	1,177,131	608,895	248,947	75,567	138,032	65,516
Turkey	2,372,010	13,098,799	349	173,535	22,072	49,657	60,653	8,572	4,634
East European countries, total	2,629,963	13,929,415	205	173,763	93	—	117,277	34,104	1,661
Africa, total	4,227,372	18,167,471	1,819	4,067,876	561,773	317,634	251,207	131,964	145,189
North Africa, total	3,901,184	16,175,172	537	2,159,443	65,283	11,095	79,540	17,235	102,860
Egypt	2,645,788	14,470,979	333	1,581,415	15,101	7,365	38,539	9,569	36,892
Libya	1,665,869	8,514,648	131	451,973	—	—	5,881	265	39,718
East Africa, total	3,518,773	13,288,512	982	59,138	23,828	16,678	3,401	1,284	8,874
West and Central African countries, total	3,671,072	15,456,261	538	1,244,365	281,080	73,272	104,007	8,002	21,779
Gabon	2,325,480	11,286,193	333	103,349	1,147	880	6,468	512	3,163
Nigeria	3,322,638	11,795,205	132	404,156	127,058	64,882	46,271	3,394	7,065
Zaire	1,065,038	10,230,035	406	8,400	1,709	1,417	1,019	522	984
Southern Africa, total	2,923,036	16,606,603	1,818	601,822	191,583	216,590	63,294	105,299	9,676
South Africa (includes Namibia)	2,876,261	16,401,802	1,818	564,572	178,882	201,337	60,146	100,073	9,077
Zimbabwe	887,612	7,921,660	1,186	13,761	5,413	6,945	435	352	369
Asia, total	4,969,640	20,243,208	1,827	14,825,609	2,685,020	1,501,606	2,317,560	2,068,980	1,379,577
Middle East, total	4,440,559	17,357,184	1,389	4,980,475	445,793	15,008	262,745	540,669	459,399
Iran	2,335,284	11,480,777	—	11,783	2,970	1,195	439	1,067	80
Israel	1,284,300	11,388,266	1,388	130,152	11,324	5,643	77,719	24,477	2,394
Kuwait	2,248,242	9,802,612	—	31,365	696	2	9,309	4,443	9,243
Qatar	745,898	9,483,763	—	14,406	4,019	4,167	97	824	2,110
Saudi Arabia	2,920,399	13,141,632	538	3,893,523	402,989	2,274	40,900	487,764	314,119
United Arab Emirates	2,224,677	13,093,409	202	733,809	10,953	86	24,924	9,829	121,690
Southern and Southeastern Asia, total	4,288,181	19,445,160	1,788	4,142,557	1,106,480	617,480	594,763	160,280	455,136
India	2,824,805	16,437,415	1,273	202,066	14,834	17,244	25,664	17,226	109,123
Indonesia	3,815,681	15,584,659	1,257	2,435,631	720,645	467,886	74,474	20,104	114,175
Malaysia	2,780,241	14,178,744	1,782	186,515	54,911	43,204	46,548	14,994	14,573
Philippines	3,888,564	16,875,972	1,769	350,118	12,592	4,695	127,031	30,857	108,898
Singapore	3,880,084	17,075,395	1,787	715,673	260,050	57,017	253,038	49,907	40,350
Thailand	2,646,817	14,514,172	1,766	200,968	37,608	22,528	50,615	24,210	55,335
Eastern Asia, total	4,365,310	19,861,468	1,827	5,625,636	1,102,747	869,118	1,416,020	1,365,979	464,930
China	3,335,444	9,827,586	409	50,413	133	—	10,887	16,047	16,852
Hong Kong	2,868,799	15,278,645	1,581	703,353	280,986	36,302	199,101	42,484	81,025
Japan (Okinawa, Ryukyu)	4,199,612	19,304,076	1,827	4,047,125	703,783	800,108	821,753	1,213,848	256,699
South Korea, Republic of	2,614,097	14,473,735	1,243	518,565	55,620	18,120	303,223	48,400	26,612
Taiwan	2,893,480	16,233,985	1,392	278,926	58,711	13,760	68,638	36,879	82,328
Oceania, total	4,144,135	19,244,966	1,827	2,004,014	409,145	388,120	262,606	340,579	82,138
Australia	4,143,164	19,068,230	1,450	1,854,255	389,254	371,523	239,046	297,595	65,343
New Zealand	2,848,393	16,262,302	1,604	122,771	19,284	16,473	22,487	42,268	8,176
Puerto Rico and U.S. Possessions, total	2,840,714	16,131,991	1,581	1,231,524	263,740	27,174	98,660	56,600	262,992
Puerto Rico	2,825,356	15,924,705	1,581	1,108,546	189,092	26,315	91,270	49,175	240,547
U.S. possessions, total	1,105,597	11,750,177	1,184	122,978	74,648	859	7,391	7,424	22,445
Country not stated	4,105,013	18,306,069	1,824	3,710,118	241,912	4,358	1,464,309	229,123	1,044,194
DISC dividends	879,214	6,482,637	1,229	1,686,074	1,678,686	7,387	—	—	—
OPEC countries, total (included above)	4,788,843	19,291,808	1,447	9,236,597	1,389,165	582,010	685,164	557,408	661,588

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued								
	Gross income excluding branch operations and specially allocable income (less loss) —Continued			Oil and gas extraction gross income (less loss)					
	Net capital gain	Partnership income	Other income	Total	From extraction of oil or gas	From sale of business assets	Dividends from foreign corporations	Includable income of Controlled Foreign Corporations	Partnership income
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
All geographic areas, total	743,255	300,502	16,174,209	26,689,886	19,334,888	51,591	7,408,641	2,773	-108,007
Canada	81,075	196,325	1,054,419	1,807,926	1,317,187	45,893	442,096	2,756	-7
Latin America, total	-4,584	20,393	2,674,984	2,155,221	2,130,038	1,012	24,171		
Mexico	-7,568	11,699	149,691	(¹)	(¹)				
Central America, total	1,822	298	74,480	23,867	-289	-14	24,171		
Honduras	-13	11	11,737	-1	-1				
Panama (including Canal Zone)	1,909	37	12,569	24,086	-85		24,171		
Caribbean countries, total	2,725	460	1,290,005	1,114,871	1,112,685	2,186			
Cayman Islands (British)	-25	14	722						
Dominican Republic	21	68	21,155	-2	-2				
Trinidad and Tobago	2,669	232	1,243,608	1,114,897	1,112,686	2,211			
South America, total	-1,564	7,936	1,156,647	1,016,483	1,017,643	-1,160			
Argentina	-8,334	549	159,222	96,932	97,652	-720			
Brazil	3,032	-1,040	101,045	-11,806	-11,694	-113			
Chile	4,669	193	1,563	18	18				
Colombia	-8,885	631	148,997	212,451	212,594	-143			
Ecuador	-290	108	373,725	358,022	358,213	-191			
Peru	-218	-146	265,828	319,595	319,595				
Venezuela	986	7,700	61,196	2,382	2,375	7			
Other Western Hemisphere, total	752	320	-70,471	-87,580	-87,982		402		
The Bahamas		41	9,063	2,396	2,396				
Netherlands Antilles	637	82	11,431						
Europe, total	111,246	-35,701	3,884,225	12,380,329	6,507,174	5,412	5,882,848	17	-15,122
Common Market countries, total	99,187	-19,043	2,905,725	8,699,504	2,831,288	5,480	5,865,247		-2,512
Belgium	-177,825	523	127,400	(¹)					
France (including Andorra)	6,058	-6,528	115,932	24,938	25	-6	24,919		
Greece	-18,470	130	258,922	(¹)					
Ireland	-2	26	45,174	-698	-698				
Italy (including San Marino)	13,055	1,449	39,228	-2,108	-2,002	-106			
Luxembourg	-805	-77	1,034						
Netherlands	375,137	-4,138	369,177	1,290,404	418,541	5,689	869,489		-3,317
United Kingdom	5,594	-566	1,864,873	7,053,990	2,335,748	-97	4,717,535		804
West Germany	-47,189	-6,482	45,996	253,636	332		253,304		
Other West European countries, total	11,756	-16,750	531,208	3,688,891	3,683,951	-68	17,600	17	-12,610
Austria	164	-21	6,662	17,610	10		17,600		
Finland	-38	-3,356	3,128						
Norway	-367	-5,452	391,924	3,557,201	3,563,426	-2		17	-6,239
Spain	-19,007	-3,516	25,487	92,944	99,380	-66			-6,371
Sweden	23,665	-3,038	33,087						
Switzerland	4,613	6	35,556						
Turkey	2,635	-1,391	26,705	21,138	21,138				
East European countries, total	435	91	20,102	-6,760	-6,760				
Africa, total	8,717	18,388	2,633,004	3,509,171	3,308,491	3,264	172,708		24,709
North Africa, total	7,870	-3,246	1,878,806	2,301,964	2,298,843	542	5,830		-3,250
Egypt	38	15	1,473,895	1,437,290	1,431,460		5,830		
Libya	37	(¹)	406,072	844,418	844,403	15			
East Africa, total	-1,327	29	6,372	561	497	63			
West and Central African countries, total	181	21,174	734,871	1,206,646	1,009,151	2,659	166,878		27,959
Gabon		27,963	65,216	92,183	61,744	2,480			27,959
Nigeria	269	47	155,169	519,110	351,963	269	166,878		
Zaire	-1	-13	2,762	95,480	95,480				
Southern Africa, total	1,993	431	12,954						
South Africa (includes Namibia)	1,993	343	12,719						
Zimbabwe		89	158						
Asia, total	122,397	71,332	4,681,136	4,561,216	3,796,541	-4,300	885,843		-116,868
Middle East, total	2,687	197,045	3,057,130	1,379,248	1,371,097	-35	8,186		
Iran	873	13	5,146	558	558				
Israel	368	493	7,734						
Kuwait		70	7,601						
Qatar	-2,992	16	6,065	8,186			8,186		
Saudi Arabia	3,697	196,626	2,445,153	376,281	376,281				
United Arab Emirates	266	-47	566,109	994,526	994,561	-35			
Southern and Southeastern Asia, total	12,038	-127,929	1,324,310	3,142,865	2,388,881	-4,266	875,117		-116,868
India	3,545	66	14,384	-8,937	-8,937				
Indonesia	-1,694	-126,638	1,166,678	2,439,095	1,684,948	-4,102	875,117		-116,868
Malaysia	1,966	2,646	7,672	697,705	697,705				
Philippines	-443	640	65,848	22,563	22,563				
Singapore	5,994	-4,803	54,120	8,807	8,884	-77			
Thailand	2,743	96	7,834	-28,258	-28,252	-7			
Eastern Asia, total	107,792	2,216	296,833	39,546	37,005		2,540		
China	3,442	-1,142	4,194	-274	-274				
Hong Kong	4,051		59,578						
Japan (Okinawa, Ryukyu)	77,224	3,252	170,458	41,830	39,290		2,540		
South Korea, Republic of	13,298	157	53,135	-2,010	-2,010				
Taiwan	9,361	122	9,126						
Oceania, total	403,279	-835	118,961	2,374,927	2,375,097	-170			
Australia	403,393	-1,091	99,192	2,375,318	2,375,488	-170			
New Zealand	-102	258	13,927	-363	-363				
Puerto Rico and U.S. Possessions, total	1,454	-1,689	522,593						
Puerto Rico	1,461	-2,744	513,429						
U.S. possessions, total	-7	1,055	9,164						
Country not stated	16,918	31,969	675,337	-11,323	-11,657	480	572		-718
DISC dividends									
OPEC countries, total (included above)	1,442	102,556	5,257,264	5,631,509	4,675,045	-1,557	1,050,180		-92,160

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued									
	Deductions other than from branch operations and specially allocable income									
	Total	Deductions allocable to specific types of income				Deductions not allocable to specific types of income				
		Total	Rental, royalty, and licensing expenses	Service expenses	Other deductions	Total	Research and development	Interest	General and administrative	
(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	
All geographic areas, total	36,266,853	23,366,015	283,716	779,581	1,651,098	20,651,620	12,900,848	39,598	4,835,432	1,378,769
Canada	2,304,760	1,296,749	21,133	54,518	58,789	1,162,310	1,008,012	2,833	171,438	88,138
Latin America, total	6,768,189	4,062,952	35,772	55,803	155,130	3,816,246	2,705,238	6,255	969,069	249,727
Mexico	1,263,367	500,148	22,006	29,568	47,433	401,141	763,219	1,282	311,393	65,441
Central America, total	1,124,496	933,754	1,115	1,578	45,153	885,908	190,742	487	44,898	18,952
Honduras	280,214	270,638	—	176	1,533	268,929	9,576	14	6,026	1,261
Panama (including Canal Zone)	553,782	434,795	1,046	1,248	41,132	391,370	118,987	278	32,784	9,295
Caribbean countries, total	1,359,416	1,128,948	1,015	2,031	1,910	1,123,992	230,468	80	31,560	21,282
Cayman Islands (British)	253,372	83,890	3	101	1,071	82,677	169,483	3	17,720	3,355
Dominican Republic	25,606	9,866	56	113	235	9,462	15,740	13	2,116	3,290
Trinidad and Tobago	1,023,624	1,003,955	500	153	813	1,002,488	19,669	37	3,264	13,615
South America, total	2,827,008	1,448,279	11,626	22,411	60,634	1,353,608	1,378,728	4,405	572,984	144,024
Argentina	390,863	185,868	859	3,333	9,242	172,433	204,995	736	80,602	9,266
Brazil	999,560	356,312	1,966	6,527	25,618	322,201	643,248	2,660	273,267	55,368
Chile	155,823	62,553	371	1,365	821	59,996	93,270	202	45,309	12,085
Colombia	238,726	197,076	7,438	4,701	6,462	178,475	41,650	404	9,864	6,014
Ecuador	399,194	368,890	148	677	6,859	361,206	30,304	38	13,047	3,793
Peru	178,590	85,351	194	622	2,687	81,848	93,240	31	36,112	25,989
Venezuela	347,050	148,139	612	4,916	7,286	135,325	198,911	249	103,798	26,020
Other Western Hemisphere, total	1,828,122	581,374	82	5,591	20,022	555,679	1,046,748	1,062	592,282	17,802
The Bahamas	1,030,720	271,992	1	2,398	2,566	267,027	758,728	14	462,255	637
Netherlands Antilles	502,446	252,801	—	2,665	8,443	241,694	249,644	619	123,525	14,611
Europe, total	9,784,569	6,311,316	141,832	509,734	356,188	5,303,584	3,473,252	13,044	1,529,972	437,413
Common Market countries, total	7,245,844	4,522,225	73,045	203,511	328,880	3,916,790	2,723,619	9,863	1,221,004	393,244
Belgium	513,321	332,743	357	4,114	18,769	309,504	180,578	799	89,430	17,667
France (including Andorra)	726,448	368,593	2,690	8,586	13,942	343,376	357,854	2,612	160,643	39,368
Greece	348,192	287,495	(1)	455	2,320	284,719	60,697	17	17,218	11,275
Ireland	80,086	54,439	—	82	1,755	52,602	25,647	9	9,524	2,766
Italy (including San Marino)	592,019	351,038	232	10,499	10,283	330,024	240,981	898	115,362	16,859
Luxembourg	38,932	7,319	24	461	152	6,683	31,612	3	7,905	1,003
Netherlands	499,951	330,067	648	11,586	8,751	309,082	169,894	1,630	45,126	32,948
United Kingdom	3,475,166	2,224,641	68,753	148,453	249,953	1,757,482	1,250,525	2,308	620,226	230,071
West Germany	781,058	421,669	246	18,206	21,435	381,782	359,390	1,505	128,204	36,301
Other West European countries, total	1,915,215	1,318,868	68,788	303,653	26,881	919,546	596,347	2,449	236,928	41,241
Austria	70,191	25,964	—	593	302	25,069	44,228	270	25,669	8,144
Finland	49,879	23,311	1,202	1,648	503	19,957	26,569	20	10,044	451
Norway	788,631	723,474	58,033	284,992	8,465	371,983	65,157	71	45,218	6,039
Spain	306,190	173,256	819	5,869	2,721	163,847	132,824	660	54,918	5,439
Sweden	199,581	105,688	8,718	5,274	1,598	90,098	92,893	54	58,717	2,011
Switzerland	373,356	177,122	3	4,063	7,120	165,936	196,233	1,212	26,664	18,555
Turkey	75,015	60,403	7	315	4,742	55,339	14,612	133	4,124	-761
East European countries, total	107,972	48,042	—	2,570	425	45,047	59,930	725	24,407	2,893
Africa, total	1,920,515	1,614,855	2,115	11,376	66,017	1,535,346	305,660	920	127,149	35,084
North Africa, total	880,310	762,366	899	2,333	39,157	719,976	117,944	108	70,234	29,823
Egypt	517,088	464,790	437	781	11,657	451,914	52,298	91	19,807	26,372
Libya	197,656	195,301	—	—	24,450	170,851	2,355	—	22	17
East Africa, total	34,756	26,999	41	94	7,254	19,610	7,757	191	4,049	-232
West and Central African countries, total	857,739	735,012	1,175	1,037	16,946	715,855	122,727	74	27,740	2,760
Gabon	59,924	55,268	1,063	3	1,541	52,660	4,656	(1)	942	2,200
Nigeria	274,292	220,143	7	716	3,860	215,560	54,148	51	11,126	430
Zaire	5,805	4,278	9	27	206	4,037	1,527	—	191	6
Southern Africa, total	147,631	90,420	1	7,912	2,659	79,847	57,211	548	25,123	2,727
South Africa (includes Namibia)	137,534	85,703	1	7,683	2,229	75,791	51,831	540	23,853	2,686
Zimbabwe	2,801	1,771	—	1	241	7,530	1,030	7	13	5
Asia, total	8,871,702	6,446,243	60,307	98,184	352,671	5,935,100	2,425,459	5,933	915,166	381,546
Middle East, total	4,422,670	4,144,780	17,051	15,489	206,001	3,906,239	277,891	276	63,549	40,982
Iran	-2,276	-4,464	10	14	-44	-4,532	2,188	1	683	378
Israel	88,259	29,354	453	1,923	1,305	25,673	58,905	(1)	12,850	1,158
Kuwait	27,582	12,664	(1)	172	600	11,892	14,918	3	11,034	2,432
Qatar	6,292	3,717	—	—	(1)	3,716	2,575	—	12	1,330
Saudi Arabia	3,695,025	3,610,267	15,319	12,805	172,868	3,409,275	84,758	128	3,951	15,638
United Arab Emirates	469,225	424,831	1,265	374	27,903	395,290	44,393	(1)	15,929	10,756
Southern and Southeastern Asia, total	1,949,543	1,178,914	18,476	18,119	93,734	1,048,586	770,629	658	273,704	163,214
India	130,302	17,820	1	918	8,934	7,967	112,482	6	15,464	26,231
Indonesia	889,294	755,227	10,101	2,461	54,225	688,440	134,067	13	61,317	25,152
Malaysia	92,041	53,986	66	190	1,615	52,114	38,056	20	13,757	7,306
Philippines	303,050	129,938	7,851	10,385	5,107	106,596	173,112	23	40,017	29,932
Singapore	358,851	150,708	—	2,282	22,505	125,920	208,144	534	116,868	53,898
Thailand	129,527	47,446	383	1,866	697	44,501	82,081	51	18,843	16,399
Eastern Asia, total	2,456,184	1,106,178	24,780	64,557	52,931	963,910	1,350,006	4,999	571,857	177,251
China	134,256	120,296	12,275	6,774	7,944	93,304	13,960	3	3,458	44,707
Hong Kong	393,928	177,085	556	2,188	6,136	168,205	216,844	631	105,910	49,706
Japan (Okinawa, Ryukyu)	1,432,423	633,430	8,488	47,982	28,478	548,484	798,993	4,344	325,959	90,583
South Korea, Republic of	314,332	111,536	1,258	4,709	3,349	102,220	202,796	17	111,138	21,208
Taiwan	165,539	51,561	—	2,323	5,844	43,394	113,979	4	23,987	19,690
Oceania, total	643,557	435,784	3,264	25,171	4,704	359,824	207,793	631	58,154	17,075
Australia	574,814	388,722	3,009	23,698	35,311	326,704	186,092	488	49,589	14,376
New Zealand	46,855	27,271	247	1,454	4,935	20,636	19,583	143	7,457	2,668
Puerto Rico and U.S. Possessions, total	1,021,398	797,001	1,136	2,318	48,086	747,462	224,396	139	15,754	49,438
Puerto Rico	880,383	665,786	671	2,119	36,308	626,689	214,977	139	13,783	47,322
U.S. possessions, total	141,015	131,215	465	199	9,778	120,773	9,800	(1)	1,970	2,116
Country not stated	2,957,589	1,863,494	18,074	18,907	548,492	1,080,022	1,294,095	8,781	254,598	66,102
DISC dividends	386,463	156,267	—	—	—	156,267	210,196	—	1,871	34,445
OPEC countries, total (included above)	6,389,616	5,796,144	28,627	22,332	300,430	5,444,855	593,471	484	223,869	88,469

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

[Money amounts are in thousands of dollars]

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued						
	Deductions from oil and gas extraction income			Taxable income (less loss) before loss recapture			
	Total	Allocable to specific types of income	Not allocable to specific types of income	Total	Foreign branch income	Specially allocable income (Section 863(B))	Other than from branch operations and specially allocable income
(39)	(40)	(41)	(42)	(43)	(44)	(45)	
All geographic areas, total	9,406,452	9,234,245	172,207	61,096,502	14,423,063	2,284,066	44,389,373
Canada	406,061	403,335	2,727	7,538,516	718,740	762,839	6,056,937
Latin America, total	1,438,345	1,395,566	42,779	6,620,724	1,375,001	63,935	5,181,788
Mexico	22	22	—	1,145,830	205,229	23,039	917,562
Central America, total	6,786	6,786	—	923,719	160,561	-5,137	768,294
Honduras	60	60	—	28,435	1,925	134	26,375
Panama (including Canal Zone)	1,431	1,431	—	819,359	145,190	-6,869	681,038
Caribbean countries, total	848,964	848,964	—	1,071,778	380,818	2,653	688,307
Cayman Islands (British)	—	—	—	705,956	337,231	1,626	367,098
Dominican Republic	-57	-57	—	36,020	1,505	167	34,348
Trinidad and Tobago	848,557	848,557	—	264,404	11,199	467	252,737
South America, total	582,418	539,639	42,779	3,463,475	638,670	39,264	2,785,542
Argentina	40,589	40,589	—	713,515	352,452	9,772	351,291
Brazil	6,109	6,109	—	1,694,642	151,699	17,401	1,525,542
Chile	10	10	—	238,004	141,567	1,678	94,758
Colombia	94,584	94,455	129	209,938	55,649	2,486	151,804
Ecuador	278,724	278,724	(1)	114,752	3,722	533	110,498
Peru	156,665	114,047	42,618	236,393	26,413	1,430	208,549
Venezuela	2,189	2,180	10	295,403	40,406	5,596	249,401
Other Western Hemisphere, total	2,493	2,456	36	3,815,326	1,856,227	3,758	1,955,341
The Bahamas	1,755	1,720	36	2,114,945	1,710,114	216	404,615
Netherlands Antilles	608	607	1	1,289,512	145,274	975	1,143,263
Europe, total	2,255,712	2,199,667	56,044	25,422,028	5,517,867	452,847	19,451,314
Common Market countries, total	1,080,595	1,051,921	28,673	20,009,488	3,292,668	364,189	16,352,631
Belgium	2,119	—	—	425,448	31,261	14,926	379,261
France (including Andorra)	2,119	2,119	1	1,457,804	178,836	83,819	1,195,148
Greece	10	10	—	22,356	54,563	39	-32,246
Ireland	2,326	2,326	(1)	166,527	53,072	3,527	109,928
Italy (including San Marino)	3,916	3,866	51	988,859	173,782	23,171	791,905
Luxembourg	—	—	—	60,628	9,352	86	51,189
Netherlands	121,205	116,373	4,832	2,587,879	115,427	20,314	2,452,139
United Kingdom	852,425	828,850	23,575	11,912,951	2,568,919	110,993	9,233,039
West Germany	9,865	9,654	211	2,322,551	67,011	101,846	2,153,693
Other West European countries, total	1,170,992	1,143,621	27,371	5,270,318	2,202,478	74,744	2,993,095
Austria	198	—	57	130,781	7,465	3,571	119,725
Finland	—	—	—	93,452	-9,930	2,703	94,679
Norway	1,107,932	1,080,619	27,313	3,278,593	1,932,562	3,312	1,342,719
Spain	60,088	60,088	1	352,137	134,516	12,173	245,448
Sweden	14	14	—	245,601	7,278	15,866	222,458
Switzerland	7	7	—	859,667	20,130	35,761	803,776
Turkey	2,275	2,275	—	162,837	64,329	-12	98,520
East European countries, total	4,125	4,125	—	94,030	25,406	2,833	65,791
Africa, total	1,699,706	1,692,940	6,766	2,788,252	628,533	12,358	2,147,361
North Africa, total	972,262	966,161	6,101	1,570,271	289,395	1,742	1,279,133
Egypt	421,307	421,219	88	1,066,084	34	1,722	1,064,327
Libya	494,329	488,555	5,774	519,880	265,362	—	254,317
East Africa, total	15,215	15,214	1	35,967	11,554	31	24,382
West and Central African countries, total	712,142	711,477	665	668,094	280,826	642	386,626
Gabon	53,239	52,696	543	44,472	-1,149	195	45,425
Nigeria	174,870	174,749	121	384,006	253,848	294	129,864
Zaire	64,695	64,695	—	36,651	34,051	4	2,595
Southern Africa, total	85	85	—	510,590	46,757	9,642	454,191
South Africa (includes Namibia)	46	46	—	477,917	41,429	9,450	427,038
Zimbabwe	30	30	—	15,946	4,802	183	10,960
Asia, total	1,766,010	1,718,159	47,851	9,675,698	3,399,935	321,855	5,953,907
Middle East, total	825,676	817,211	8,465	1,310,731	735,406	17,250	557,804
Iran	995	989	7	8,568	-5,509	18	14,059
Israel	43	41	2	98,767	51,908	4,965	41,893
Kuwait	4	4	—	19,704	14,654	1,267	3,783
Qatar	5	5	—	10,187	2,065	7	8,115
Saudi Arabia	331,670	331,670	—	381,800	177,744	5,558	198,498
United Arab Emirates	468,773	460,316	8,457	579,679	310,310	4,785	264,584
Southern and Southeastern Asia, total	871,148	831,766	39,383	4,549,888	2,336,260	20,615	2,193,013
India	793	793	—	103,799	31,350	686	71,764
Indonesia	493,511	454,128	39,383	2,938,291	1,391,346	608	1,546,337
Malaysia	321,737	321,737	—	540,412	442,636	3,302	94,473
Philippines	8,560	8,560	—	186,811	133,651	6,092	47,068
Singapore	9,979	9,979	—	654,877	291,305	6,750	356,822
Thailand	19,028	19,028	—	86,655	12,261	2,954	71,441
Eastern Asia, total	69,186	69,183	3	3,774,492	329,034	276,006	3,169,452
China	57,732	57,732	—	-70,181	834	12,728	-83,843
Hong Kong	3	(1)	3	482,406	160,333	12,648	309,425
Japan (Okinawa, Ryukyu)	7,077	7,077	—	2,883,696	55,380	213,613	2,614,702
South Korea, Republic of	2,219	2,219	—	261,541	30,002	27,305	204,233
Taiwan	2,156	2,156	—	206,051	83,089	9,575	113,387
Oceania, total	1,733,119	1,733,119	—	2,409,077	1,010,442	38,178	1,360,457
Australia	1,732,583	1,732,583	—	2,318,772	998,746	30,585	1,289,441
New Zealand	441	441	—	88,948	10,234	2,798	75,917
Puerto Rico and U.S. Possessions, total	9	9	—	382,771	78,913	93,731	210,126
Puerto Rico	9	9	—	396,596	91,784	76,649	228,163
U.S. possessions, total	—	—	—	-13,825	-12,871	17,082	-18,036
Country not stated	104,996	88,993	16,003	1,124,499	-162,595	534,565	752,529
DISC dividends	—	—	—	1,319,611	—	—	1,319,611
OPEC countries, total (included above)	2,298,656	2,244,361	54,295	5,319,598	2,453,759	18,858	2,848,982

Footnotes at end of table.

Corporate Foreign Tax Credit, 1984

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued									
	Foreign taxes paid or accrued and deemed paid before reduction									
	Total	Paid or accrued								Deemed paid
		Total	Tax withheld at source on			Other taxes paid or accrued on				
(46)	(47)	Dividends	Interest	Rents, royalties and license fees	Branch income	Service income	Partnership income	Other income	(55)	
(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	
All geographic areas, total	22,540,093	10,852,937	1,351,731	916,666	1,056,292	5,010,397	168,315	120,161	2,227,375	11,687,166
Canada	3,195,882	1,276,956	264,522	59,535	86,191	461,971	6,812	41,837	356,088	1,918,926
Latin America, total	2,519,654	1,689,843	356,036	554,683	67,384	321,197	42,788	7,019	340,735	829,811
Mexico	494,340	427,977	99,259	186,837	34,135	76,527	12,479	3,703	15,036	66,382
Central America, total	193,424	40,423	6,256	2,784	4,501	9,546	6,556	(1)	10,779	153,001
Honduras	10,403	8,048	445	421	197	388	5,146	—	1,452	2,354
Panama (including Canal Zone)	152,610	11,162	3,034	1,993	2,326	1,966	718	(1)	1,124	141,448
Caribbean countries, total	261,629	242,746	557	3,162	1,476	29,678	472	45	207,356	18,882
Cayman Islands (British)	13,864	59	—	58	—	—	—	—	—	13,806
Dominican Republic	22,829	22,764	164	76	561	15,814	266	4	5,879	65
Trinidad and Tobago	210,288	208,185	201	2,931	425	7,042	34	(1)	197,551	2,104
South America, total	1,564,636	973,071	249,964	356,276	27,271	205,445	23,280	3,270	107,565	591,565
Argentina	88,460	84,280	20,693	34,962	9,760	9,453	2,473	314	6,624	4,180
Brazil	1,096,807	613,278	183,438	303,747	4,231	101,148	9,136	2,674	8,903	483,530
Chile	38,633	20,091	875	175	5,679	11,311	1,431	(1)	621	18,542
Colombia	104,149	69,211	17,561	428	—	29,705	3,389	225	18,739	34,937
Ecuador	41,646	40,321	2,461	(1)	1,796	2,219	1,549	4	32,293	1,324
Peru	73,165	64,953	2,884	1,295	2,373	34,587	326	45	23,443	8,212
Venezuela	88,498	49,184	21,921	15,125	3,395	2,416	4,866	(1)	1,461	39,314
Other Western Hemisphere, total	234,656	40,261	1,304	2,513	8	35,163	113	3	1,158	194,396
The Bahamas	62,217	33,355	—	10	1	33,144	—	—	200	28,862
Netherlands Antilles	167,995	6,314	1,246	2,466	—	1,764	77	3	759	161,681
Europe, total	9,954,060	3,456,314	527,772	181,096	691,388	1,820,133	11,752	974	223,199	6,497,747
Common Market countries, total	7,529,914	1,542,385	427,148	91,933	56,421	758,592	8,235	973	199,083	5,987,529
Belgium	255,494	62,386	30,173	23,527	371	6,499	106	13	1,697	193,108
France (including Andorra)	434,704	73,132	19,788	14,880	24,610	8,956	953	724	3,220	361,724
Greece	23,201	20,869	3,869	101	74	16,374	335	41	76	2,331
Ireland	14,701	7,160	(1)	6	—	7,155	—	—	—	7,542
Italy (including San Marino)	287,921	79,273	18,688	3,346	25,693	29,583	733	37	1,191	208,648
Luxembourg	34,052	3,028	2,386	—	2	614	26	—	—	31,024
Netherlands	789,581	147,692	43,413	2,182	1,451	53,436	361	—	46,849	641,888
United Kingdom	4,604,319	985,234	173,634	32,396	2,374	626,069	5,613	(1)	145,148	3,619,065
West Germany	1,067,488	159,470	133,488	15,395	1,814	7,659	53	158	903	908,018
Other West European countries, total	2,419,340	1,909,146	100,295	87,720	634,178	1,060,018	3,377	2	23,556	510,194
Austria	42,792	5,327	2,795	33	184	2,297	17	—	(1)	37,465
Finland	26,293	1,832	1,799	2	32	—	—	—	—	24,461
Norway	1,754,759	1,715,875	39,679	71,786	614,686	974,484	35	(1)	15,204	38,884
Spain	137,357	74,017	24,053	4,812	13,950	27,636	2,056	1	1,510	63,341
Sweden	43,296	5,206	3,003	25	110	2,067	—	—	—	38,091
Switzerland	291,648	42,701	26,889	8,840	264	6,275	175	(1)	258	248,947
Turkey	99,946	50,289	680	158	1,904	40,103	920	—	6,525	49,657
East European countries, total	4,532	4,532	329	1,274	789	1,442	139	(1)	560	—
Africa, total	1,438,159	1,120,526	35,253	1,165	12,037	394,812	11,441	171	665,647	317,634
North Africa, total	838,982	827,887	613	90	1,458	188,416	7,597	(1)	629,712	11,095
Egypt	475,441	468,076	27	42	1,120	12,550	1,406	(1)	452,931	7,365
Libya	340,545	340,545	—	—	—	160,605	3,188	—	176,752	—
East Africa, total	25,583	8,905	3,474	25	444	4,678	198	—	87	16,678
West and Central African countries, total	285,504	212,233	3,611	765	830	167,847	3,484	24	35,672	73,272
Gabon	15,167	14,287	202	—	4	1,042	126	—	12,912	880
Nigeria	164,453	99,571	1,882	721	433	82,782	834	—	12,920	64,882
Zaire	19,818	18,400	321	—	17	18,062	—	—	—	1,417
Southern Africa, total	288,091	71,501	27,556	285	9,306	33,871	162	146	176	216,590
South Africa (includes Namibia)	269,027	67,690	26,221	272	9,178	31,557	162	146	155	201,337
Zimbabwe	9,857	2,912	658	12	12	2,209	—	—	21	6,945
Asia, total	3,930,437	2,428,831	109,047	45,791	154,434	1,367,206	86,973	66,800	598,581	1,501,606
Middle East, total	689,424	674,416	3,727	4,092	3,655	301,906	56,241	65,062	239,733	15,008
Iran	3,253	2,058	1,817	—	218	23	—	—	—	1,195
Israel	31,411	25,768	1,066	3,838	1,578	16,848	59	3	2,375	5,643
Kuwait	10,392	10,391	15	—	106	9,399	372	—	500	2
Qatar	4,577	410	—	—	—	389	21	—	—	4,167
Saudi Arabia	325,256	322,982	717	196	1,220	70,337	34,903	65,053	150,556	2,274
United Arab Emirates	303,472	303,386	—	11	—	197,080	20,102	—	86,192	86
Southern and Southeastern Asia, total	1,999,907	1,382,427	20,974	26,765	32,448	954,895	18,501	1,148	327,696	617,480
India	62,166	44,922	3,710	98	4,031	27,437	6,838	1	2,806	17,244
Indonesia	1,483,680	1,015,794	5,002	18,960	2,122	672,726	2,206	950	313,828	467,886
Malaysia	235,845	192,641	129	22	2,887	186,478	2,228	42	855	43,204
Philippines	47,623	43,128	3,275	5,571	5,009	20,426	1,904	41	6,902	4,695
Singapore	99,436	42,419	263	1,634	13,846	23,011	1,264	40	2,362	57,017
Thailand	46,263	23,735	8,369	400	4,411	7,827	1,936	34	758	22,528
Eastern Asia, total	1,240,861	371,743	84,345	14,763	118,323	110,339	12,231	590	31,152	869,118
China	5,456	5,456	—	8	2,374	161	2,212	81	620	—
Hong Kong	55,862	19,560	217	994	849	14,506	2,805	(1)	189	36,302
Japan (Okinawa, Ryukyu)	1,074,949	274,841	67,412	9,474	105,754	62,354	4,281	486	25,079	800,108
South Korea, Republic of	52,211	34,091	6,775	1,710	3,538	17,393	396	13	4,366	18,120
Taiwan	50,534	36,773	9,648	2,546	5,180	15,886	2,607	9	896	13,760
Oceania, total	1,042,256	654,136	42,463	23,404	33,613	538,104	1,205	270	15,077	388,120
Australia	1,010,667	639,144	39,555	23,061	26,858	533,939	1,060	238	14,433	371,523
New Zealand	31,107	14,634	2,832	342	6,670	3,994	125	30	641	16,473
Puerto Rico and U.S. Possessions, total	111,486	84,312	8,850	5,067	4,193	46,302	3,183	144	16,574	27,174
Puerto Rico	105,099	78,784	8,726	5,017	3,857	42,599	2,564	92	15,930	26,315
U.S. possessions, total	6,387	5,528	124	49	336	3,703	619	52	644	859
Country not stated	105,999	101,643	6,370	43,413	9,042	25,509	4,049	2,945	10,316	4,356
DISC dividends	7,500	113	113	—	—	—	—	—	—	7,387
OPEC countries, total (included above)	2,783,859	2,201,849	34,002	35,028	9,371	1,199,064	70,963	86,007	787,415	582,010

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued					
	Income and taxes of related foreign corporations and DISC's					
	Gains, profits and income	Taxes paid on gains, profits and income	Dividends paid or constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Dividends paid to related foreign corporations and DISC's by second-tier foreign corporations	Dividends paid to second-tier foreign corporations by third-tier foreign corporations
	(56)	(57)	(58)	(59)	(60)	(61)
All geographic areas, total	66,382,784	25,434,723	15,844,901	4,352,581	5,532,581	254,969
Canada	12,820,620	5,244,577	2,340,564	722,370	822,138	56,111
Latin America, total	6,852,150	2,003,199	1,717,893	114,775	193,974	12,240
Mexico	1,090,657	335,483	145,404	7,501	21,561	3,924
Central America, total	1,294,821	140,272	596,790	43,854	75,680	47
Honduras	10,104	3,009	3,324	—	—	—
Panama (including Canal Zone)	1,228,670	123,408	572,587	43,662	74,738	47
Caribbean countries, total	201,795	31,657	105,686	4,503	7,217	—
Cayman Islands (British)	151,245	20,257	80,564	4,503	7,217	—
Dominican Republic	2,150	370	214	—	—	—
Trinidad and Tobago	13,072	5,540	2,561	—	—	—
South America, total	4,264,877	1,495,788	870,013	58,917	89,516	8,269
Argentina	143,570	20,818	21,541	—	—	—
Brazil	3,131,273	1,146,056	658,239	46,820	58,816	636
Chile	132,146	43,131	30,283	251	5,627	—
Colombia	398,376	130,155	68,615	1,241	7,774	732
Ecuador	23,708	4,379	5,470	29	505	—
Peru	161,322	56,245	14,226	21	36	—
Venezuela	252,683	89,773	66,530	10,539	16,738	6,901
Other Western Hemisphere, total	1,802,238	221,003	1,363,308	12,889	36,407	10,000
The Bahamas	161,138	38,327	75,800	12,846	36,336	10,000
Netherlands Antilles	1,520,574	177,762	1,200,844	—	—	—
Europe, total	30,170,435	11,613,973	7,373,424	3,239,861	4,149,682	144,650
Common Market countries, total	27,191,038	10,814,679	6,382,184	3,070,316	3,794,727	126,259
Belgium	1,212,583	480,186	282,248	1,247	2,194	17
France (including Andorra)	1,774,435	756,282	408,148	110,326	134,665	2,568
Greece	17,438	7,147	3,248	1	5	—
Ireland	93,685	11,138	41,726	21	4,155	—
Italy (including San Marino)	1,243,605	465,697	320,153	11,345	19,761	—
Luxembourg	67,913	33,137	31,592	746	1,301	—
Netherlands	7,141,766	2,993,378	989,141	72,873	245,570	54,005
United Kingdom	8,791,464	2,762,830	3,365,388	2,758,076	3,222,503	54,836
West Germany	6,687,481	3,245,245	909,464	115,407	164,119	14,833
Other West European countries, total	2,978,223	799,270	990,090	769,545	354,955	18,390
Austria	160,084	65,781	46,741	11,107	22,286	—
Finland	107,183	42,816	38,446	552	1,183	1,183
Norway	205,986	69,022	66,786	534	771	—
Spain	605,458	179,340	135,867	5,105	9,935	711
Sweden	212,264	77,330	59,793	11,699	44,474	7,304
Switzerland	1,435,096	231,413	589,811	140,221	276,070	9,192
Turkey	168,992	113,483	22,010	—	—	—
East European countries, total	—	—	—	—	—	—
Africa, total	1,426,881	567,568	363,533	32,055	45,781	3,965
North Africa, total	84,568	33,166	18,042	346	349	—
Egypt	62,912	22,970	14,901	—	—	—
Libya	—	—	—	—	—	—
East Africa, total	73,796	26,493	23,751	5,566	4,857	—
West and Central African countries, total	528,326	176,611	137,330	68	110	—
Gabon	4,552	1,991	1,147	—	—	—
Nigeria	346,872	98,231	127,058	—	—	—
Zaire	20,013	9,287	1,682	—	—	—
Southern Africa, total	740,192	331,298	184,410	26,075	40,465	3,965
South Africa (includes Namibia)	690,160	304,608	173,873	25,932	40,304	3,960
Zimbabwe	16,463	9,118	3,613	74	124	5
Asia, total	10,523,634	4,880,234	1,803,958	39,764	43,469	3,100
Middle East, total	191,279	75,707	35,847	5	17	—
Iran	13,377	4,100	2,970	—	—	—
Israel	75,230	27,961	10,477	5	17	—
Kuwait	823	10	127	—	—	—
Qatar	68,932	35,352	4,019	—	—	—
Saudi Arabia	11,582	5,344	2,742	—	—	—
United Arab Emirates	4,380	86	4,294	—	—	—
Southern and Southeastern Asia, total	5,061,933	2,451,388	717,355	4,304	3,994	—
India	214,705	97,496	13,349	2,195	569	—
Indonesia	3,990,597	2,072,599	445,578	—	—	—
Malaysia	203,278	82,987	53,826	1,520	1,955	—
Philippines	52,098	20,203	9,561	356	1,090	—
Singapore	381,852	92,022	152,662	228	369	—
Thailand	193,720	72,247	37,227	6	10	—
Eastern Asia, total	5,270,422	2,353,140	1,050,755	35,455	39,458	3,100
China	—	—	—	—	—	—
Hong Kong	708,123	95,899	242,265	3,499	5,689	3,088
Japan (Okinawa, Ryukyu)	4,190,904	2,174,609	694,055	31,860	33,611	11
South Korea, Republic of	141,008	38,434	55,216	95	157	—
Taiwan	213,789	40,898	55,793	—	—	—
Oceania, total	2,101,973	836,758	399,847	187,011	211,607	24,904
Australia	2,013,912	797,556	380,435	184,293	207,241	24,904
New Zealand	87,209	38,931	18,944	2,718	4,366	—
Puerto Rico and U.S. Possessions, total	110,734	39,432	37,933	466	8,197	—
Puerto Rico	104,456	38,364	34,163	466	8,197	—
U.S. possessions, total	6,278	1,068	3,770	—	—	—
Country not stated	61,175	22,640	9,588	—	—	—
DISC dividends	512,944	5,340	435,056	3,390	21,327	—
OPEC countries, total (included above)	4,717,506	2,311,866	859,935	10,568	17,243	6,901

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

[Money amounts are in thousands of dollars]

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued				
	Income and taxes of related foreign corporations and DISC's—Continued				
	Income and taxes of first, second, and third-tier foreign corporations from which constructive distributions were received				
	Gains, profits and income	Taxes paid on gains, profits and income	Dividends constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Taxes deemed paid by domestic corporations
	(62)	(63)	(64)	(65)	(66)
All geographic areas, total	6,953,365	1,783,141	2,937,158	382,826	1,244,757
Canada	410,726	147,688	151,769	41,388	120,963
Latin America, total	1,181,453	181,208	466,715	43,414	127,452
Mexico	105,156	33,637	19,928	—	13,032
Central America, total	662,454	41,139	319,745	36,607	72,482
Honduras	—	—	—	—	—
Panama (including Canal Zone)	660,051	40,925	317,918	36,585	72,265
Caribbean countries, total	152,876	13,802	87,853	4,503	8,246
Cayman Islands (British)	129,785	13,095	68,427	4,503	7,737
Dominican Republic	—	—	—	—	—
Trinidad and Tobago	139	61	(1)	—	(1)
South America, total	260,967	92,631	39,189	2,303	33,692
Argentina	14,382	2,461	1,695	—	534
Brazil	229,634	82,900	36,342	2,190	32,815
Chile	883	140	153	—	28
Colombia	6,472	2,553	400	—	96
Ecuador	—	—	—	—	—
Peru	—	—	—	—	—
Venezuela	8,902	4,159	583	113	196
Other Western Hemisphere, total	1,505,714	193,472	1,121,623	12,884	176,604
The Bahamas	130,163	24,140	68,013	12,846	22,239
Netherlands Antilles	1,334,277	167,708	1,030,407	—	153,062
Europe, total	2,930,009	963,302	954,327	201,907	672,795
Common Market countries, total	2,016,341	786,345	432,329	72,383	426,535
Belgium	227,727	86,034	50,253	262	43,353
France (including Andorra)	274,865	152,790	39,753	34,507	53,990
Greece	517	474	(1)	—	3
Ireland	21,344	583	2,899	—	166
Italy (including San Marino)	57,112	20,361	943	234	963
Luxembourg	8,893	3,389	4,289	746	3,424
Netherlands	319,066	112,158	161,207	27,255	107,479
United Kingdom	790,197	239,014	118,435	7,166	131,271
West Germany	313,324	169,669	54,233	2,213	85,761
Other West European countries, total	912,494	176,933	520,848	129,525	246,237
Austria	18,143	2,562	13,661	9,140	10,537
Finland	—	—	—	—	—
Norway	77,798	31,405	34,714	—	26,303
Spain	35,023	15,073	5,064	238	3,524
Sweden	874	554	127	—	13
Switzerland	748,060	124,944	455,577	119,825	204,179
Turkey	—	—	—	—	—
East European countries, total	—	—	—	—	—
Africa, total	19,194	7,714	2,773	483	1,940
North Africa, total	—	—	—	—	—
Egypt	—	—	—	—	—
Libya	—	—	—	—	—
East Africa, total	—	—	—	—	—
West and Central African countries, total	15,298	6,224	2,754	—	1,829
Gabon	—	—	—	—	—
Nigeria	14,814	6,092	2,563	—	1,790
Zaire	—	—	—	—	—
Southern Africa, total	3,897	1,489	19	483	111
South Africa (includes Namibia)	3,897	1,489	19	483	111
Zimbabwe	—	—	—	—	—
Asia, total	567,659	189,330	153,425	5,414	68,292
Middle East, total	10,253	650	9,302	—	421
Iran	—	—	—	—	—
Israel	—	—	—	—	—
Kuwait	—	—	—	—	—
Oatar	—	—	—	—	—
Saudi Arabia	—	—	—	—	—
United Arab Emirates	—	—	—	—	—
Southern and Southeastern Asia, total	111,562	31,682	22,383	1,077	5,928
India	9,002	8,005	4	747	38
Indonesia	4	2	2	—	2
Malaysia	5,112	2,216	211	—	254
Philippines	6,508	3,101	426	330	310
Singapore	84,886	14,901	21,603	—	5,018
Thailand	3,512	1,664	75	—	140
Eastern Asia, total	445,843	156,998	121,740	4,337	61,944
China	—	—	—	—	—
Hong Kong	123,179	15,913	52,970	312	6,982
Japan (Okinawa, Ryukyu)	322,384	141,014	68,605	4,026	54,911
South Korea, Republic of	—	—	—	—	—
Taiwan	281	71	165	—	51
Oceania, total	304,887	92,362	84,177	77,130	75,037
Australia	302,266	90,746	83,874	77,130	74,640
New Zealand	2,393	1,555	303	—	396
Puerto Rico and U.S. Possessions, total	32,956	7,714	1,912	206	1,323
Puerto Rico	32,956	7,714	1,912	206	1,323
U.S. possessions, total	—	—	—	—	—
Country not stated	787	349	437	—	349
DISC dividends	—	—	—	—	—
OPEC countries, total (included above)	23,720	10,254	3,148	113	1,988

1 Less than \$500.

Note: The number of parent corporations which received income from or paid taxes to a specific country are identified in column 1. The data in columns 2-13 are not limited to amounts attributable to a specific country, i.e., "income and taxes from all sources." When a corporation received income from or paid taxes to more than one country, that corporation is included in (column 1) and the corporation's same aggregate data are included in columns 2-13 for more than one country. The data by geographic area for columns 1-13 are not additive to the all geographic areas, total. However, the data in columns 14-66 are amounts for the specific country. The data by geographic area for columns 14-66 are additive to the all geographic areas, total. Data for specific geographic areas are not additive as data are present for only selected countries.

Projections of Returns to be Filed in Fiscal Years 1990-1997

By Marion W. Mak*

Fiscal year projections of the major types of returns provide a foundation for Internal Revenue Service (IRS) workload estimates, resource requirements, and budget submissions to the Treasury, Office of Management and Budget, and Congress. The most recent IRS projections indicate that a total of 202.8 million returns will be filed in Fiscal Year (FY) 1990, or an increase of 1.7 percent over the number of returns filed in FY 1989 [1]. Although projected year-to-year increases will range between 2 to 5 million returns, the yearly rates of growth in total filings are expected to decline from 2.6 percent in 1989 to 1.7 percent in 1997. Much of the year-to-year growth in total returns reflects the growth in individual returns, which make up more than half of the total returns.

Projections of returns are developed by: (1) using econometric models that relate the number of returns filed to selected independent economic and demographic variables and (2) extrapolating observed time trends into the projection period. The forecasting models are initially formulated on a calendar year basis. Fiscal year projections are derived from calendar year statistics by various methods including the seasonal adjustment method (see the section on Data Sources and Limitations).

The projections also include adjustments for the effects of recent legislative, regulatory and administrative changes. They generally do not anticipate legislative or administrative changes which are under consideration.

TOTAL PROJECTED RETURNS

The total number of returns, as shown in Table 1, Projection of the Number of Returns to be Filed with the Internal Revenue Service, Fiscal Years 1989-1997, is comprised of primary and supplemental returns. With few exceptions, items in both of these categories are a part of the IRS Master File system.

Primary returns are those that account for the majority of total filings and historically have generated the majority of the IRS document processing workload. These returns are expected to continue to account for the bulk of total filings throughout the forecast period.

Of the 194.3 million tax forms filed in 1988, 183.8 million were designated as primary returns. Major returns in the primary returns category include: U.S. Individual Income Tax Return; Individual Declaration of Estimated Tax; U.S. Corporation Income Tax Return; and Employer's Quarterly Federal Tax Return.

The number of information documents processed by the Service, such as interest and dividend statements and Forms W-2, Wage and Tax Statement, are not included in the returns counted or projected in this article because they are mostly filed on magnetic tape [2]. These returns are large in number so that, if included, they would increase the total number of returns substantially. In 1988, about 992 million information returns were processed by the Service. In 1989, the number is expected to exceed 1 billion.

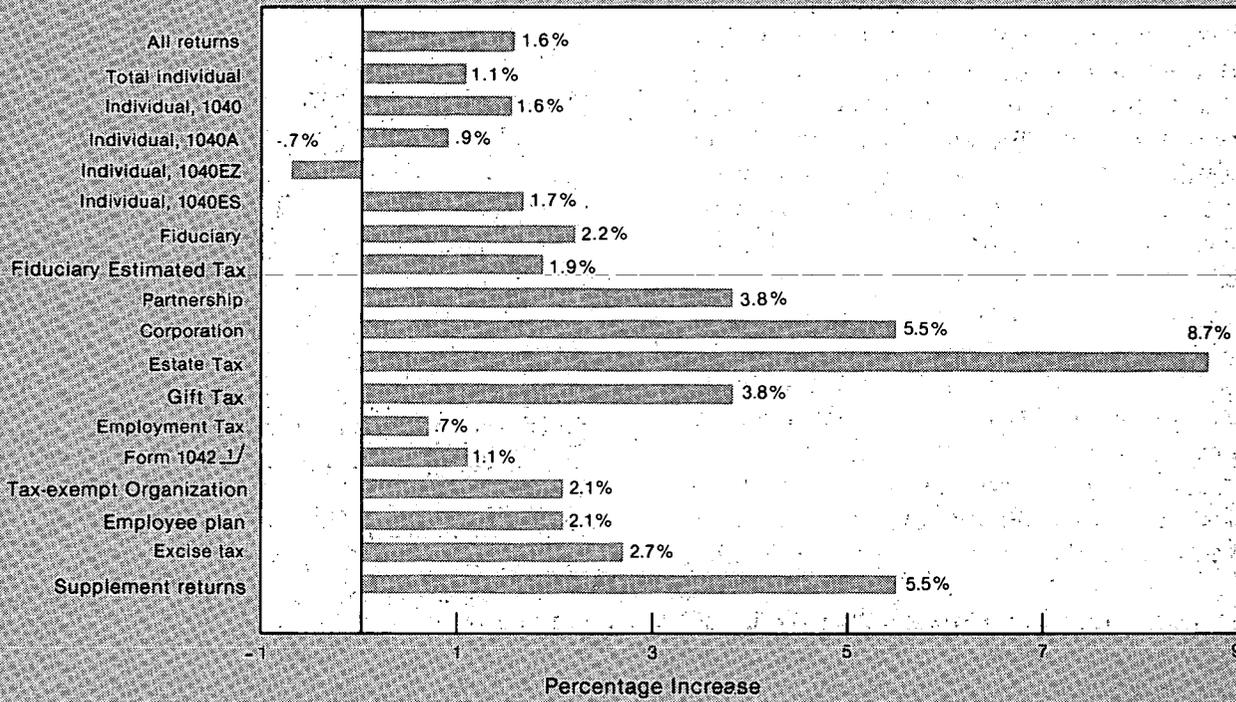
Figure A presents the average annual percentage changes for the major return types during the 1990-1997 projection period. Total returns increased by an average of 1.6 percent per year during this time frame. Projections for 1990 and the associated rates of change from 1989 to 1990 are presented in Figure B.

Individual Income Tax Returns

Important adjustments for recent legislation were made to the Form 1040, Form 1040A and Form 1040EZ returns projections. These return types will continue to be impacted in 1990 and subsequent years due to the Tax Reform Act of 1986 and the Technical and Miscellaneous Revenue Act of 1988.

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Figure A.
Projected Average Annual Percentage Change in the Number of Returns Filed, Fiscal Years 1990-1997



1/ Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

Figure B.—Projections for Fiscal Year 1990

Type of return	1990 Projection (thousands)	Percentage increase from 1989
Total returns	202,783	1.7
Primary returns, total.....	190,685	1.4
Individual income tax.....	111,487	1.4
Individual declaration of estimated tax.....	37,220	1.8
Fiduciary income tax.....	2,556	1.9
Fiduciary estimated tax.....	750	-1.2
Partnership.....	2,014	3.5
Corporation income tax.....	4,425	5.0
Estate and gift tax.....	166	4.4
Employment tax.....	28,680	.4
Form 1042 ¹	19	1.9
Tax exempt organization.....	524	4.4
Employee plan.....	1,910	2.5
Excise tax.....	934	-2.1
Supplemental returns.....	12,098	6.8

¹ Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

The Tax Reform Act of 1986 is expected to result in a continued shift to simpler forms being filed in 1990. This shift is the result of such tax reform provisions as the repeal of the deduction for married couples when both work; the elimination of income averaging; limits on the use of (individual retirement arrangement (IRA) contributions to reduce "adjusted gross income"; and changes in the area of itemized deductions. The actual movement to simpler returns is also a function of taxpayers becoming more familiar with the effects of the law changes and realizing they can now use the shorter Forms 1040A or 1040EZ. An estimated 680,000 individual return filers are expected to shift to the simpler returns during the 1990 filing season. Though substantial, this shift is less than that which occurred in the prior 2 years under tax reform.

Growth in individual returns is dependent, in large part, on the growth of total employment. Current forecasts show the rate of employment growth slowing down throughout the 1989 to 1997 forecast period [3]. Total employment is projected to reach 119.4 million in Calendar Year 1989, a 1.9 percent increase over actual employment of 117.1 million in 1988. The rate of growth will gradually taper down to 1.3 percent by Calendar Year 1996. This slowdown in the rate of employment growth is mirrored in individual income tax return filings, so that a decline in the rate of growth of these filings is anticipated.

In addition, the growth in individual returns is expected to be further reduced in FY 1990 due to the effects of the 1988 Technical and Miscellaneous Revenue Act. Under this Act, parents may now elect to claim on their returns the unearned income of certain children. This law is effective for Tax Year 1989 returns and is expected to result in 570,000 fewer dependent filers in Fiscal Year 1990.

Figure C compares the number of Forms 1040, 1040A, 1040EZ, and total individual returns expected to be filed in 1990 and 1997, respectively.

Individual Declarations of Estimated Tax

Projections of Individual Declarations of Estimated Tax (Form 1040-ES "vouchers"--up to four per year can be filed) are developed from a regression of vouchers on the number of their taxpayer counterparts. The growth in Form 1040ES returns, therefore, is determined by the growth in individual returns. Current forecasts are calling for growth in Form 1040ES returns that ranges from 1.8 percent in 1990 to 1.6 percent in 1997.

Fiduciary Income Tax Returns

A provision in the Tax Reform Act of 1986 mandated that taxable trust filers of fiduciary income tax returns (Forms 1041), who previously could have filed on a noncalendar year basis, had to begin filing their returns on a calendar year basis. This resulted in a large one-time increase of 8.0 percent in Fiscal Year 1988 as noncalendar year filers adjusted their accounting periods to coincide with the calendar year by filing additional returns to cover transitional part year accounting periods. In 1989, as taxpayers return to their normal filing pattern, the number of returns to be filed is projected to show a substantial decrease of nearly 10 percent. After 1989, the yearly growth in returns is expected to be around 2.0 percent.

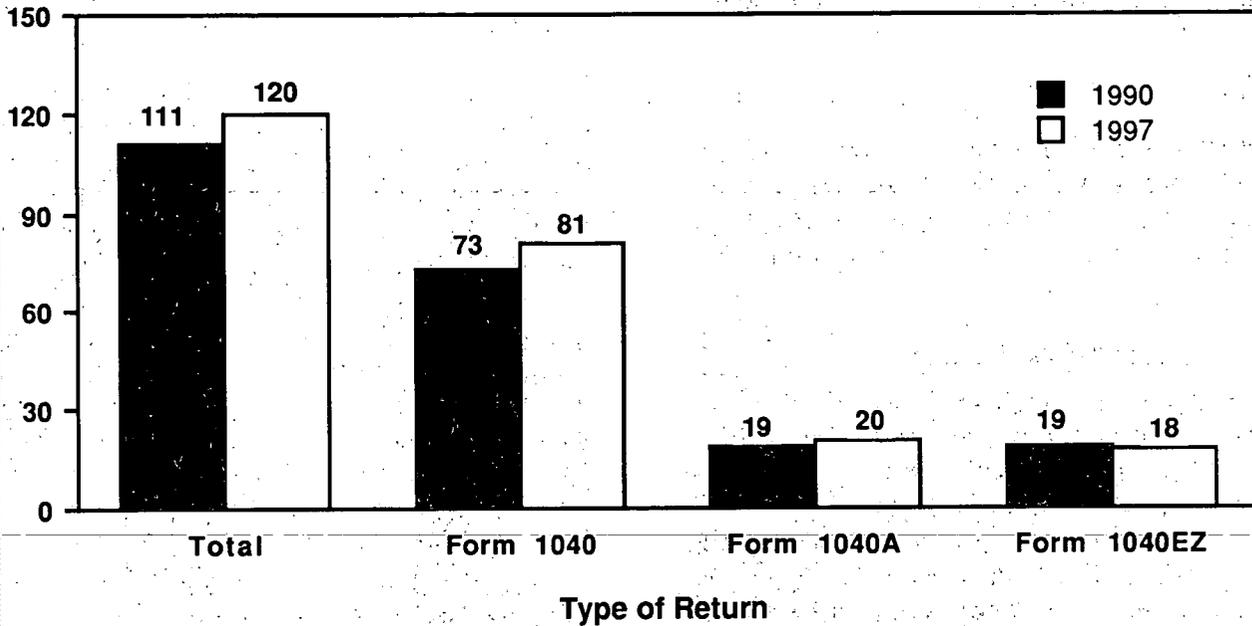
Fiduciary Estimated Tax Returns

The Tax Reform Act of 1986 required that both new and existing estates and trusts make estimated tax payments for the first time for calendar years beginning after 1986. Form 1041-ES, Estimated Income Tax for Fiduciaries, was developed for taxpayers with a tax liability of \$500 or more to compute and pay estimated taxes. Beginning with the quarterly estimated tax payments due September 18, 1988, the Service required financial institutions servicing 200 or more taxable trusts to remit payments through the Federal Tax Deposit (FTD) System by magnetic tape. Financial institutions servicing at least 50 taxable trusts can elect to file under the FTD Magnetic Tape Program. As a result of this procedure, the number of Form 1041-ES returns is expected to show a large decrease of 28.0 percent in FY 1989, and a smaller decrease of 1.2 percent in 1990. By 1997, a growth of 1.8 percent is expected.

Figure C

Individual Income Tax Returns by Type, Fiscal Years 1990 and 1997

Millions of Returns



Partnership Tax Returns

A provision in the Tax Reform Act of 1986 requiring that "passive losses" be offset only against "passive gains" resulted in fewer persons investing in these ventures [4]. As a result, there was a small decline in partnership returns in 1988. In 1989, the year-to-year growth was expected to reach 7.2 percent as investors adjusted their investment strategies to coincide with tax reform. Year-to-year increases from 1990 to 1997 will range from 3.5 percent to 5.0 percent.

Corporation Tax Returns

The Revenue Act of 1987 required that filers of "personal service" and S Corporation returns that wished to maintain the use of noncalendar year accounting periods estimate the amount of tax applicable to the deferral period--the period between the noncalendar year and the calendar year--and prepay this entire amount when filing the required excise tax return (see Excise Tax Returns, below) [5]. If the corporations decided to switch to a calendar year filing status in order to avoid this prepayment, they had to file twice during the year--the first to close

out the remainder of the noncalendar year and the second to end the calendar year. It is estimated that approximately 30,000 noncalendar or fiscal year filers will switch to filing a calendar year return. As a result, the number of corporation returns for 1989 is expected to increase by 5.7 percent. By 1990, the rate of increase will level off at 5.0 percent as a normal filing pattern is resumed.

Estate and Gift Tax Returns

The Tax Reform Act of 1976 and the Economic Recovery Act of 1981 both stipulated that the filing threshold for the U.S. Estate Tax Return (Form 706) be gradually increased on an annual basis, from \$60,000 for decedents who died in 1976 to \$600,000 for decedents who died in 1987 and beyond. Estate tax returns are projected to grow by only 3.6 percent in Filing Year 1989 as compared to 7.8 percent in 1990. The smaller growth in 1989 is mainly due to the impact of the raised filing threshold which should cause many small estates to stop filing. By 1997, the growth is expected to reach 8.7 percent. U.S. Gift Tax Returns (Forms 709) are projected to show a 2.2 percent growth in 1989, and a 2.5 percent growth in 1997.

Employment Tax Returns

Employment tax returns consist of Employer's Annual Federal Unemployment Tax Return, Employer's Annual/Quarterly Federal Tax Return, and Employer's Annual Railroad Retirement Tax Return. Projections for the forecast period 1990-1997 reflect year-to-year increases that average 0.7 percent per year.

Form 1042

Form 1042 is an annual withholding tax return filed for foreign "persons" with income from U.S. sources. Projections of Form 1042 returns are expected to increase by an average of 1.1 percent between 1990 and 1997.

Tax-Exempt Organization Returns

A host of tax-exempt entities, including those for public charities, farmers' cooperative associations, private foundations, and "other" exempt organizations, embody the exempt organization category of returns. The magnitude of this return category is dictated by changes in Form 990, Return of Organization Exempt From Income Tax (filed by the "other" organizations and by most public charities), which accounts for 78 percent of exempt organization filings. Current estimates of the year-to-year increase in tax exempt organizations are expected to range from 4.4 percent in 1990 to 1.5 percent in 1997.

Employee Plan Returns

The total for employee plan returns consists of the following: Form 5500, Annual Return/Report of Employee Benefit Plan; Form 5500C (same as the Form 5500 except that it is filed for plans with fewer than 100 participants); Form 5500EZ, Annual Return of One-Participant (Owners and Their Spouses) Benefit Plan; and Form 5500R, Registration Statement of Employee Benefit Plan (filed for plans with fewer than 100 participants). The projections are expected to show an increase of 2.5 percent in 1990 and 2.2 percent in 1997.

Excise Tax Returns

Total excise returns are the sum of the following returns: Form 11C, Special Tax Return and Application for Registry-Wagering; Form 720, Quarterly Federal Excise Tax Return; Form 730, Tax on Wagering; and Form 2290, Heavy Vehicle Use Tax Return. Two provisions of the Tax Reform Act of 1986

(modified by the Revenue Act of 1987) will continue to reduce the number of Form 720 returns filed to pay the excise taxes on gasoline and diesel fuel. The first provision requires that wholesalers pay the excise tax on diesel fuel rather than retailers. The second provision requires that the excise tax on gasoline be paid by the refiner, or first importer, rather than the wholesaler.

On the other hand, the implementation of a provision of the Revenue Act of 1987 partially offsets the decline in Form 720 returns filed. This provision specifies that all partnerships and S Corporations electing to maintain a noncalendar year reporting period must file Form 720 to make certain required payments. The net impact of these law changes on the filing of total excise tax returns is expected to be a 0.2 percent drop in returns in 1989 and a 2.1 percent drop in 1990. The balance of the forecast interval is expected to show a positive growth of 3.1 percent in 1991 and 2.7 percent in 1997.

Supplemental Documents

Supplemental documents are mainly composed of amended returns and requests for filing extensions from both individuals and corporations. Current forecasts of supplemental documents call for increases ranging from 6.8 percent in 1990 to 5.0 percent in 1997.

DATA SOURCES AND LIMITATIONS

The number of returns filed (as used in this article) represents returns processed at IRS service centers during a fiscal year [6]. The 1989 data for individual, estate, gift, employment, and excise tax returns were estimated by using actual returns processed through June 1989. The 1989 data for the rest of the forms are based on projections.

To illustrate the general forecasting process, projections for the combined total of Forms 1040, 1040A, and 1040EZ returns were developed based on a multiple regression relating total 1040 returns to total employment; an interaction variable involving both total employment and employed married women with husbands present (used as a proxy for potential joint filers); pension beneficiaries and annuitants; and qualitative "dummy" variables to account for the effects of law changes [7]. The historical base period for this regression was 1952-1989 with 1989 estimated on the basis of returns filed through June 1989. Return projections were primari-

ly formulated on a calendar year basis and subsequently converted to fiscal year projections by one of four methods. The method used most frequently employs the Census Bureau's X11-Q Seasonal Adjustment Program [8]. The method used second most frequently is to compute a ratio based on the quarterly filing experience of one or more historical years. The third method (used in instances where filing trends are not well defined) is based on assumed relationships between the number of returns and various filing patterns. The fourth method is a variation of the X-11Q approach in which the seasonal factors are subsequently trended.

NOTES AND REFERENCES

- [1] All statistics are for the years in which the tax returns were processed by the Internal Revenue Service, stated on a fiscal year (i.e., October through September) basis, unless otherwise noted. Actual counts for all of Fiscal Year 1989 were incomplete at the time this article was written (see the Data Sources and Limitations section). For complete counts, see U. S. Department of the Treasury, Internal Revenue Service, 1989 Annual Report, Commissioner and Chief Counsel, Internal Revenue Service, 1990.
- [2] Certain types of income tax returns are also either now being filed or will begin to be filed on magnetic tape during the projection period. However, it is expected that in most cases these returns will comprise a small proportion of the totals shown.

- [3] The largest component of total employment is represented by civilian employment, which was obtained from Data Resources, Inc. (DRI), in June 1989. DRI believes that employment growth will decline due to a general slowdown in economic activity through the mid-1990's.
- [4] Passive gains or losses resulted from trade or business activities in which the partners did not materially participate in the business on a regular, continuous, or substantial basis (i.e., they were "limited" partners). In general, as a result of the Tax Reform Act of 1986, such passive losses could not be deducted from other, non-passive, types of income.
- [5] In general, a "personal service" corporation is a company whose principal activity is personal service substantially performed by employee-owners who are shareholders at any time during the year. An S Corporation is a company with no more than 35 shareholders (who are individuals), electing to be taxed at the shareholder level.
- [6] U.S. Department of the Treasury, Internal Revenue Service, 1989 Annual Report, op. cit.
- [7] Projections of total employment, employed married women with husbands present, and pension beneficiaries and annuitants were made by the Projections and Forecasting Group, Research Division, Internal Revenue Service.
- [8] U.S. Department of Commerce, Bureau of the Census, "The X11-Q Variant of the Census Method II Seasonal Adjustment Program," Technical Paper No. 15 (1967 revision).

Projections of Tax Return Filings, 1990-1997

Table 1.—Projection of the Number of Returns to be Filed with the Internal Revenue Service, Fiscal Years 1989-1997

[Number of returns are in thousands]

Type of return	Actual 1988	Projected								
		1989	1990	1991	1992	1993	1994	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total returns ¹	194,305	199,328	202,783	205,195	208,744	212,407	215,712	219,278	223,076	226,842
Primary Total	183,781	187,997	190,685	192,393	195,159	198,024	200,550	203,312	206,281	209,217
Individual income tax, total.....	106,994	109,942 ²	111,487	111,997	113,405	114,866	116,033	117,373	118,834	120,222
Form 1040 series, total.....	106,764	109,693 ²	111,223	111,721	113,115	114,561	115,713	117,038	118,484	119,856
Form 1040.....	70,770	71,533 ²	72,793	73,582	75,049	76,527	77,427	78,615	79,896	81,119
Form 1040A.....	17,657	18,700 ²	19,125	19,203	19,357	19,398	19,768	20,011	20,283	20,353
Form 1040EZ.....	18,337	19,460 ²	19,305	18,936	18,709	18,636	18,518	18,412	18,304	18,384
Other ³	230	249 ²	264	276	290	305	320	335	350	366
Individual estimated tax.....	35,489	36,577	37,220	37,865	38,511	39,157	39,802	40,448	41,093	41,739
Fiduciary income tax ⁴	2,783	2,507	2,556	2,615	2,679	2,745	2,803	2,861	2,921	2,979
Fiduciary estimated tax.....	1,055	759	750	765	782	800	817	832	841	856
Partnership.....	1,814	1,946	2,014	2,033	2,109	2,219	2,294	2,379	2,492	2,615
Corporation income tax ⁵	3,986	4,213	4,425	4,612	4,852	5,133	5,415	5,721	6,064	6,440
Estate Tax.....	52	54	58	63	69	75	82	89	96	105
Gift Tax.....	103	105 ²	108	113	118	123	128	132	136	140
Employment Tax ⁶	28,218	28,555 ²	28,680	28,855	29,079	29,274	29,467	29,690	29,935	30,165
Form 1042 ⁷	17	18 ²	19	19	19	19	19	20	20	20
Tax-exempt organization ⁸	490	502	524	540	554	566	577	587	596	605
Employee plans ⁹	1,819	1,864	1,910	1,953	1,994	2,036	2,075	2,115	2,158	2,206
Excise ¹⁰	956	954 ²	934	962	988	1,010	1,036	1,065	1,096	1,125
Supplemental documents	10,524	11,331	12,098	12,802	13,584	14,383	15,162	15,967	16,795	17,625
Form 1040X.....	1,559	1,649	1,769	1,875	1,993	2,117	2,238	2,363	2,494	2,625
Form 4868.....	5,563	6,049	6,486	6,872	7,324	7,790	8,244	8,720	9,215	9,713
Form 2688.....	1,484	1,680	1,787	1,873	1,967	2,059	2,143	2,227	2,311	2,392
Form 1120X.....	51	43	36	32	30	28	27	26	25	24
Form 7004.....	1,836	1,881	1,990	2,118	2,238	2,357	2,477	2,596	2,715	2,835
Form 1041A.....	31	30	31	31	32	33	34	34	35	36

¹ Included in the total are the following "Non-master File" returns: Form CT-2, 941M, 990BL and 1120-IC-DISC for FY 1988; projections of these forms for future years have been discontinued and are therefore not shown below.

² Projection is based on returns processed through June 1989.

³ Includes Forms 1040NR, 1040 PR, 1040SS, and 1040C; Form 1040X is included under Supplemental Documents, below.

⁴ Includes Forms 1041 and 1041S; Form 1041A is included under Supplemental Documents, below.

⁵ Includes Forms 1120, 1120A, 1120F, 1120H, 1120L, 1120M, 1120POL, 1120S, 1120DF, 1120SFC, 1120PC, 1120EIT, and 1120 FIC; Form 1120X is included under Supplemental Documents, below.

⁶ Includes Forms 940, 940EZ, 940PR, 941, 941E, 941PR, 941SS, 942, 942PR, 943, 943PR, and CT-1.

⁷ Annual Withholding Tax Return for U.S. Source income of Foreign Persons.

⁸ Includes Forms 990, 990C, 990PF, 990T, 4720, and 5227.

⁹ Includes Forms 5500, 5500C, 5500EZ and 5500R.

¹⁰ Includes Forms 11C, 720, 730 and 2290; excludes Forms 11 and 5000.24 which are filed with the Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury, instead of with the Internal Revenue Service.

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

Selected Historical Data

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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.

Selected Historical Data

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Tax Years, 1970–1987

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

Item	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
All returns	74,279,831	82,229,332	93,902,469	101,660,287	103,045,170	106,996,270
Form 1040 returns.....	74,279,831	54,527,726	57,122,592	67,006,425	68,909,828	71,032,103
Form 1040A returns.....	N/A	27,701,606	36,779,877	18,124,702	17,584,689	17,446,685
Form 1040EZ returns.....	N/A	N/A	N/A	16,529,160	16,550,653	18,517,482
Adjusted gross income (AGI)	631,692,540	947,784,873	1,613,731,497	2,305,951,483	2,481,681,046	2,773,824,198
Salaries and wages:						
Number of returns.....	66,965,659	73,520,046	83,802,109	87,198,001	88,217,638	90,984,304
Amount.....	531,883,892	795,399,462	1,349,842,802	1,928,200,978	2,031,025,984	2,163,905,509
Taxable interest received:						
Number of returns.....	32,630,355	40,378,240	49,019,575	64,526,434	65,236,518	67,933,810
Amount.....	22,021,267	43,433,554	102,009,444	182,109,194	167,640,438	168,966,067
Dividends in AGI:¹						
Number of returns.....	7,729,939	8,853,491	10,738,982	15,527,579	16,753,537	22,324,321
Amount.....	15,806,924	21,892,126	38,761,253	55,046,351	61,623,348	66,791,158
Business or profession net income less loss:						
Number of returns.....	6,159,985	7,242,542	8,881,119	11,900,341	12,360,345	13,002,055
Amount.....	30,554,201	39,421,478	55,129,154	78,772,577	90,423,763	105,460,627
Net capital gain less loss in AGI:²						
Number of returns.....	7,962,663	7,574,823	9,970,921	11,125,595	15,560,453	15,450,141
Amount.....	9,006,683	14,071,893	30,029,074	67,694,001	132,841,678	137,398,726
Pensions and annuities in AGI:						
Number of returns.....	3,249,558	5,088,937	7,373,704	13,133,295	14,771,235	16,497,586
Amount.....	7,878,808	20,886,871	43,339,736	95,096,003	107,696,794	124,754,833
Unemployment compensation in AGI:						
Number of returns.....	N/A	N/A	1,798,210	4,771,546	5,106,015	7,370,742
Amount.....	N/A	N/A	2,028,456	6,355,539	6,975,196	12,286,674
Social security benefits in AGI:						
Number of returns.....	N/A	N/A	N/A	2,956,073	3,174,904	3,637,211
Amount.....	N/A	N/A	N/A	9,594,182	10,648,112	12,524,112
Rents and royalties net income less loss:						
Number of returns.....	6,557,498	7,143,812	8,208,132	9,970,604	9,394,506	9,492,112
Amount.....	3,232,817	5,202,078	4,105,381	-12,963,727	-15,292,084	-9,254,758
Partnership and S Corporation net income less loss:						
Number of returns.....	n.a.	n.a.	n.a.	5,487,671	5,817,455	5,574,532
Amount.....	12,637,912	12,811,091	10,099,346	-2,526,591	-5,859,500	24,314,070
Farm net income less loss:						
Number of returns.....	3,026,530	2,755,041	2,608,430	2,620,861	2,524,331	2,420,186
Amount.....	2,788,713	3,563,325	-1,792,466	-12,005,483	-7,284,231	-1,323,464
Total statutory adjustments:						
Number of returns.....	6,370,552	9,024,255	13,148,919	37,763,418	38,034,061	11,620,127
Amount.....	7,665,251	15,101,999	28,614,061	95,082,299	99,008,229	30,116,329
Individual Retirement Arrangements:						
Number of returns.....	N/A	1,211,794	2,564,421	16,205,846	15,535,531	7,318,727
Amount.....	N/A	1,436,443	3,430,894	38,211,574	37,758,393	14,065,722
Self-employed retirement plans:						
Number of returns.....	591,655	595,892	568,936	675,822	773,296	759,083
Amount.....	847,692	1,603,788	2,007,666	5,181,993	6,194,617	6,183,441
Married couples who both work:						
Number of returns.....	N/A	N/A	N/A	24,835,278	25,647,221	N/A
Amount.....	N/A	N/A	N/A	24,614,983	26,672,241	N/A
Exemptions:						
Number of exemptions.....	204,126,402	212,202,596	227,925,098	244,180,202	245,752,978	217,495,163
Number, age 65 or over.....	8,904,331	9,937,208	11,847,168	16,748,810	17,395,776	N/A
Total deductions:						
Number of returns.....	73,862,448	81,585,541	88,491,251	96,848,626	98,180,981	106,005,861
Amount.....	120,549,755	233,181,778	346,000,155	554,733,523 ³	611,293,162 ³	607,223,513 ⁴
Itemized deductions:						
Number of returns.....	35,430,047	26,074,061	28,950,282	39,848,184	40,667,008	35,627,790
Total amount ⁵	88,178,487	122,260,601	218,028,139	405,023,525	447,057,972	392,020,128
Medical and dental expense.....	10,585,749	11,422,312	14,972,082	22,926,214	25,112,007	17,151,819
Taxes paid.....	32,014,673	44,141,289	69,404,275	128,084,618	143,446,005	119,388,068
Interest paid.....	23,929,477	38,885,282	91,187,006	180,094,578	196,566,331	179,942,422
Contributions.....	12,892,732	15,393,331	25,809,608	47,962,848	53,815,979	49,623,907
Taxable income:						
Number of returns.....	59,593,598	65,852,602	88,104,696	96,124,046	97,358,296	90,079,102
Amount.....	401,154,285	595,492,866	1,279,985,360	1,820,740,833	1,947,024,584	1,850,597,119
Income tax before credits:						
Number of returns.....	59,596,755	65,854,734	76,135,819	85,994,216	86,600,724	89,717,924
Amount.....	84,156,695 ⁶	132,452,044	256,294,315	332,165,333	367,591,995	373,857,125
Total tax credits⁷	369,610	8,069,846	7,215,839	10,248,044	7,020,731	6,329,438
Child care credit.....	N/A	N/A	956,439	3,127,702	3,397,090	3,438,314
Credit for the elderly and disabled.....	167,656	128,968	134,993	108,642	85,764	66,633
Residential energy credit.....	N/A	N/A	562,141	811,675	N/A	N/A
Foreign tax credit.....	169,623	381,985	1,341,675	782,561	773,939	1,099,484
Investment credit.....	30,554	1,593,150	3,288,415	(⁸)	(⁸)	(⁸)
General business credit.....	N/A	N/A	N/A	4,791,132 ⁸	1,115,836 ⁸	1,018,624 ⁸
Income tax after credits	83,787,323	124,382,197	249,078,475	321,917,289	360,571,264	367,527,687
Total income tax:⁹						
Number of returns.....	59,317,371	61,490,737	73,906,244	82,846,420	83,967,413	86,723,796
Amount.....	83,909,311	124,526,297	250,341,440	325,710,254	367,287,213	369,202,757

See notes following Table 20.

Selected Historical Data

Table 2.—Individual Income and Tax by State, 1987

[Money amounts are in thousands of dollars, except where indicated]

State	Number of returns	Number of exemptions	Adjusted gross income (AGI)	Salaries and wages		Dividends	
				Number of returns	Amount	Number of returns	Amount
				(1)	(2)	(3)	(4)
United States, total ¹	107,402,061	244,662,456	2,772,619,841	90,613,164	2,154,846,456	22,404,700	66,545,417
Alabama	1,583,884	3,809,129	35,491,432	1,381,989	28,700,539	230,948	568,006
Alaska	333,527	625,967	6,926,876	203,509	5,646,138	71,241	99,730
Arizona	1,465,753	3,477,019	36,151,357	1,215,946	27,500,754	307,138	1,003,815
Arkansas	908,300	2,224,952	18,302,823	755,593	14,154,175	128,597	309,201
California	12,448,529	28,696,978	355,446,757	10,508,253	273,920,966	2,410,045	8,059,556
Colorado	1,465,631	3,285,151	36,992,444	1,240,434	29,460,262	337,847	830,943
Connecticut	1,651,493	3,468,627	55,089,657	1,407,345	42,352,557	467,325	1,610,669
Delaware	305,617	671,265	8,240,864	263,011	6,429,741	83,059	287,514
District of Columbia	324,812	610,266	9,058,484	278,420	6,581,380	55,318	306,110
Florida	5,532,536	12,473,327	140,278,994	4,395,426	95,059,647	1,264,074	6,221,502
Georgia	2,661,216	6,035,071	66,241,101	2,371,142	54,591,414	423,527	1,092,511
Hawaii	506,302	1,112,189	12,670,065	432,930	9,624,144	107,219	264,787
Idaho	377,978	983,951	7,810,313	310,455	6,069,106	70,436	167,665
Illinois	5,078,296	11,594,154	139,481,851	4,274,352	107,447,312	1,204,258	3,508,406
Indiana	2,385,246	5,588,247	56,972,232	2,023,506	45,628,262	456,287	999,917
Iowa	1,199,831	2,878,951	26,435,242	945,566	19,277,649	271,531	558,577
Kansas	1,063,352	2,538,297	25,880,407	871,206	19,642,150	229,084	572,140
Kentucky	1,428,007	3,385,845	31,244,592	1,203,300	24,538,533	220,801	614,778
Louisiana	1,605,420	3,977,748	34,439,198	1,365,046	27,587,511	240,875	608,327
Maine	541,373	1,213,480	12,362,604	463,288	9,210,493	102,952	320,698
Maryland	2,220,814	4,774,347	65,237,577	1,932,042	51,686,586	477,146	1,352,497
Massachusetts	2,902,142	6,010,353	85,613,540	2,493,297	65,796,268	679,766	2,069,571
Michigan	3,992,334	9,016,565	106,118,816	3,391,165	85,594,999	1,025,989	2,293,474
Minnesota	1,949,801	4,376,218	49,166,071	1,642,838	38,605,042	461,010	1,050,299
Mississippi	942,307	2,350,924	18,120,118	824,969	14,642,955	114,649	253,739
Missouri	2,189,414	5,067,042	52,928,425	1,829,329	41,018,915	470,820	1,344,274
Montana	336,096	809,849	6,429,208	262,001	4,737,860	76,900	177,849
Nebraska	694,262	1,654,206	15,195,086	560,856	11,297,103	146,452	330,479
Nevada	502,353	1,084,532	13,020,220	434,267	9,857,596	82,329	286,051
New Hampshire	533,686	1,158,128	15,125,319	465,315	11,658,649	118,378	362,681
New Jersey	3,948,154	8,604,042	122,658,740	3,388,003	96,123,831	1,035,878	3,043,029
New Mexico	607,396	1,481,292	12,699,844	513,555	10,015,718	105,497	275,611
New York	7,914,981	17,240,878	235,394,545	6,668,788	177,302,435	1,903,963	6,790,516
North Carolina	2,839,506	6,328,165	65,454,953	2,512,895	51,983,669	489,499	1,311,756
North Dakota	280,232	680,640	5,613,528	217,680	4,024,805	51,507	90,179
Ohio	4,786,125	10,764,877	117,266,957	4,054,886	92,750,076	1,085,955	2,718,397
Oklahoma	1,242,275	3,025,197	27,519,432	1,015,542	21,483,432	202,260	492,474
Oregon	1,198,779	2,779,160	27,523,256	979,412	20,680,114	243,293	635,062
Pennsylvania	5,310,917	11,855,065	131,421,755	4,393,649	100,661,126	1,242,683	3,678,379
Rhode Island	462,777	981,068	11,856,788	399,017	9,011,614	103,010	280,375
South Carolina	1,411,244	3,234,999	31,120,046	1,259,930	25,097,342	212,231	555,829
South Dakota	294,131	717,164	5,536,434	229,583	3,925,121	56,115	117,689
Tennessee	2,046,978	4,691,470	46,293,009	1,782,235	37,522,294	295,970	733,276
Texas	6,772,813	16,412,759	164,815,221	5,797,575	132,952,793	1,088,303	3,044,004
Utah	619,398	1,691,626	14,379,025	530,532	11,636,368	106,730	257,056
Vermont	252,758	557,691	5,916,723	214,986	4,438,563	58,829	198,936
Virginia	2,709,670	5,949,939	74,654,147	2,374,318	59,309,635	585,172	1,550,076
Washington	2,051,168	4,662,277	52,165,381	1,712,267	40,240,262	434,758	1,162,212
West Virginia	671,358	1,627,616	14,483,000	557,248	11,352,901	119,406	289,495
Wisconsin	2,120,739	4,852,496	50,642,199	1,794,701	39,935,631	487,345	1,184,392
Wyoming	196,475	482,709	4,509,276	164,899	3,550,563	40,675	120,877
Other areas ²	533,875	1,088,548	8,223,909	304,667	12,529,458	119,620	490,029

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax by State, 1987

(Money amounts are in thousands of dollars, except where indicated)

State	Interest		Unemployment compensation in AGI		Itemized deductions		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Total Deductions	Average amount (whole dollars)
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
United States, total ¹	67,754,641	167,478,801	7,308,358	12,228,525	36,976,374	404,019,811	10,926
Alabama.....	806,370	1,642,035	146,995	153,609	496,152	4,292,455	8,651
Alaska.....	169,934	252,110	35,457	82,760	84,496	978,652	11,582
Arizona.....	889,331	2,765,677	77,828	113,465	578,764	6,535,021	11,291
Arkansas.....	472,910	1,211,094	61,828	117,495	239,674	2,129,279	8,884
California.....	7,710,496	22,253,436	905,713	1,485,930	4,852,036	69,267,097	14,276
Colorado.....	981,431	2,234,855	93,045	176,172	612,745	6,861,712	11,198
Connecticut.....	1,237,452	3,002,819	85,948	128,887	573,075	7,292,581	12,725
Delaware.....	192,153	388,530	14,817	20,734	113,660	1,157,724	10,186
District of Columbia.....	165,675	461,445	11,346	26,001	113,979	1,511,949	13,265
Florida.....	3,294,153	12,629,542	166,473	267,112	1,661,888	17,860,274	10,747
Georgia.....	1,343,427	2,948,729	164,416	185,370	908,481	9,826,566	10,816
Hawaii.....	373,796	695,344	23,826	39,199	175,582	2,049,374	11,672
Idaho.....	235,355	559,997	43,864	71,068	135,496	1,325,508	9,783
Illinois.....	3,440,865	8,690,849	316,642	663,578	1,660,057	16,893,990	10,177
Indiana.....	1,500,612	3,127,463	151,529	174,891	720,103	6,094,294	8,463
Iowa.....	879,867	2,224,754	74,349	119,958	401,407	3,360,352	8,371
Kansas.....	710,828	1,890,283	68,624	123,009	381,216	3,505,374	9,195
Kentucky.....	781,799	1,737,236	124,612	151,260	441,403	3,749,994	8,496
Louisiana.....	849,949	2,039,543	171,979	332,397	429,722	4,066,856	9,464
Maine.....	358,126	680,117	38,548	50,440	158,350	1,515,092	9,568
Maryland.....	1,460,139	3,096,303	96,529	165,492	951,693	11,415,475	11,995
Massachusetts.....	2,163,886	4,703,360	165,495	333,391	1,043,160	12,126,648	11,625
Michigan.....	2,689,336	5,286,316	422,401	810,038	1,584,777	14,650,529	9,245
Minnesota.....	1,410,664	3,001,305	130,848	276,858	842,942	8,582,372	10,181
Mississippi.....	411,221	942,453	82,902	98,741	234,823	2,079,166	8,854
Missouri.....	1,380,530	3,504,831	166,845	223,979	677,851	6,011,633	8,869
Montana.....	229,260	580,664	28,635	44,811	116,991	946,284	8,089
Nebraska.....	484,498	1,183,118	36,947	45,366	208,368	1,911,001	9,171
Nevada.....	271,265	852,972	36,204	57,942	160,612	1,756,325	10,935
New Hampshire.....	383,894	790,316	19,828	23,726	177,605	1,936,713	10,905
New Jersey.....	2,745,125	6,469,449	220,925	444,334	1,440,551	17,653,364	12,255
New Mexico.....	334,405	802,968	40,304	67,634	179,114	1,674,406	9,348
New York.....	5,539,864	15,009,241	469,310	861,980	3,223,852	41,574,221	12,896
North Carolina.....	1,528,355	2,910,733	180,273	177,228	960,791	9,110,282	9,482
North Dakota.....	200,054	485,589	20,206	36,660	72,577	624,403	8,603
Ohio.....	3,095,393	6,239,989	333,314	597,153	1,557,372	14,237,232	9,142
Oklahoma.....	708,777	1,899,639	80,664	131,486	424,385	3,999,248	9,424
Oregon.....	782,619	1,873,079	114,301	194,203	476,404	4,821,905	10,121
Pennsylvania.....	3,670,097	7,474,324	466,444	868,234	1,626,298	14,898,308	9,161
Rhode Island.....	315,388	674,992	40,311	60,637	148,185	1,524,278	10,286
South Carolina.....	704,868	1,335,360	80,088	80,681	477,540	4,411,663	9,238
South Dakota.....	196,993	495,243	1,233	14,752	63,175	489,933	7,755
Tennessee.....	1,069,121	2,334,225	157,775	168,281	496,836	4,468,912	8,995
Texas.....	3,619,964	11,205,228	441,467	888,968	1,901,260	20,877,852	10,981
Utah.....	403,894	703,711	43,223	82,248	276,441	2,842,650	10,283
Vermont.....	172,426	335,283	15,841	21,563	79,914	750,091	9,386
Virginia.....	1,639,056	3,510,911	123,708	130,606	1,018,812	11,560,064	11,347
Washington.....	1,371,010	3,322,650	180,279	332,075	684,997	6,652,293	9,711
West Virginia.....	403,921	788,994	70,171	132,858	149,330	1,244,340	8,333
Wisconsin.....	1,578,185	3,004,061	206,973	318,547	784,824	7,165,344	9,130
Wyoming.....	130,058	310,437	19,130	38,746	61,055	511,104	8,371
Other areas ²	265,846	915,199	6,945	15,970	135,553	1,237,629	9,130

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax by State, 1987

[Money amounts are in thousands of dollars, except where indicated]

State	Tax liability			Earned income credit	
	Total tax		Average tax (whole dollars)	Number of returns	Amount
	Number of returns	Amount			
(15)	(16)	(17)	(18)	(19)	
United States, total ¹	91,119,809	386,357,209	4,240	8,789,469	3,932,549
Alabama	1,281,165	4,426,484	3,455	229,278	109,238
Alaska	305,104	1,043,533	3,420	12,355	4,675
Arizona	1,222,666	4,615,277	3,775	134,021	59,376
Arkansas	726,249	2,185,528	3,009	129,919	59,953
California	10,512,603	50,216,312	4,777	1,047,495	477,197
Colorado	1,259,984	4,885,027	3,877	102,664	44,657
Connecticut	1,495,588	9,183,726	6,141	54,082	22,231
Delaware	266,355	1,124,878	4,223	21,798	9,683
District of Columbia	276,709	1,381,825	4,994	32,180	14,057
Florida	4,633,080	20,736,508	4,476	495,345	227,071
Georgia	2,229,724	8,759,810	3,929	306,941	141,351
Hawaii	439,394	1,640,755	3,734	29,665	11,876
Idaho	313,332	904,315	2,886	39,054	16,939
Illinois	4,355,429	20,912,962	4,802	349,982	153,256
Indiana	2,004,654	7,532,781	3,758	182,086	80,745
Iowa	1,021,053	3,359,015	3,290	74,834	31,756
Kansas	908,592	3,535,965	3,892	72,647	30,934
Kentucky	1,168,913	3,924,439	3,357	162,902	74,566
Louisiana	1,259,820	4,456,136	3,537	259,750	122,072
Maine	466,153	1,555,973	3,338	39,682	16,876
Maryland	1,960,048	9,070,694	4,628	137,383	59,534
Massachusetts	2,617,242	12,911,003	4,933	107,189	44,639
Michigan	3,421,729	14,632,718	4,276	222,843	95,840
Minnesota	1,718,690	6,368,518	3,705	95,772	40,024
Mississippi	712,645	2,094,264	2,939	197,072	96,353
Missouri	1,856,091	7,217,637	3,889	184,733	81,845
Montana	270,459	778,279	2,878	33,061	14,495
Nebraska	591,741	1,955,460	3,305	49,590	21,263
Nevada	430,511	1,908,668	4,433	36,578	15,606
New Hampshire	478,414	2,211,103	4,622	22,463	9,344
New Jersey	3,528,569	18,919,420	5,362	212,216	89,144
New Mexico	477,467	1,523,963	3,192	84,795	37,922
New York	6,908,152	34,943,260	5,058	556,373	246,399
North Carolina	2,374,741	8,182,060	3,445	307,190	139,237
North Dakota	237,805	706,667	2,972	22,087	9,242
Ohio	4,091,529	15,568,112	3,805	311,329	135,671
Oklahoma	1,016,186	3,515,864	3,460	138,088	62,755
Oregon	1,002,296	3,369,459	3,362	91,307	40,015
Pennsylvania	4,547,167	18,199,689	4,002	330,058	142,489
Rhode Island	407,961	1,624,975	3,983	24,436	10,451
South Carolina	1,157,729	3,677,911	3,177	176,074	81,784
South Dakota	242,398	709,049	2,925	27,469	11,771
Tennessee	1,684,986	6,202,822	3,681	242,203	111,225
Texas	5,516,129	23,936,483	4,339	818,317	373,886
Utah	517,880	1,583,725	3,058	48,707	20,753
Vermont	220,774	762,160	3,452	15,925	6,637
Virginia	2,363,623	10,170,891	4,303	188,517	83,382
Washington	1,765,588	7,214,494	4,086	126,579	54,063
West Virginia	549,736	1,746,777	3,177	72,723	32,137
Wisconsin	1,829,563	6,362,271	3,477	114,195	48,549
Wyoming	164,777	605,029	3,672	15,897	6,894
Other areas ²	310,416	1,302,535	4,196	1,620	694

¹See notes following Tables 20.

Selected Historical Data

Table 3.—Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1984–1987

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

Size of adjusted gross income	Number of returns for—		Adjusted gross income (AGI) ¹		Taxable income	
	1984	1985	1984	1985	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
Total	99,438,708	101,660,287	2,139,904,356	2,305,951,483	1,701,365,731	1,820,740,833
Less than \$1,000 ^{1,2}	3,329,148	3,292,007	-31,984,443	-36,740,956	63,799	6,856
\$1,000 under \$3,000.....	6,883,760	6,771,487	13,732,880	13,581,245	6,504,129	5,947,953
\$3,000 under \$5,000.....	7,030,537	6,685,481	28,151,199	26,769,868	17,251,761	16,049,013
\$5,000 under \$7,000.....	6,584,434	6,570,968	39,617,706	39,356,896	26,095,663	25,680,025
\$7,000 under \$9,000.....	6,792,931	6,664,279	54,388,545	53,477,888	38,888,493	37,544,431
\$9,000 under \$11,000.....	6,051,873	6,235,044	60,390,249	62,125,340	45,303,739	46,036,142
\$11,000 under \$13,000.....	5,877,979	5,582,921	70,439,379	66,863,381	54,708,664	51,016,092
\$13,000 under \$15,000.....	5,202,547	5,386,772	72,660,372	75,352,290	57,397,788	58,884,575
\$15,000 under \$17,000.....	4,893,833	4,895,393	78,195,614	78,225,269	62,489,602	61,708,177
\$17,000 under \$19,000.....	4,561,541	4,542,598	82,012,673	81,675,266	66,307,248	65,462,334
\$19,000 under \$22,000.....	5,645,759	6,089,064	115,466,828	124,506,145	93,889,175	100,462,536
\$22,000 under \$25,000.....	5,198,716	5,051,210	122,123,861	118,539,622	99,375,158	95,256,056
\$25,000 under \$30,000.....	7,635,404	7,457,947	209,274,643	204,399,150	168,006,165	164,077,078
\$30,000 under \$35,000.....	6,020,636	6,451,040	195,263,778	209,135,063	155,819,230	162,091,716
\$35,000 under \$40,000.....	5,054,470	5,184,620	188,944,011	193,807,899	149,423,027	155,819,230
\$40,000 under \$50,000.....	5,963,041	6,701,544	264,922,227	297,914,321	210,324,094	233,646,097
\$50,000 under \$75,000.....	4,657,702	5,628,639	275,046,849	333,710,362	214,921,141	259,467,072
\$75,000 under \$100,000.....	1,049,444	1,263,409	89,289,787	107,424,625	69,194,901	82,293,087
\$100,000 under \$150,000.....	581,498	706,248	69,273,546	84,315,947	53,604,014	64,834,865
\$150,000 under \$200,000.....	179,695	203,109	30,767,972	34,884,492	23,865,523	27,899,383
\$200,000 under \$300,000.....	132,306	152,523	31,729,787	36,457,244	24,405,339	28,919,889
\$300,000 under \$500,000.....	67,405	85,565	25,780,158	32,529,032	19,789,383	21,269,595
\$500,000 under \$1,000,000.....	29,215	41,107	19,729,296	27,541,427	15,798,723	21,269,595
\$1,000,000 or more.....	14,834	17,312	34,687,437	40,099,667	27,938,970	32,087,247

Size of adjusted gross income	Total income tax ³		Percentage of returns showing no total income tax		Returns showing total income tax			
	1984	1985	1984	1985	Average tax (whole dollars)		Tax as percentage of AGI	
					1984	1985	1984	1985
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Total	301,923,057	325,710,254	17.9	18.5	3,698	3,931	14.4	14.4
Less than \$1,000 ^{1,2}	419,790	185,922	99.2	99.7	16,783 ³	16,964 ³	—	—
\$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	4.6
\$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	3,480,779	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	12,275,305	1.0	1.6	2,573	2,469	11.0	10.5
\$25,000 under \$30,000.....	23,793,004	22,916,849	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	32.2
\$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 20.

Selected Historical Data

Table 3. (Continued)—Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1984–1987

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

Size of adjusted gross income	Number of returns for		Adjusted gross income (AGI) ¹		Taxable income	
	1986	1987 ⁴	1986	1987 ⁴	1986	1987 ⁴
	(1)	(2)	(3)	(4)	(5)	(6)
Total	103,045,170	106,996,270	2,481,681,046	2,773,824,198	1,947,024,584	1,850,597,119
Less than \$1,000 ^{1,2}	3,082,866	3,691,379	-41,192,239	-38,160,729	2,988	155,369
\$1,000 under \$3,000	6,943,446	7,433,802	14,071,650	14,894,572	6,091,094	1,360,813
\$3,000 under \$5,000	6,918,848	6,691,090	27,868,449	26,725,935	16,360,716	3,759,804
\$5,000 under \$7,000	6,476,499	6,422,132	38,957,006	38,413,878	24,601,096	8,264,832
\$7,000 under \$9,000	6,193,124	6,300,234	49,544,545	50,368,689	33,689,430	15,178,900
\$9,000 under \$11,000	6,143,571	5,928,842	61,191,194	59,187,847	43,902,314	21,801,837
\$11,000 under \$13,000	5,555,106	5,580,094	66,594,415	66,951,853	49,577,787	29,932,090
\$13,000 under \$15,000	5,248,065	5,292,576	73,308,776	73,989,299	56,529,121	36,864,357
\$15,000 under \$17,000	4,744,416	4,800,582	75,841,890	76,680,566	59,389,086	41,945,445
\$17,000 under \$19,000	4,478,236	4,487,621	80,591,475	80,697,963	64,065,790	46,210,802
\$19,000 under \$22,000	6,070,710	5,879,795	124,453,078	120,205,955	98,830,208	72,352,317
\$22,000 under \$25,000	5,218,320	5,297,494	122,393,950	124,251,696	98,488,143	78,121,158
\$25,000 under \$30,000	7,559,001	7,494,827	207,876,371	205,551,504	165,356,830	133,895,752
\$30,000 under \$35,000	11,489,629	11,604,644	398,161,168	402,500,618	313,916,975	270,913,902
\$35,000 under \$40,000						
\$40,000 under \$50,000						
\$50,000 under \$75,000	7,458,776	7,862,901	332,210,863	350,409,748	259,365,436	242,712,736
\$75,000 under \$100,000	6,427,825	8,110,447	381,831,768	484,023,071	295,296,881	347,978,968
\$100,000 under \$150,000	1,546,776	2,064,189	131,926,730	175,453,698	100,211,601	129,661,327
\$150,000 under \$200,000	1,115,593	1,513,654	146,973,805	200,973,127	112,757,958	153,927,488
\$200,000 under \$300,000						
\$300,000 under \$500,000						
\$500,000 under \$1,000,000	290,946	429,671	82,840,607	124,073,791	64,277,685	100,643,815
\$1,000,000 or more	51,558	75,352	33,670,463	50,898,244	27,327,574	42,794,638
	31,859	34,944	72,565,082	85,732,872	56,985,871	72,120,769

Size of adjusted gross income	Total income tax ³		Percentage of returns showing no total income tax		Returns showing total income tax			
	1986	1987 ⁴	1986	1987 ⁴	Average tax (whole dollars)		Tax as percentage of AGI	
					1986	1987	1986	1987 ⁴
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	367,287,213	369,202,757	18.5	18.9	4,374	4,257	15.1	13.7
Less than \$1,000 ^{1,2}	315,949	180,244	99.5	79.6	19,520	240	—	—
\$1,000 under \$3,000	58,848	183,643	94.1	70.0	143	82	7.1	4.0
\$3,000 under \$5,000	331,163	435,734	51.8	55.4	99	146	2.3	3.6
\$5,000 under \$7,000	1,047,045	998,787	35.1	36.4	249	244	4.1	4.1
\$7,000 under \$9,000	1,953,699	1,790,904	29.1	34.3	445	433	5.5	5.4
\$9,000 under \$11,000	3,203,202	2,581,645	13.3	29.2	601	615	6.0	6.1
\$11,000 under \$13,000	4,326,834	3,649,095	6.2	18.8	831	806	6.9	6.7
\$13,000 under \$15,000	5,409,582	4,701,766	3.9	9.0	1,073	976	7.7	7.0
\$15,000 under \$17,000	6,304,604	5,671,873	2.4	3.5	1,361	1,225	8.5	7.7
\$17,000 under \$19,000	7,243,966	6,288,383	1.6	2.9	1,644	1,444	9.1	8.0
\$19,000 under \$22,000	11,947,487	10,034,366	1.3	2.0	1,995	1,742	9.7	8.5
\$22,000 under \$25,000	12,727,389	11,357,271	0.8	1.7	2,459	2,181	10.5	9.3
\$25,000 under \$30,000	22,850,961	20,395,355	0.8	0.7	3,047	2,741	11.1	10.0
\$30,000 under \$35,000	48,628,502	42,809,754	0.5	0.5	4,253	3,708	12.3	10.7
\$35,000 under \$40,000								
\$40,000 under \$50,000								
\$50,000 under \$75,000	45,744,224	41,345,872	0.2	0.3	6,143	5,274	13.8	11.8
\$75,000 under \$100,000	62,459,834	69,872,423	0.2	0.2	9,737	8,630	16.4	14.5
\$100,000 under \$150,000	26,280,965	31,277,163	0.2	0.1	17,027	15,171	20.0	17.8
\$150,000 under \$200,000	37,289,197	43,415,426	0.2	0.2	33,498	28,754	25.4	21.7
\$200,000 under \$300,000								
\$300,000 under \$500,000								
\$500,000 under \$1,000,000	27,066,736	32,978,242	0.2	0.1	93,196	76,866	32.7	26.6
\$1,000,000 or more	12,928,118	14,745,147	0.2	0.2	251,192	196,006	38.5	29.0
	29,168,908	24,489,662	0.2	0.3	917,031	702,777	40.3	28.7

See notes following Table 20.

Selected Historical Data

Table 4.—Reconciliation of Adjusted Gross Income (AGI) and Personal Income Used in the National Income and Product Accounts (NIPA), Selected Years, 1970–1987

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

Income and adjustment items	1970	1975	1980	1985	1986	p1987
	(1)	(2)	(3)	(4)	(5)	(6)
1. Personal income (per NIPA)	831.8	1,313.4	2,258.5	3,325.3	r3,526.2	3,777.6
2. Portion of personal income not included in AGI	181.2	350.5	608.5	1,021.4	r1,100.6	1,090.0
Transfer payments (except taxable military pay and taxable Government pensions).....	79.3	176.9	290.3	r416.8	r440.8	454.3
Other labor income (except fees).....	31.9	65.0	136.5	r184.3	r195.7	208.9
Imputed income.....	25.5	33.4	45.1	55.3	r71.1	91.9
Investment income received by nonprofit institutions or retained by fiduciaries.....	7.7	11.2	21.7	34.8	r33.0	33.1
Investment income retained by life insurance carriers and noninsured pension funds ¹	12.5	23.5	59.9	112.8	r119.0	129.1
Differences in accounting treatment (NIPA vs. IRS).....	8.5	16.0	14.1	87.3	r97.7	91.2
Other excluded or tax exempt income.....	15.8	24.4	41.0	130.2	r143.3	81.5
3. Portion of AGI not included in personal income	47.7	85.1	157.8	299.4	r397.8	452.2
Personal contributions for social insurance.....	27.9	50.4	88.6	149.3	r161.9	172.9
Net capital gain from sales of property.....	8.9	14.2	29.7	69.8	r133.6	134.2
Taxable private pensions.....	6.3	13.1	28.3	72.9	r94.1	110.0
S Corporation income (taxed through shareholders).....	1.7	2.1	.7	6.2	r7.5	23.6
Other taxable income.....	2.9	5.4	10.5	1.2	r6	11.4
4. Total net adjustment for conceptual differences (line 2 minus line 3)	133.5	265.4	450.7	722.0	r702.8	637.8
5. Estimated total AGI (per NIPA) (line 1 minus line 4)	698.3	1,048.0	1,807.9	2,603.4	r2,823.4	3,139.8
6. Adjusted gross income (AGI) (SOI)	631.7	947.8	1,613.7	2,306.0	2,481.7	2,788.0
7. Estimated difference in AGI (NIPA vs. SOI) (line 5 minus line 6)²	66.6	100.2	194.1	297.4	r341.7	351.8

See notes following Table 20.

Table 5.—Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1947–1988

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

Tax year	Personal income (per NIPA) ¹	Total adjusted gross income (AGI) (per NIPA) ¹	Difference	
			Amount	Percentage of personal income
	(1)	(2)	(3)	(4)
1947.....	190.2	170.6	19.6	10.3
1948.....	209.2	184.6	24.6	11.8
1949.....	206.4	181.7	24.7	12.0
1950.....	228.1	201.4	26.7	11.7
1951.....	256.5	228.8	27.7	10.8
1952.....	273.8	241.8	32.0	11.7
1953.....	290.5	257.1	33.4	11.5
1954.....	293.0	256.4	36.6	12.5
1955.....	314.2	277.1	37.1	11.8
1956.....	337.2	297.9	39.3	11.7
1957.....	356.3	310.7	45.6	12.8
1958.....	367.1	316.0	51.1	13.9
1959.....	390.7	338.7	52.0	13.3
1960.....	409.4	352.5	56.9	13.9
1961.....	426.0	365.8	60.2	14.1
1962.....	453.2	387.8	65.4	14.4
1963.....	476.3	408.7	67.6	14.2
1964.....	510.2	442.0	68.2	13.4
1965.....	552.0	479.4	72.6	13.2
1966.....	600.8	520.0	80.8	13.4
1967.....	644.5	555.4	89.1	13.8
1968.....	707.2	610.0	97.2	13.7
1969.....	772.9	663.4	109.5	14.2
1970.....	831.8	698.3	133.5	16.0
1971.....	894.0	745.6	148.4	16.6
1972.....	981.6	824.7	156.9	16.0
1973.....	1,101.7	926.0	175.7	15.9
1974.....	1,210.1	1,004.0	206.1	17.0
1975.....	1,313.4	1,048.0	265.4	20.2
1976.....	1,451.4	1,166.7	284.7	19.6
1977.....	1,607.5	1,297.0	310.5	19.3
1978.....	1,812.4	1,466.9	345.5	19.1
1979.....	2,034.0	1,647.3	386.7	19.0
1980.....	2,258.5	1,807.9	450.6	20.0
1981.....	2,520.9	1,990.0	530.9	21.1
1982.....	2,670.8	2,059.4	611.4	22.9
1983.....	2,838.6	2,176.3	662.3	23.3
1984.....	3,108.7	2,407.3	701.4	22.6
1985.....	3,325.3	2,603.4	713.7	21.5
1986.....	r3,526.2	r2,823.4	r702.8	r19.9
1987.....	3,777.6	3,139.8 ²	637.8 ²	16.9 ²
p1988.....	4,064.5	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 6.—Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and Adjusted Gross Income Reported on Individual Income Tax Returns per SOI, Tax Years 1947–1987

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

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) ¹	Reported on tax returns (per SOI)	Amount	Percentage of total
	(1)	(2)	(3)	(4)
1947.....	170.6	149.7	20.9	12.3
1948.....	184.6	163.6	21.0	11.4
1949.....	181.7	160.6	21.1	11.6
1950.....	201.4	179.1	22.3	11.1
1951.....	228.8	202.4	26.4	11.5
1952.....	241.8	215.3	26.5	11.0
1953.....	257.1	228.7	28.4	11.0
1954.....	256.4	229.2	27.2	10.6
1955.....	277.1	248.5	28.6	10.3
1956.....	279.9	267.8	30.1	10.1
1957.....	310.7	280.4	30.3	9.8
1958.....	316.0	281.2	34.8	11.0
1959.....	338.7	305.1	33.6	9.9
1960.....	352.5	315.5	37.0	10.5
1961.....	365.8	329.9	35.9	9.8
1962.....	387.8	348.7	39.1	10.1
1963.....	408.7	368.8	39.9	9.8
1964.....	442.0	396.7	45.3	10.2
1965.....	479.4	429.2	50.2	10.5
1966.....	520.0	468.5	51.5	9.9
1967.....	555.4	504.8	50.6	9.1
1968.....	610.0	554.4	55.6	9.1
1969.....	663.4	603.5	59.9	9.0
1970.....	698.3	631.7	66.6	9.5
1971.....	745.6	673.6	72.0	9.7
1972.....	824.7	746.0	78.7	9.5
1973.....	926.0	827.1	98.9	10.7
1974.....	1,004.0	905.5	98.5	9.8
1975.....	1,048.0	947.8	100.2	9.6
1976.....	1,166.7	1,053.9	112.8	9.7
1977.....	1,297.0	1,158.5	138.5	10.7
1978.....	1,466.9	1,302.4	164.5	11.2
1979.....	1,647.3	1,465.4	181.9	11.0
1980.....	1,807.9	1,613.7	194.2	10.7
1981.....	1,990.0	1,772.6	217.4	10.9
1982.....	2,059.4	1,852.1	207.3	10.1
1983.....	2,176.3	1,942.6	233.7	10.7
1984.....	2,407.3	2,139.9	267.4	11.1
1985.....	r2,603.4	2,306.0	r297.4	r11.4
1986.....	r2,823.4	2,481.7	r341.7	r12.1
1987.....	3,139.8	2,773.8 ²	366.0 ²	11.7 ²

See notes following Table 20.

Selected Historical Data

Table 7.—Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1944–1987

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

Tax year	Total number of returns	Standard deduction ¹		Itemized deductions		Total deductions	
		Number of returns ²	Amount	Number of returns ²	Amount ³	Amount ⁴	Percentage of adjusted gross income (AGI)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1944.....	47.1	38.7	8.0	8.4	4.8	12.8	11.0
1945.....	49.9	41.5	8.1	8.5	5.5	13.6	11.3
1946.....	52.8	44.1	8.9	8.8	6.3	15.2	11.3
1947.....	55.1	44.7	9.8	10.4	7.8	17.6	11.8
1948.....	52.1	43.2	11.5	8.8	7.9	19.4	11.9
1949.....	51.8	42.1	11.1	9.7	8.8	19.9	12.4
1950.....	53.1	42.7	12.0	10.3	9.9	21.9	12.2
1951.....	55.4	43.9	13.3	11.6	11.9	25.2	12.5
1952.....	56.5	43.7	13.7	12.8	13.6	27.3	12.7
1953.....	57.8	43.4	14.2	14.4	15.6	29.8	13.0
1954.....	56.7	41.0	13.3	15.7	17.4	30.7	13.4
1955.....	58.3	41.4	13.6	16.9	20.0	33.6	13.5
1956.....	59.2	40.7	13.8	18.5	22.6	36.4	13.6
1957.....	59.8	39.7	13.8	20.2	25.7	39.5	14.1
1958.....	59.1	38.3	13.2	20.8	27.5	40.7	14.5
1959.....	60.3	37.8	13.4	22.5	32.0	45.4	14.9
1960.....	61.0	36.9	13.1	24.1	35.3	48.4	15.3
1961.....	61.5	36.2	12.9	25.3	38.4	51.3	15.6
1962.....	62.7	36.3	13.1	26.5	41.7	54.8	15.7
1963.....	63.9	35.8	13.1	28.2	46.1	59.2	16.1
1964.....	65.4	38.5	20.2	26.9	46.8	67.0	16.9
1965.....	67.6	39.7	20.6	27.9	50.7	71.4	16.6
1966.....	70.2	41.6	21.8	28.6	54.6	76.4	16.3
1967.....	71.7	41.9	22.1	29.8	59.6	81.7	16.2
1968.....	73.7	41.7	22.1	32.0	69.2	91.3	16.4
1969.....	75.8	40.9	21.6	34.9	80.2	101.8	16.8
1970.....	74.3	38.8	32.4	35.4	88.2	120.5	19.0
1971.....	74.6	43.9	48.1	30.7	91.9	139.9	20.7
1972.....	77.6	50.6	69.8	27.0	96.7	166.4	22.2
1973.....	80.7	52.6	73.6	28.0	107.0	180.6	21.8
1974.....	83.3	53.8	76.1	29.6	119.4	195.5	21.6
1975.....	82.2	56.1	100.9	26.1	122.3	233.2	23.5
1976.....	84.7	58.7	113.8	26.0	133.9	247.6	23.5
1977.....	86.6	63.7	137.7	22.9	138.5	276.2	23.8
1978.....	89.8	64.0	139.8	25.8	164.4	304.3	23.4
1979.....	92.7	66.2	148.8	26.5	184.2	333.0	22.7
1980.....	93.9	65.0	146.0	29.0	218.0	346.0	22.6
1981.....	95.4	63.8	144.7	31.6	256.4	401.2	22.6
1982.....	95.3	61.9	140.2	33.4	284.5	425.2	22.9
1983.....	96.3	61.1	138.5	35.2	309.6	448.7	23.1
1984.....	99.4	61.2	139.5	38.2	358.9	499.6	23.3
1985.....	101.7	61.8	145.0	39.8	405.0	554.7	23.9
1986.....	103.0	62.4	151.0	40.7	447.1	611.3	24.6
1987.....	107.0	71.4	215.2	35.6	392.0	607.2	21.9

See notes following Table 20.

Selected Historical Data

Table 8.—Personal Income Per National Income and Product Accounts (NIPA) and Taxable Income, and Individual Income Tax Per SOI, Tax Years 1947–1987

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

Tax year	Personal income (per NIPA) ¹	Taxable income (per SOI) ²		Total income tax (per SOI) ³		
		Amount	As a percentage of personal income	Total	As a percentage of—	
					Personal income	Taxable income
(1)	(2)	(3)	(4)	(5)	(6)	
1947.....	190.2	75.4	39.6	18.1	9.5	24.0
1948.....	209.2	74.8	35.8	15.4	7.4	20.6
1949.....	206.4	71.7	34.7	14.5	7.0	20.2
1950.....	228.1	84.3	37.0	18.4	8.1	21.8
1951.....	256.5	99.2	38.7	24.2	9.4	25.9
1952.....	273.8	107.2	39.2	27.8	10.2	25.9
1953.....	290.5	114.3	39.3	29.4	10.1	25.7
1954.....	293.0	115.3	39.4	26.7	9.1	23.2
1955.....	314.2	128.0	40.7	29.6	9.4	23.1
1956.....	337.2	141.5	42.0	32.7	9.7	23.1
1957.....	356.3	149.4	41.9	34.4	9.7	23.0
1958.....	367.1	149.3	40.7	34.3	9.3	23.0
1959.....	390.7	166.5	42.6	38.6	9.9	23.2
1960.....	409.4	171.6	41.9	39.5	9.6	23.0
1961.....	426.0	181.8	42.7	42.2	9.9	23.2
1962.....	453.2	195.3	43.1	44.9	9.9	23.0
1963.....	476.3	209.1	43.9	48.2	10.1	23.1
1964.....	510.2	229.9	45.1	47.2	9.3	20.5
1965.....	552.0	255.1	46.2	49.6	9.0	19.4
1966.....	600.8	286.3	47.7	56.1	9.3	19.6
1967.....	644.5	315.1	48.9	63.0	9.8	20.0
1968.....	707.2	352.8	49.9	76.7	10.8	21.7
1969.....	772.9	388.8	50.3	86.6	11.2	22.3
1970.....	831.8	401.2	48.2	83.9	10.1	20.9
1971.....	894.0	414.0	46.3	85.4	9.6	20.6
1972.....	981.6	447.6	45.6	93.6	9.5	20.9
1973.....	1,101.7	511.9	46.5	108.1	9.8	21.1
1974.....	1,210.1	573.6	47.4	123.6	10.2	21.5
1975.....	1,313.4	595.5	45.3	124.5	9.5	20.9
1976.....	1,451.4	674.9	46.5	141.8	9.8	21.0
1977.....	1,607.5	733.8	45.6	159.8	9.9	21.8
1978.....	1,812.4	846.4	46.7	188.2	10.4	22.2
1979.....	2,034.0	926.6	45.6	214.5	10.5	23.2
1980.....	2,258.5	1,045.2	46.3	250.3	11.1	24.0
1981.....	2,520.9	1,170.1	46.4	284.1	11.3	24.3
1982.....	2,670.8	1,231.9	46.1	277.6	10.4	22.6
1983.....	2,838.6	1,300.2	45.8	274.2	9.7	21.1
1984.....	3,108.7	1,447.0	46.5	301.9	9.7	20.9
1985.....	3,325.3	1,550.5	46.6	325.7	9.8	21.0
1986.....	3,526.2	1,665.6	47.2	367.3	10.4	22.1
1987.....	3,777.6	1,850.6	49.0	369.2	9.8	20.0

See notes following Table 20.

Selected Historical Data

Table 9.—Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years 1944–1987

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

Tax year	Total number of returns	Returns with—		
		Tax due at time of filing ¹	Overpayments ¹	No overpayments or tax due at time of filing ¹
	(1)	(2)	(3)	(4)
1944.....	47.1	22.6	22.9	1.6
1945.....	49.9	14.5	33.5	1.9
1946.....	52.8	13.6	34.4	4.8
1947.....	55.1	15.3	33.0	6.7
1948.....	52.1	8.1	38.4	5.6
1949.....	51.8	13.8	30.2	7.9
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
1987.....	107.0	23.8	79.8	3.4

See notes following Table 20.

Selected Historical Data

Table 10.—Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Income Years, 1970–1987

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

Item	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	5,769,741	7,221,346	8,931,712	11,928,573	12,393,700	13,091,132
Number with net income.....	n.a.	n.a.	n.a.	8,640,701	9,247,806	9,884,338
Inventory, end of year	11,060,775	15,578,040	21,996,236	24,969,895	24,476,892	26,332,702
Business receipts, total	198,582,172	273,954,741	411,205,713	540,045,430	559,384,259	610,822,732
Income from sales and operations.....	n.a.	272,342,560	407,169,299	528,675,271	r548,273,173	598,315,189
Total deductions	168,044,746	234,318,288	356,258,495	461,272,852	466,960,496	505,362,105
Cost of sales and operations.....	109,148,811	146,261,435	209,889,809	232,294,132	232,134,760	255,045,271
Purchases.....	88,585,913	117,722,352	168,301,517	n.a.	n.a.	173,399,840
Cost of labor.....	7,704,285	8,791,083	10,922,221	14,504,201	17,317,871	19,631,015
Materials and supplies.....	6,216,057	9,090,638	12,909,222	n.a.	n.a.	23,841,762
Commissions.....	1,274,016	2,225,830	3,333,345	n.a.	5,461,118	6,261,859
Net salaries and wages.....	15,107,047	20,227,859	26,560,821	38,265,691	38,691,599	42,329,477
Car and truck expenses.....	n.a.	n.a.	13,378,289	17,044,421	16,380,826	17,469,744
Rent paid.....	4,636,528	6,676,314	9,636,290	15,258,690	15,653,599	16,358,248
Repairs.....	2,444,607	3,044,175	5,031,573	n.a.	n.a.	7,437,987
Taxes paid.....	3,775,502	5,423,961	7,672,459	n.a.	n.a.	8,449,142
Utilities.....	n.a.	n.a.	4,790,337	n.a.	12,644,624	13,361,789
Insurance.....	2,309,608	3,503,812	6,003,126	n.a.	10,783,481	11,718,559
Interest paid.....	1,784,276	3,390,845	7,190,257	11,913,982	11,504,437	11,615,902
Depreciation.....	5,451,525	7,958,143	13,952,703	26,291,389	26,418,043	25,557,350
Pension and profit sharing plans.....	72,741	125,296	141,463	311,323	638,262	547,886
Net income (less deficit)	30,537,426	39,636,453r	54,947,219	78,772,578	90,423,763	105,460,627
Net income.....	33,735,732	45,624,890	68,010,051	98,775,563	110,496,952	123,782,540
Deficit.....	3,198,306	5,988,437	13,062,832	20,002,986	20,073,189	18,321,913

See notes following Table 20.

Table 11.—Partnership Returns: Balance Sheet Items and Selected Income Statement for Selected Income Years, 1970–1987

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

Item	1970	1975	1980	1985	1986	r1987
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships	936,133	1,073,094	1,379,654	1,713,603	1,702,952	1,648,032
Number with net income.....	639,795	661,134	774,173	875,846	850,884	864,840
Number with balance sheets.....	555,741	783,271	1,194,236	1,227,498	1,202,737	n.a.
Number of partners.....	3,697,818	4,950,634	8,419,899	13,244,824	15,301,345	16,963,258
Total assets ¹	116,752,751	235,468,301	597,503,923	1,269,434,302	1,403,750,213	1,381,296,736
Depreciable assets (net).....	n.a.	113,124,969	239,139,823	695,878,822	779,936,070	n.a.
Inventories, end of year.....	n.a.	11,985,431	33,218,272	27,279,234	27,463,816	n.a.
Land.....	n.a.	36,731,958	70,241,248	152,179,314	179,141,689	n.a.
Total liabilities ¹	n.a.	193,875,629	488,734,023	r1,069,221,714	r1,175,727,564	n.a.
Accounts payable.....	n.a.	12,302,055	33,899,048	r46,871,755	43,621,862	n.a.
Short-term debt ²	n.a.	22,709,476	48,001,839	102,760,363	92,456,724	n.a.
Long-term debt ³	n.a.	136,296,764	178,044,406	93,319,855	429,195,599	n.a.
Nonrecourse loans.....	n.a.	n.a.	118,910,380	327,558,208	365,044,180	n.a.
Partners' capital accounts ¹	n.a.	41,592,672	108,769,900	r200,212,688	r228,022,649	n.a.
Total receipts ⁴	93,348,080	148,417,529	291,998,115	367,117,316	397,302,544	578,243,838
Business receipts.....	90,208,834	142,505,781	271,108,832	302,733,374	327,428,647	411,457,126
Interest received.....	942,304	2,477,173	10,869,323	20,558,966	21,715,994	15,878,744
Total deductions ⁴	83,557,684	140,679,959	283,749,460	376,000,991	414,673,405	569,361,424
Cost of sales and operations.....	46,040,874	64,672,843	113,885,668	146,315,315	164,167,707	237,156,859
Purchases.....	31,820,581	42,608,734	70,439,607	91,925,923	100,010,383	167,977,884
Cost of labor.....	4,146,927	4,585,836	7,015,547	8,845,106	9,789,253	9,975,053
Salaries and wages.....	8,129,233	12,489,039	22,336,337	33,884,204	36,304,654	44,303,276
Taxes paid.....	3,159,258	5,770,918	9,553,145	7,745,756	7,866,233	17,031,106
Interest paid.....	4,470,206	12,097,100	28,362,385	28,674,933	29,452,297	70,525,574
Depreciation ⁵	4,578,820	10,108,834	21,576,189	53,650,790	59,847,381	55,909,217
Net income (less deficit)	9,790,396	7,737,570	8,248,655	-8,883,674	-17,370,860	-5,419,105
Net income.....	14,419,124	22,431,931	45,061,756	77,044,693	80,214,873	87,654,011
Deficit.....	4,628,728	14,694,361	36,813,100	85,928,367	97,585,733	93,073,116

See notes following Table 20.

Selected Historical Data

Table 12.—Number of Business Income Tax Returns, by Size of Business, for Selected Years 1970–1987

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

Size of business	Number of businesses for—					
	1970 (1)	1975 (2)	1980 (3)	1985 (4)	1986 (5)	1987 (6)
CORPORATIONS						
Receipt size ¹						
Under \$25,000 ²	451.9	468.9	557.0	710.8	765.3	n.a.
\$25,000 under \$50,000.....	170.7	186.4	207.7	236.6	244.2	n.a.
\$50,000 under \$100,000.....	219.8	260.7	322.7	330.2	345.4	n.a.
\$100,000 under \$250,000.....	516.9	673.9	558.4	620.5	630.6	n.a.
\$250,000 under \$500,000.....			367.3	489.2	510.5	n.a.
\$500,000 under \$1,000,000.....			141.1	184.2	279.8	370.4
\$1,000,000 or more.....	165.0	249.5	417.7	537.6	562.2	n.a.
Asset size						
Under \$100,000 ³	961.0	1,177.7	1,514.6	1,833.5	1,946.6	n.a.
\$100,000 under \$1 million.....	599.1	704.6	968.9	1,152.5	1,180.4	n.a.
\$1 million under \$10 million.....	87.0	116.4	191.8	245.4	254.6	n.a.
\$10 million under \$25 million.....	9.8	12.2	16.6	20.9	21.1	n.a.
\$25 million under \$50 million.....	3.9	5.6	7.8	10.4	9.9	n.a.
\$50 million under \$100 million.....	2.1	3.1	4.8	6.2	6.6	n.a.
\$100 million under \$250 million.....	1.4	2.1	3.2	4.4	4.8	n.a.
\$250 million and over.....	1.2	1.9	2.9	4.1	4.5	n.a.
PARTNERSHIPS						
Receipt size ¹						
Under \$25,000 ²	501.7	549.7	638.0	840.1 ⁴	836.6 ⁴	n.a.
\$25,000 under \$50,000.....	125.2	141.0	181.8	195.5	182.9	n.a.
\$50,000 under \$100,000.....	119.6	133.7	183.6	199.5	204.5	n.a.
\$100,000 under \$200,000.....	97.2	114.0	155.2	190.1	184.0	n.a.
\$200,000 under \$500,000.....	65.2	90.6	135.6	165.5	165.1	n.a.
\$500,000 under \$1,000,000.....	17.0	25.5	48.1	66.9	69.1	n.a.
\$1,000,000 or more.....	10.3	18.6	37.4	56.0	60.7	n.a.
Asset size ⁵						
Under \$25,000 ³	635.7	611.0	541.9	794.1	774.9	n.a.
\$25,000 under \$50,000.....	80.8	105.9	156.3	132.7	142.4	n.a.
\$50,000 under \$100,000.....	73.5	106.8	180.2	165.8	140.4	n.a.
\$100,000 under \$200,000.....	74.7	116.0	219.1	210.9	214.4	n.a.
\$200,000–\$500,000.....	33.8	56.9	117.9	142.8	147.4	n.a.
\$500,000–\$1,000,000.....	19.3	35.3	72.1	100.0	99.8	n.a.
\$1,000,000 or more.....	18.3	41.2	92.2	167.2	183.3	n.a.
NONFARM SOLE PROPRIETORSHIPS						
Receipt size						
Under \$2,500 ²	1,894.3	2,299.9	2,783.1	3,067.5	3,176.4	3,299.4
\$2,500 under \$5,000.....	815.1	959.4	1,158.6	1,444.6	1,495.1	1,553.5
\$5,000 under \$10,000.....	891.5	1,041.7	1,262.9	1,633.6	1,666.0	1,846.5
\$10,000 under \$25,000.....	1,137.4	1,325.7	1,711.8	2,104.6	2,175.3	2,284.2
\$25,000 under \$50,000.....	746.4	849.5	1,079.1	1,393.9	1,466.6	1,559.0
\$50,000 under \$100,000.....	562.0	644.5	835.6	1,094.1	1,138.3	1,172.0
\$100,000 under \$200,000.....	297.4	380.9	795.8	1,060.2	1,140.9	913.5
\$200,000 under \$500,000.....	122.3	209.2				318.6
\$500,000 under \$1,000,000.....	20.8	35.3	73.9	89.3	95.4	101.6
\$1,000,000 or more.....	6.6	13.5	29.2	40.7	37.7	42.8

See notes following Table 20.

Selected Historical Data

Table 13.—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970–1986

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

Items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	1,665,477	2,023,647	2,710,538	3,170,743	3,277,219	3,428,515
Number with net income.....	1,008,337	1,226,208	1,596,632	1,777,770	1,820,120	1,907,738
Consolidated returns ^{1,2}	19,871	38,307	57,890	80,256	79,598	81,956
S Corporation returns ^{2,3}	257,475	358,413	545,389	701,339	724,749	826,214
DISC returns ^{2,4}	N/A	6,431	8,665	12,480	1,383	1,443
FSC returns ^{2,5}	N/A	N/A	N/A	N/A	2,341	2,900
Total assets	2,634,706,564	4,286,556,273	7,617,238,403	11,106,701,948	12,773,093,888	14,163,209,894
Cash.....	176,924,573	290,426,439	528,914,747	595,773,262	683,204,264	762,946,878
Notes and accounts receivable.....	614,667,367	1,051,542,806	1,984,601,790	2,896,980,896	3,317,635,191	3,593,528,670
Less: Allowance for bad debts.....	20,030,327	31,032,998	50,057,307	54,341,671	61,580,335	74,228,426
Inventories.....	190,401,642	317,718,545	534,806,547	664,243,060	714,722,928	732,587,518
Investments in Government obligations.....	196,625,390	316,131,699	472,059,737	725,695,801	916,550,098	1,058,718,859
Other current assets.....	73,058,482	145,101,716	310,177,160	513,743,712	629,136,396	739,043,506
Loans to stockholders.....	4,774,082	9,355,636	29,873,250	58,430,009	56,761,232	63,653,862
Mortgage and real estate loans.....	327,593,354	548,054,483	894,323,489	1,126,962,114	1,258,672,577	1,377,441,452
Other investments.....	401,389,022	626,266,074	1,213,986,210	1,972,830,815	2,413,551,474	2,847,727,452
Depreciable assets.....	868,908,018	1,276,564,500	2,107,027,914	2,913,301,626	3,174,193,649	3,382,556,559
Less: Accumulated depreciation.....	334,646,086	483,798,526	767,841,763	1,116,171,771	1,232,072,530	1,342,114,626
Depletable assets.....	18,517,264	38,511,396	71,901,490	114,808,431	112,339,389	116,010,459
Less: Accumulated depletion.....	6,774,796	14,501,561	19,569,556	36,340,299	37,203,920	44,083,149
Land.....	46,626,157	66,819,206	92,931,935	128,269,064	141,448,357	149,522,450
Intangible assets (amortizable).....	12,818,168	12,823,183	45,480,694	117,467,829	145,290,625	212,265,625
Less: Accumulated amortization.....	5,984,184	4,491,990	18,393,037	36,190,604	42,505,240	46,696,699
Other assets.....	69,838,438	121,065,665	187,015,106	521,126,077	582,949,738	634,329,507
Total liabilities	2,634,706,564	4,286,556,273	7,617,238,403	11,106,701,948	12,773,093,888	14,163,209,894
Accounts payable.....	148,812,597	263,417,584	542,172,368	741,372,874	891,571,443	909,090,964
Mortgages, notes, and bonds payable in less than 1 year.....	170,884,261	272,123,551	504,802,288	866,546,604	1,001,337,795	1,083,947,776
Other current liabilities.....	892,218,397	1,577,425,991	2,706,796,360	3,760,174,725	4,234,983,432	4,599,886,537
Loans from stockholders.....	24,573,814	38,143,936	85,718,510	145,250,514	174,317,253	185,034,570
Mortgages, notes, and bonds payable in 1 year or more.....	362,700,303	586,703,526	986,663,932	1,494,350,573	1,699,272,481	1,958,477,161
Other liabilities.....	283,106,029	451,676,880	846,696,691	1,214,879,371	1,467,912,913	1,728,638,194
Capital stock.....	201,213,719	251,715,862	417,153,783	839,344,197	920,182,882	1,190,628,800
Paid-in or capital surplus.....	196,642,421	298,534,854	532,039,407	1,066,288,359	1,420,996,805	1,725,785,087
Retained earnings, appropriated.....	16,657,051	29,955,676	41,461,644	51,100,507	54,074,364	64,975,012
Retained earnings, unappropriated.....	349,225,750	537,631,026	1,027,902,049	1,256,771,201	1,311,512,589	1,313,686,600
Less: Cost of treasury stock.....	11,327,778	20,772,613	74,168,627	329,376,924	403,068,064	612,525,394
Total receipts	1,750,776,503	3,198,627,860	6,381,284,012	7,860,711,226⁶	8,398,278,426	8,669,378,501
Business receipts.....	1,620,886,576	2,961,729,640	5,731,616,337	6,948,481,893	7,369,538,953	7,535,482,221
Interest on State and local Government obligations.....	3,775,917	6,711,606	12,620,876	16,613,501	20,164,514	23,578,340
Other interest.....	67,794,508	136,587,304	354,243,674	566,537,974 ⁷	617,622,425 ⁷	638,524,951 ⁷
Dividends received from domestic corporations.....	5,238,421	8,818,282	18,654,800	21,185,391	16,967,379	15,156,098
Dividends received from foreign corporations.....	3,466,515	5,467,726	14,563,353	15,373,474	20,770,361	22,747,046
Rents.....	13,938,502	21,765,130	41,371,141	75,834,113	89,700,937	93,972,214
Royalties.....	2,586,387	5,167,141	12,450,250	14,535,929	15,237,421	16,411,642
Net short-term capital gain reduced by net long-term capital loss.....	190,439	301,601	2,013,510	3,233,999 ⁸	7,032,062	11,797,841
Net long-term capital gain reduced by net short-term capital loss.....	5,481,580	8,364,523	24,910,957	38,518,792	53,771,685	93,297,600
Net gain, noncapital assets.....	5,315,562	7,757,287	20,117,615	26,506,096	33,537,842	44,149,339
Other receipts.....	22,102,096	35,957,620	128,721,498	133,948,728	153,934,848	174,261,151

Selected Historical Data

Table 13. (Continued)—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970–1986

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

Items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions	1,682,778,847	3,052,674,597	6,125,365,155	7,628,772,066	8,158,144,128	8,394,932,819
Cost of sales and operations.....	1,146,263,273	2,129,928,467	4,204,905,905	4,692,505,746	4,894,254,081	4,922,763,967
Compensation of officers.....	32,846,381	57,832,552	108,973,751	157,028,565	170,737,540	185,395,342
Repairs.....	13,986,819	23,422,171	42,407,967	76,367,591	81,495,784	83,848,507
Bad debts.....	6,479,814	13,781,147	18,769,771	33,803,267	43,333,588	53,419,371
Rent paid on business property.....	23,842,355	40,769,829	71,990,832	119,476,469	134,661,335	145,188,558
Taxes paid.....	49,523,243	81,530,302	163,003,622	191,748,629	200,977,161	203,491,687
Interest paid.....	62,055,010	129,307,921	344,612,542	535,814,101	568,645,475	572,973,834
Contributions or gifts.....	797,029	1,202,130	2,358,554	4,057,112	4,471,736	5,178,918
Amortization.....	745,005	717,398	1,374,658	5,170,089	6,133,737	14,005,202
Depreciation.....	52,941,266	86,295,664	157,345,828	264,882,261	304,380,703	312,582,789
Depletion.....	5,623,339	5,341,489	8,871,993	8,351,260	7,779,731	9,035,885
Advertising.....	18,089,097	26,605,786	52,266,004	82,023,440	91,922,667	98,959,857
Pension, profit-sharing, stock bonus, and annuity plans.....	12,225,912	26,526,129	51,529,310	52,555,188	49,588,712	48,242,217
Employee benefit programs.....	7,398,283	15,690,563	40,179,104	64,547,638	71,601,577	73,633,515
Net loss, noncapital assets.....	1,289,305	1,804,079	5,903,104	9,647,008	7,893,175	12,859,566
Other deductions.....	248,672,716	411,918,970	850,872,216	1,331,088,812	1,520,267,133	1,653,353,611
Total receipts less total deductions	67,997,656	145,953,263	235,918,858	231,939,061	240,134,300	274,445,682
Constructive taxable income from related foreign corporations.....	1,679,875	3,395,169	15,708,560	17,575,037	20,299,335	19,038,861
Net income (less deficit)	65,901,614	142,636,826	239,006,542	232,900,596⁸	240,119,020	269,530,240
Net income.....	83,710,924	169,483,336	296,787,201	349,179,415 ⁶	363,867,384	408,860,760
Deficit.....	17,809,310	26,846,510	57,780,659	116,278,819 ⁶	123,748,365	139,330,520
Income subject to tax ⁸	72,374,437	146,589,287	246,598,486	257,054,060	266,060,609	276,172,502
Income tax, total	33,293,018⁹	66,144,308	105,142,436	107,968,407	111,340,839	111,140,137
Regular and alternative tax.....	32,949,937	65,769,822	103,831,172	106,013,217	109,106,358	108,773,260
Tax from recomputing prior- year investment credit.....	77,832	217,138	867,571	1,328,945	1,497,597	1,319,525
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	544,863	725,878	1,026,194
Foreign tax credit.....	4,548,986	19,987,724	24,879,737	21,075,296	24,263,487	21,480,508
U.S. possessions tax credit.....	N/A	N/A	1,572,734	1,978,578	2,450,583	2,907,256
Investment credit.....	865,954	6,459,746	15,102,812	(¹⁰)	(¹⁰)	(¹⁰)
Work incentive (WIN) credit.....	N/A	5,321	36,483	N/A	N/A	N/A
Jobs credit.....	N/A	N/A	601,444	(¹⁰)	(¹⁰)	(¹⁰)
Nonconventional source fuel credit.....	N/A	N/A	2	69,695	43,267	63,544
Alcohol fuel credit.....	N/A	N/A	4	(¹⁰)	(¹⁰)	(¹⁰)
Research activities credit.....	N/A	N/A	N/A	1,589,048	1,627,997	(¹⁰)
Employees stock ownership credit.....	N/A	N/A	N/A	(¹⁰)	(¹⁰)	(¹⁰)
Orphan drug credit.....	N/A	N/A	N/A	*105	*204	6,530
General business credit.....	N/A	N/A	N/A	19,265,475	19,607,097	12,805,999
Distributions to stockholders:						
Cash and property except in own stock.....	32,012,677	45,224,392	97,378,617	144,871,643	n.a.	n.a.
Corporation's own stock.....	1,922,810	2,066,559	3,525,549	5,889,191	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

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Table 14.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970–1986

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

Industrial division and items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE, FORESTRY AND FISHING						
Number of returns, total.....	37,283	56,280	80,883	98,361	103,156	106,634
Number with net income.....	19,843	33,328	43,827	r50,037	52,776	57,810
Total assets.....	11,909,403	21,177,941	40,738,977	50,699,926	52,651,197	53,478,288
Net worth.....	4,012,068	6,844,949	11,460,935	14,310,555	15,406,221	17,062,622
Total receipts.....	14,277,707	28,118,514	52,089,915	66,645,119	70,491,486	77,502,215
Business receipts.....	13,591,763	26,624,149	48,850,056	62,093,338	65,419,402	71,787,552
Interest received.....	69,742	171,732	476,654	723,118 ¹	775,383 ¹	720,405 ¹
Total deductions.....	14,209,713	27,369,286	51,418,280	66,436,289	70,559,478	76,330,943
Cost of sales and operations.....	10,555,539	19,738,447	35,798,332	42,991,472	45,085,526	50,971,455
Interest paid.....	356,225	797,420	2,184,441	2,952,198	-758,952	2,570,846
Net income (less deficit).....	65,295	746,908	673,158	202,522	-274,270	1,148,686
Net income.....	493,400	1,493,168	2,464,381	2,874,899	2,930,905	3,676,645
Deficit.....	428,105	746,260	1,791,222	2,672,377	3,005,175	2,527,960
Income tax before credits.....	113,115 ²	351,059	533,768	509,081	540,671	589,887
Total income tax after credits ³	107,023 ²	294,584	422,356	373,115	344,626	475,606
Distributions to stockholders except in own stock.....	65,824	244,524	304,733	417,177	n.a.	n.a.
MINING						
Number of returns, total.....	14,465	14,242	25,576	40,564	41,426	40,354
Number with net income.....	7,303	8,297	12,698	18,177	18,031	18,150
Total assets.....	23,972,812	64,505,341	126,947,880	209,036,474	240,815,996	206,122,125
Net worth.....	13,381,821	32,765,690	54,068,148	94,335,000	104,772,797	98,604,268
Total receipts.....	17,747,750	65,909,994	176,672,390	123,496,633	142,038,595	98,577,216
Business receipts.....	16,699,586	63,670,496	167,397,918	111,030,063	126,710,610	86,873,761
Interest received.....	176,728	522,757	1,301,266	3,089,562 ¹	3,584,890 ¹	3,154,332 ¹
Total deductions.....	15,927,348	42,348,765	169,051,624	124,627,966	145,389,514	102,093,971
Cost of sales and operations.....	9,955,600	30,171,612	116,989,880	74,213,000	87,972,035	58,115,191
Interest paid.....	388,032	1,166,182	3,440,080	7,077,300	7,789,995	6,395,032
Net income (less deficit).....	1,834,315	23,574,833	7,750,561	-353,185	-2,543,487	-3,122,565
Net income.....	2,399,507	24,347,893	10,133,685	6,991,815	6,166,623	5,352,717
Deficit.....	565,192	773,060	2,383,124	7,344,999	8,710,110	8,475,282
Income tax before credits.....	1,031,550 ²	11,361,037	3,947,569	2,381,154	1,810,559	1,453,090
Total income tax after credits ³	342,928 ²	1,051,138	1,674,566	1,014,361	557,519	694,690
Distributions to stockholders except in own stock.....	1,177,550	1,015,895	4,757,780	3,057,411	n.a.	n.a.
CONSTRUCTION						
Number of returns, total.....	138,905	191,219	272,432	306,906	318,276	341,816
Number with net income.....	82,078	108,852	150,368	173,351	185,613	194,446
Total assets.....	42,719,792	76,691,947	132,939,026	195,272,738	215,297,771	218,880,512
Net worth.....	11,819,604	19,029,077	32,826,174	50,338,974	54,687,270	52,781,280
Total receipts.....	90,610,644	146,955,117	267,205,356	338,575,635	387,232,953	412,477,214
Business receipts.....	88,945,385	143,412,715	260,387,692	326,752,784	374,590,273	399,436,063
Interest received.....	219,698	614,583	2,073,650	3,540,430 ¹	3,851,628 ¹	3,981,459 ¹
Total deductions.....	89,070,022	144,717,309	262,116,275	335,696,154	382,823,113	406,663,574
Cost of sales and operations.....	73,434,969	116,845,554	208,064,925	257,057,538	295,803,244	314,065,258
Interest paid.....	711,496	1,973,244	4,278,502	5,990,178	6,407,652	6,869,790
Net income (less deficit).....	1,538,418	2,236,262	5,271,209	2,906,704	4,370,924	5,781,722
Net income.....	2,548,013	4,514,864	8,911,143	9,147,150	11,053,145	12,443,085
Deficit.....	1,009,595	2,278,602	3,639,934	6,240,445	6,682,220	6,661,363
Income tax before credits.....	776,979 ²	1,320,196	2,521,507	1,767,756	2,312,846	2,525,994
Total income tax after credits ³	756,637 ²	1,131,960	1,973,659	1,296,301	1,662,563	2,183,820
Distributions to stockholders except in own stock.....	299,204	464,553	793,764	738,873	n.a.	n.a.
MANUFACTURING						
Number of returns, total.....	197,807	217,354	242,550	272,050	276,545	285,119
Number with net income.....	120,814	136,839	153,640	162,584	159,778	163,161
Total assets.....	612,912,516	944,581,970	1,709,471,700	2,417,631,605	2,644,393,424	2,931,610,462
Net worth.....	308,923,293	442,587,674	749,186,774	1,025,028,491	1,099,645,876	1,124,399,497
Total receipts.....	722,952,890	1,296,359,650	2,404,323,844	2,768,247,655	2,831,062,496	2,810,713,781
Business receipts.....	700,090,661	1,258,338,650	2,301,056,550	2,608,971,901	2,656,345,750	2,614,526,752
Interest received.....	4,748,499	8,691,092	28,315,784	42,749,996 ¹	47,753,626 ¹	50,749,530 ¹
Total deductions.....	692,455,462	1,230,689,496	2,290,593,808	2,661,153,853	2,733,105,346	2,723,698,904
Cost of sales and operations.....	495,879,549	925,111,030	1,707,143,900	1,796,313,155	1,797,852,805	1,746,954,429
Interest paid.....	12,570,242	22,055,903	54,177,356	85,039,616	90,452,072	102,372,701
Net income (less deficit).....	31,846,078	68,406,627	125,667,815	121,215,254	113,758,645	101,827,271
Net income.....	37,925,489	74,466,554	141,547,510	147,852,003	142,541,119	136,081,206
Deficit.....	6,079,411	6,059,927	15,879,695	26,636,749	28,782,474	34,253,935
Income tax before credits.....	16,744,905 ²	32,306,739	59,577,413	58,542,710	56,687,476	50,222,612
Total income tax after credits ³	13,242,226 ²	21,024,964	32,726,986	30,429,379	25,382,459	25,761,951
Distributions to stockholders except in own stock.....	14,616,282	19,973,061	37,306,509	45,630,537	n.a.	n.a.

Selected Historical Data

Table 14. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970-1986

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

Industrial division and items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns, total.....	67,398	80,701	111,324	128,184	138,337	138,428
Number with net income.....	38,204	45,360	62,232	65,405	69,938	68,517
Total assets.....	287,740,207	443,236,797	758,364,400	1,084,873,718	1,246,426,899	1,310,227,440
Net worth.....	121,205,022	176,444,407	290,655,693	423,937,357	490,481,127	502,486,821
Total receipts.....	135,495,271	243,480,637	523,807,396	725,631,232	772,358,188	762,231,202
Business receipts.....	131,463,171	234,689,427	507,372,820	693,105,168	733,943,970	717,929,024
Interest received.....	930,266	1,520,913	5,760,072	11,250,353 ¹	12,310,594 ¹	12,050,844 ¹
Total deductions.....	127,931,131	233,409,166	503,954,285	697,240,089	747,836,158	740,781,131
Cost of sales and operations.....	77,743,359	143,932,463	336,868,172	373,236,459	381,028,354	338,754,789
Interest paid.....	7,364,200	13,761,062	27,638,591	40,178,514	44,880,858	47,070,426
Net income (less deficit).....	7,543,718	10,099,571	20,046,155	28,851,644	25,087,629	21,803,663
Net income.....	9,471,595	12,088,189	24,917,293	37,897,899	37,880,144	41,098,014
Deficit.....	1,927,877	1,988,618	4,871,138	9,041,255	12,792,516	19,294,351
Income tax before credits.....	4,342,334 ²	5,107,158	10,532,722	15,579,597	15,214,129	16,156,499
Total income tax after credits ³	4,036,650 ²	2,836,470	5,322,655	8,532,848	8,432,924	71,005,034
Distributions to stockholders except in own stock.....	5,837,565	8,900,353	17,329,807	27,505,378	n.a.	n.a.
WHOLESALE AND RETAIL TRADE						
Number of returns, total.....	518,062	614,632	799,628	896,524	917,301	939,159
Number with net income.....	339,987	399,668	487,300	516,750	510,825	527,779
Total assets.....	192,181,800	323,496,726	646,901,005	899,032,645	1,009,965,739	1,073,523,697
Net worth.....	77,002,132	122,649,734	222,289,687	289,338,722	286,260,274	300,103,440
Total receipts.....	522,547,923	969,938,872	1,955,523,778	2,307,612,139	2,473,865,453	2,547,440,986
Business receipts.....	511,316,883	951,463,550	1,919,347,689	2,250,774,641	2,408,174,933	2,472,495,351
Interest received.....	1,291,906	3,857,318	10,503,989	18,406,334 ¹	21,633,480 ¹	23,264,441 ¹
Total deductions.....	512,910,193	947,511,780	1,919,454,218	2,265,843,128	2,440,403,373	2,512,081,940
Cost of sales and operations.....	392,391,856	745,299,204	1,538,128,634	1,759,718,001	1,869,766,621	1,895,237,380
Interest paid.....	4,309,663	8,587,173	25,645,855	33,204,502	38,217,998	39,961,980
Net income (less deficit).....	9,671,044	22,489,430	38,309,671	42,010,706	33,126,702	34,919,948
Net income.....	12,395,411	27,681,721	49,426,500	58,584,558	51,434,500	55,246,479
Deficit.....	2,724,367	5,192,291	11,116,829	16,573,852	18,307,798	20,326,531
Income tax before credits.....	4,476,047 ²	8,103,316	13,515,653	15,082,817	16,392,896	17,097,449
Total income tax after credits ³	4,237,181 ²	7,348,619	10,564,358	12,414,978	13,396,555	15,166,086
Distributions to stockholders except in own stock.....	2,068,501	5,029,897	10,343,087	13,057,047	n.a.	n.a.
FINANCE, INSURANCE, AND REAL ESTATE						
Number of returns, total.....	406,235	411,846	493,426	497,366	518,432	537,384
Number with net income.....	248,586	243,409	273,853	274,171	285,273	296,921
Total assets.....	1,401,153,520	2,321,965,956	4,022,206,073	5,938,984,929	7,029,452,681	7,985,641,912
Net worth.....	196,480,448	269,770,527	530,541,317	901,658,317	1,161,968,009	1,502,198,831
Total receipts.....	177,321,173	315,795,981	697,460,846	1,033,146,416	1,182,034,309	1,365,095,368
Business receipts.....	92,091,887	157,126,715	256,892,475	431,157,290	501,993,840	618,646,549
Interest received.....	63,694,046	127,040,303	315,146,115	497,044,327 ¹	541,268,193 ¹	75,727,059 ¹
Total deductions.....	161,630,060	297,963,817	652,637,787	985,687,308	1,104,572,202	1,245,473,109
Cost of sales and operations.....	48,434,362	84,614,209	129,644,330	213,655,427	237,577,803	320,622,944
Interest paid.....	34,548,509	77,677,659	219,167,684	347,164,947	363,009,417	35,193,465
Net income (less deficit).....	12,214,079	11,663,330	33,122,792	32,677,046	60,670,526	99,808,908
Net income.....	15,081,939	18,825,003	46,040,390	66,225,666	90,546,934	131,284,234
Deficit.....	2,867,860	7,161,673	12,917,599	33,548,620	29,876,408	31,475,326
Income tax before credits.....	4,404,449 ²	5,558,647	9,680,755	9,619,055	13,598,201	18,091,479
Total income tax after credits ³	4,150,009 ²	4,673,705	7,699,628	6,730,460	10,193,877	14,665,774
Distributions to stockholders except in own stock.....	7,387,211	8,729,977	24,692,146	51,315,346	n.a.	n.a.
SERVICES						
Number of returns, total.....	281,218	435,672	671,338	899,370	939,390	1,012,178
Number with net income.....	150,525	249,641	408,716	508,336	529,337	575,016
Total assets.....	61,875,140	90,534,067	178,163,737	307,895,160	330,982,941	381,609,099
Net worth.....	19,529,062	26,855,374	52,865,513	84,773,772	89,852,365	100,190,054
Total receipts.....	69,572,626	131,377,364	279,883,187	490,332,811	534,587,609	591,849,715
Business receipts.....	66,459,515	125,747,462	266,088,619	458,038,533	497,980,990	550,590,929
Interest received.....	435,070	875,506	3,269,412	6,277,591 ¹	6,561,301 ¹	6,871,344 ¹
Total deductions.....	68,384,452	127,996,443	271,792,974	484,990,160	528,685,613	584,295,930
Cost of sales and operations.....	37,733,747	63,724,869	129,352,692	170,889,613	176,070,808	196,127,453
Interest paid.....	1,802,802	3,279,438	8,033,612	14,068,343	15,027,259	15,718,343
Net income (less deficit).....	1,198,703	3,396,744	8,193,903	5,464,130	5,883,782	7,448,023
Net income.....	3,384,869	6,025,592	13,246,601	19,373,912	21,124,460	8,116,081
Deficit.....	2,186,166	2,628,848	5,052,698	13,909,782	15,240,678	4,651,324
Income tax before credits.....	1,058,264 ²	1,625,093	3,497,265	4,458,267	4,742,347	4,942,317
Total income tax after credits ³	1,003,130 ²	1,323,637	2,603,370	3,175,178	3,343,830	3,863,565
Distributions to stockholders except in own stock.....	558,452	855,402	1,841,945	3,126,700	n.a.	n.a.

See notes following Table 20.

Table 15.—Corporation Profits Before Taxes Per National Income and Product Accounts (NIPA) and Per SOI, and Income Subject to Tax per SOI, Income Years, 1960–1988

[All figures are estimates—money amounts are in billion of dollars]

Income Year	Profits before taxes (per NIPA) ¹	Net Income (less deficit) (per SOI)	Income subject to tax (per SOI)
	(1)	(2)	(3)
1960	49.9	43.5	47.2
1961	49.8	45.9	47.9
1962	55.1	49.6	51.7
1963	59.8	54.3	54.3
1964	66.7	61.6	60.4
1965	77.4	73.9	70.8
1966	83.3	80.5	77.1
1967	80.1	78.2	74.8
1968	89.1	86.0	81.4
1969	87.2	80.2	81.2
1970	76.0	65.9	72.4
1971	87.3	79.7	83.2
1972	101.5	96.8	95.1
1973	122.2	120.4	115.5
1974	138.9	148.2	144.0
1975	134.8	142.6	146.6
1976	170.3	185.4	183.5
1977	200.4	219.2	212.5
1978	233.5	246.9	239.6
1979	257.2	284.6	279.4
1980	237.1	239.0	246.6
1981	226.5	213.6	241.5
1982	169.6	154.3	205.2
1983	207.6	188.3	218.7
1984	240.0	232.9	257.1
1985	224.3	240.1	266.1
1986	221.6	269.5	276.2
1987	266.7	n.a.	n.a.
1988	306.8	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 16.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1985–1989

[Money amounts are in millions of dollars]

Quarter and fiscal year	Total	Amount collected by type of return				
		Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1985, TOTAL	742,871	396,659	77,413	37,005	225,214	6,580
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
FISCAL YEAR 1986, TOTAL	782,252	416,965	80,442	33,672	243,978	7,195
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	98,424	19,642	7,985	59,628	1,879
FISCAL YEAR 1987, TOTAL	886,290	465,452	102,859	33,311	277,000	7,668
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
April 1987–June 1987.....	285,477	164,008	29,748	8,493	81,139	2,089
July 1987–September 1987.....	211,201	103,615	27,996	8,612	69,090	1,888
FISCAL YEAR 1988, TOTAL	935,107	473,667	109,683	25,934	318,039	7,784
October 1987–December 1987.....	197,095	97,479	24,828	6,475	66,500	1,813
January 1988–March 1988.....	220,447	111,215	22,006	5,304	80,161	1,761
April 1988–June 1988.....	296,175	160,018	35,991	6,550	91,426	2,190
July 1988–September 1988.....	221,390	104,955	26,858	7,605	79,952	2,020
FISCAL YEAR 1989						
October 1988–December 1988.....	213,518	104,522	29,551	6,657	70,632	2,156
January 1989–March 1989.....	235,883	114,475	20,760	6,097	92,587	1,964
April 1989–June 1989.....	331,478	180,947	40,825	6,900	100,077	2,729

See notes following Table 20.

Selected Historical Data

Table 17.—Internal Revenue Refunds: Amount Refunded By Quarter and Fiscal Year, 1985–1989

[Money amounts are in millions of dollars]

Quarter and fiscal year	Total	Amount refunded by type of return				
		Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
		(1)	(2)	(3)	(4)	(5)
FISCAL YEAR 1985, TOTAL	86,322	66,908	16,725	892	1,606	191
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
FISCAL YEAR 1986, TOTAL	94,424	73,078	18,297	962	1,800	287
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
FISCAL YEAR 1987, TOTAL	96,969	73,583	19,891	1,381	1,900	214
October 1986–December 1986.....	8,668	3,406	4,789	111	312	50
January 1987–March 1987.....	28,422	22,198	5,296	479	r393	56
April 1987–June 1987.....	50,063	42,858	5,948	332	r869	57
July 1987–September 1987.....	9,816	5,121	3,858	459	326	52
FISCAL YEAR 1988, TOTAL	94,480	74,399	16,477	1,114	2,263	227
October 1987–December 1987.....	7,701	3,437	3,727	207	275	55
January 1988–March 1988.....	27,798	21,744	5,248	198	553	55
April 1988–June 1988.....	49,202	43,769	3,848	421	1,114	50
July 1988–September 1988.....	9,776	5,449	3,654	288	321	67
FISCAL YEAR 1989						
October 1988–December 1988.....	8,380	3,362	4,461	118	359	80
January 1989–March 1989.....	32,041	26,759	4,462	182	570	67
April 1989–June 1989.....	43,538	38,895	3,849	350	381	63

See notes following Table 20.

Selected Historical Data

Table 18.—Classes of Excise Taxes by Selected Fiscal Years, 1970–1989

[Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
ALCOHOL AND TOBACCO TAXES, TOTAL	6,840,594	7,665,948	8,151,184	9,881,293	10,364,367	10,352,709
Distilled spirits	3,501,538	3,865,162	3,945,377	3,520,697	3,799,226	3,813,516
Wine	163,337	177,113	211,538	305,966	316,457	322,613
Beer	1,081,507	1,308,583	1,547,853	1,571,436	1,675,669	1,693,747
Cigarettes	2,036,101	2,261,116	2,402,857	4,448,916		
Cigars	56,834	51,226	39,500	24,294	4,573,015	4,522,833
MANUFACTURERS EXCISE TAXES, TOTAL	6,683,061	5,516,611	6,487,421	10,020,574	10,221,574	10,643,379
Gasoline and gasohol	3,517,586 ¹	4,071,465 ¹	4,326,549 ¹	9,062,630	9,163,790	9,453,441
Tires, tubes and tread rubber	614,795	697,660	682,624	242,923 ²	296,408 ²	319,141 ²
Motor vehicles, bodies, parts ³	1,753,327	662,556	1,088,696	N/A	N/A	N/A
Recreational products	53,427	84,946	136,521	166,666	186,608	169,663
Black Lung taxes	N/A	N/A	251,288	548,356	574,769	601,279
SPECIAL FUELS, AND RETAILERS TAXES, TOTAL⁴	257,820	404,187	560,144	3,802,608	3,762,284	4,528,300
Diesel and special motor fuels	257,712	370,489	512,718	2,430,165	2,659,404	3,119,934
Trucks and buses	N/A	N/A	N/A	1,289,750	1,020,553	1,155,808
MISCELLANEOUS EXCISE TAXES, TOTAL	2,084,730	3,306,077	6,359,198	11,044,833	7,255,284	8,717,082
Telephone and teletype ⁵	1,469,562	2,023,744	1,117,834	2,307,607	2,522,062	2,555,082
Air transportation	250,802	850,567	1,748,837	2,589,818	2,913,249	3,145,422
Highway use tax	135,086	207,663	263,272	456,143	556,006	570,053
Foreign insurance	8,614	19,458	74,630	73,494	115,133	97,270
Exempt organization net investment income	N/A	63,828	65,280	136,153	218,102	229,379
Crude oil windfall profit ⁶	N/A	N/A	3,051,719	5,073,159	14,910	372,847
Environmental taxes ⁷	N/A	N/A	N/A	272,957	407,167	924,951

Selected class of tax	Fiscal-year quarter ending					
	March 1988	June 1988	Sept. 1988	Dec. 1988	March 1989	June 1989
	(7)	(8)	(9)	(10)	(11)	(12)
ALCOHOL AND TOBACCO TAXES, TOTAL	3,540,736	1,267,803	2,921,505	2,615,149	2,407,574	2,486,435
Distilled spirits	2,024,011	-506,616	1,312,960	1,039,009	872,127	804,609
Wine	191,493	227,073	-312,979	204,300	165,077	202,208
Beer	322,992	428,821	642,068	301,664	316,510	363,789
Cigarettes and cigars	1,002,240	1,118,325	1,279,456	1,070,176	1,053,860	1,115,829
MANUFACTURERS EXCISE TAXES, TOTAL	2,602,434	2,635,847	2,709,412	3,030,722	2,836,045	2,523,743
Gasoline and gasohol	2,317,004	2,322,096	2,402,290	2,719,151	2,542,789	2,224,923
Tires, tubes and tread rubber ²	83,000	76,461	78,861	86,524	76,402	70,104
Recreational products	45,957	61,015	45,474	53,131	49,047	62,091
Black Lung taxes	156,473	146,735	146,222	148,700	143,200	128,300
SPECIAL FUELS AND RETAILERS TAXES, TOTAL⁴	1,021,290	963,679	1,562,215	1,698,279	1,657,015	1,067,603
Diesel and special motor fuels	703,431	661,684	1,101,412	1,228,702	1,136,524	729,706
Trucks and buses, chassis, bodies, etc.	297,710	281,747	298,417	307,675	313,687	283,667
MISCELLANEOUS EXCISE TAXES, TOTAL	2,094,963	2,051,243	2,781,670	1,977,738	2,352,971	2,195,379
Telephone and teletype ⁵	379,100	740,637	693,568	603,896	916,426	736,957
Air transportation	719,181	830,224	812,162	865,813	833,030	840,613
Highway use tax	126,368	96,212	300,221	48,462	124,239	102,160
Foreign insurance	26,802	23,383	21,853	17,758	28,862	5,330
Exempt organization net investment income	32,558	19,011	158,425	26,584	28,128	63,630
Crude oil windfall profit ⁶	501,123	17,108	22,674	-25,526	49,356	-2,204
Environmental taxes ⁷	224,758	228,248	247,428	254,760	257,800	247,070

See notes following Table 20.

Selected Historical Data

Table 19.—Selected Returns and Forms Filed or to be Filed During Selected Calendar Years, 1970–1989

Type of return or form	Number Filed in Calendar Year—						
	1970	1975	1980	1985	1987	1988	1989 (Projected)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income	77,281,384	84,026,785	93,196,076	99,704,246	103,462,011	107,258,962	110,031,900
Form 1040.....	77,143,251	61,450,279	55,360,030	64,010,068	68,545,023	71,055,220	71,562,200
Nonbusiness.....	68,129,351	51,377,153	43,957,141	49,873,300	53,736,837	55,817,370	55,581,900
Business.....	9,013,900	10,073,126	11,402,889	14,136,768	14,808,186	15,237,850	15,980,300
Schedule C.....	6,351,304	7,438,968	8,944,298	11,767,348	12,633,261	13,125,507	13,838,900
Schedule F.....	2,662,596	2,634,158	2,458,591	2,369,420	2,174,925	2,112,343	2,141,400
Form 1040A.....	N/A	22,462,776	37,692,282	18,779,084	17,870,312	17,645,149	18,729,900
Form 1040EZ.....	N/A	N/A	N/A	16,739,767	16,835,390	18,328,572	19,478,700
Other ¹	138,133	113,730	143,764	175,327	211,286	230,021	252,100
Corporation income	1,758,600	2,132,758	2,675,704	3,437,249	3,828,613	4,027,428	4,269,600
Forms 1120, L, and M.....	1,487,244	1,762,920	2,115,542	2,432,265	2,550,692	2,472,376	2,605,300
Form 1120A.....	N/A	N/A	N/A	199,665	300,760	285,777	296,700
Form 1120S.....	248,936	367,219	528,070	736,945	892,376	1,169,736	1,259,900
Other ²	1,414	2,619	32,092	68,374	84,785	99,539	107,700
Partnership, Form 1065	991,904	1,132,839	1,401,567	1,755,339	1,824,166	1,825,865	1,950,100
Fiduciary, Forms 1041 and 1041S	1,149,445³	1,558,570	1,876,392	2,124,969	2,335,805	2,669,014	2,484,600
Estate Tax, Forms 706 and 706NA	141,156	225,827	147,303	80,768	57,165	52,449	55,000
Gift Tax, Form 709	146,338	273,184	214,789	97,720	104,095	104,105	104,900
Exempt Organization	387,469	403,809	442,607	454,097	514,947	482,305	508,600
Form 990.....	377,030 ⁴	346,627	362,632	365,506	400,332	361,184	385,600
Form 990-PF.....	N/A	29,637	33,137	32,005	42,227	42,690	42,800
Form 990-T.....	5,046	19,683	23,455	26,181	33,156	35,635	37,300
Forms 990C, 4720, and 5227.....	5,393	7,862	23,383	30,405	39,232	42,796	42,900

See notes on following Table 20.

Table 20.—Taxpayers Receiving Assistance, Paid and Unpaid, by Tax Year of Return, 1984–1988

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

Type of assistance	Tax Year			
	1985	1986	1987	p1988
	(1)	(2)	(3)	(4)
Returns with paid preparer signature:¹				
All returns.....	46,685	48,049	50,695	51,435
1040EZ.....	740	655	842	894
1040A.....	4,389	4,135	3,947	4,304
1040, total.....	41,556	43,259	45,906	46,238
1040 Business, total.....	10,658	11,087	11,321	11,560
Nonfarm.....	8,924	9,385	9,747	9,955
Farm.....	1,734	1,702	1,574	1,605
1040 Nonbusiness, total.....	30,898	32,172	34,585	34,678
With itemized deductions.....	18,996	18,732	16,842	14,885
Without itemized deductions.....	11,902	12,627	17,743	19,793
Assistance provided by IRS:²				
Telephone inquiries.....	37,863	34,655	38,526	n.a.
Recorded telephone information.....	7,850	10,892	13,405	n.a.
Office walk-ins, information.....	8,114	7,090	7,408	n.a.
Written inquiries.....	241	169	166	n.a.
Special programs:				
Community classes and seminars (taxpayers assisted).....	374	903	1,103	n.a.
Volunteer Income Tax Assistance (VITA) (returns prepared).....	302	337	385	n.a.
Tax Counseling for the Elderly (returns prepared).....	333	331	375	n.a.

See notes on following page.

Notes to Selected Historical Data Tables

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] Starting with 1987, represents total dividends; previously it represented total dividends after statutory exclusion.
- [2] Starting with 1987, represents total capital gains; previously it represented total capital gains after statutory exclusion.
- [3] Starting with 1988, does not include IRA distributions; previously pensions and IRA distributions in AGI were represented together.
- [4] Includes total itemized deductions before subtraction of "zero bracket amount," and charitable contributions and zero bracket amount on non-itemized deduction returns.
- [5] Includes itemized deductions, "basic" standard deduction and "additional" standard deduction (for age 65 and over and for blindness). Also includes "zero bracket amount" reported on the small number of prior-year returns filed in 1988 that were included in the 1987 statistics.
- [6] Includes deductions not shown separately below.
- [7] Includes surcharge of \$2,018,078,000.
- [8] Includes credits not shown separately below.
- [9] Investment credit was included in the more-inclusive general business tax credit beginning with 1984. With exceptions, investment credit was repealed effective with 1986.
- [10] Includes income tax after credits and the additional tax for tax preferences, i.e., "minimum tax" (applicable for 1970-1982) and "alternative minimum tax" (applicable after 1979).

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] 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 non-resident 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 2(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. Columns 18 and 19 includes both the refundable and nonrefundable portions.

Total tax (column 16) minus earned income credit (column 19) 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 also includes both the refundable portion (see footnote 2(c)), as well as amounts offset against these additional taxes.

[2] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by service men 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 1988. 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 returns with adjusted gross deficit.
- [2] In addition to low income taxpayers, this size class (and others) includes taxpayers with "tax preferences," not reflected in adjusted gross income or taxable income, which are subject to the "alternative minimum tax" (included in "total income tax").
- [3] Includes income tax after credits and the additional tax for tax preferences, i.e., the "alternative minimum tax" (see footnote 2).
- [4] There were major changes in filing requirements and in the definitions of adjusted gross income (AGI) and taxable income starting with 1987. Percentages based on AGI for 1987 are therefore not comparable with 1986 and earlier years. See "Individual Income Tax Returns, Preliminary 1987," *Statistics of Income Bulletin*, Spring 1989, Volume 8, Number 4.

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] Imputed interest received by persons from life insurance carriers and private non-insured pension plans.
- [2] Represents income of low-income individuals not required to file individual income tax returns, unreported income, and statistical errors or omissions.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues. Statistics of Income 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.

Tables 5 and 6

- [1] See Table 4 for the differences between personal income and adjusted gross income.
- [2] Because of major changes in the definition of adjusted gross income, data for 1987 are not comparable with earlier years.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues. Statistics of Income 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 7

- [1] Amount of standard deduction for 1944–1957 estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of tax returns by income classes and marital status in *Statistics of Income—Individual Income Tax Returns*, and for 1958–1987 obtained directly from *Statistics of Income* tabulations for these years. Represents "zero bracket amount" for 1977–1986. For 1987, represents the sum of "basic" and "additional" standard deductions (for age 65 and over and blindness); also includes zero bracket amount reported on the small number of prior-year returns filed in 1988 that were included in the 1987 statistics.
- [2] Returns with standard deduction, 1955–1987, includes a small number with no adjusted gross income and no deductions. (For 1977–1986, standard deduction is the "zero bracket amount," which was also reported on a small number of returns included in the 1987 statistics; see footnote 1.) For 1944–1954, includes a small number with no adjusted gross income and no deductions. For 1944–1954, returns with no adjusted gross income are included in the number of returns with itemized deductions.
- [3] For 1977–1986, itemized deductions are before subtraction of "zero bracket amount."
- [4] Sum of standard and itemized deductions, plus charitable deduction reported on standard deduction returns for Tax Years 1982–1986. For 1987, total deductions includes "zero bracket amount" reported on a small number of returns (see footnote 1).

SOURCE: Except as indicated in footnote 1, *Statistics of Income—Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and 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 changes mentioned above.

Table 8

- [1] See Table 4 for the differences between personal income and adjusted gross income.
- [2] Taxable income excludes "zero bracket amount" for 1977–1986. Because of major changes in law, taxable income starting with 1987 is not comparable with earlier years.
- [3] For the definition of total income tax, see footnote 9, Table 1.

SOURCE: U.S. Department of Commerce; Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income—Individual Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling errors; 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 9

- [1] Excludes returns with refundable earned income credit only, starting with 1975; and returns with refundable crude oil windfall profit tax overpayment only, starting with 1980.

SOURCE: *Statistics of Income—Individual Income Tax Returns*, and unpublished tables, 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 10

SOURCE: *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most 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 11

- [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 Income Year 1975, long-term debt included nonrecourse loans.

- [4] See footnote 4, Table 12, for changes in the comparability of the statistics for receipts and deductions after 1980. Also, statistics for interest received were combined with dividends from 1982 through 1986. For 1987, interest represents only portfolio income distributed to partners; amounts received through trade or business are excluded.
- [5] After 1980, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (augmented by depreciation identified in cost of sales and operations schedules).

SOURCE: *Statistics of Income—Partnership Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most 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 12

- [1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except those in 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. In addition, for partnerships, includes partnerships without balance sheet information (see also footnote 5, below).
- [4] For 1981 through 1986, "total receipts" in Table 11 includes, in part, only the net income or loss from farming and rentals; however, for 1987, gross real estate rentals are included. 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 12. In Table 11, since only the net income or loss from farming and rentals was included from 1981 through 1986, the deductions reported in computing these net incomes are excluded from the deduction statistics; starting with 1987, real estate rental deductions are included as they were before 1981.

[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 (for most years). 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 13

- [1] Estimate should be used with caution because of the small number of sample returns on which it is based.
- [2] Consolidated returns were filed on an elective basis for affiliated groups of corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates.
- [3] Included in "Number of returns, total" and "Number with net income."
- [4] Generally, small corporations with no more than 35 shareholders (10 prior to 1983), most of them individuals, electing to be taxed at the shareholder level.
- [5] Domestic International Sales Corporations (DISC's) were designed to promote U.S. exports. They were taxed through parent corporations, but only when profits were distributed or deemed distributed to them. This system of tax deferral was generally replaced after 1984 with a new system of Foreign Sales Corporations (FSC's); see footnote 5. Tax benefits of DISC's remaining after 1984 were limited and an interest charge for tax deferred amounts was imposed on the parent corporations.
- [6] Foreign Sales Corporations (FSC's) generally replaced DISC's as a means of promoting U.S. exports (see footnote 4). Under the FSC provisions, a portion of these subsidiaries' "foreign trade income" was exempt from U.S. income tax.
- [7] For 1984, net long-term for capital gain reduced by net short-term capital loss from Forms 1120S, are not

included in computed total receipts nor in net income. Therefore, the components of total receipts do not equal the computed total receipts for that year.

- [8] Includes dividends reported in combination with interest on Form 1120-S by S Corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 3). Based on prior years, when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.
- [9] For most years, "income subject to tax" (the corporate tax base) exceeds "net income less deficit" chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the "taxable income" base used by most companies (and defined as net income minus certain statutory special deductions); a variation of this base in combination with net long-term capital gains in certain situations when the lower capital gains tax applied; the special tax bases applicable to S Corporations and insurance businesses; and the amounts taxable to certain investment companies. Profits of Domestic International Sales Corporations were tax-deferred; most of those of qualifying Foreign Sales Corporations were tax-exempt and those of S Corporations were taxed (with few exceptions) through their individual shareholders, so that the net income of these corporations is excluded from income subject to tax.
- [10] Includes surcharge of \$784,437,000.
- [11] General business credit includes alcohol fuel, investment, jobs, and employee stock ownership plan (ESOP) credits which were reported separately for previous years. With exceptions, investment credit was repealed effective 1986. For 1986, research credit was also included in general business credit.

NOTE: 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 14

- [1] See footnote 7, Table 13.
- [2] See footnote 9, Table 13.

Notes to Selected Historical Data Tables

- [3] Also 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 15

- [1] Profits shown are without inventory valuation and capital-consumption adjustment.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Statistics of Income 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.

Tables 16 and 17

- [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 \$6.5 billion in 1988, \$8.4 billion in 1987, \$4.5 billion in 1986, and \$4.1 billion in 1985. Presidential election campaign designations amounted to \$34.4 million in 1988, \$33.2 million in 1987, \$35.9 million in 1986, and \$34.8 million in 1985.
- [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 \$137.5 million (1988), \$119.9 billion (1987), \$30.2 million (1986), and \$54.9 million (1985).
- [3] Excise taxes are imposed on selected products, services, and activities, such as on sales of alcohol and tobacco products and on the manufacture of gasoline.
- [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. Also 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 18

- [1] Also includes lubricating oil taxes. Effective January 7, 1983, taxes on lubricating oil were repealed.
- [2] 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.
- [3] 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.
- [4] 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.
- [5] Effective January 1, 1983, the excise tax increased from 1 percent to 3 percent.
- [6] Repealed effective August 23, 1988 (P.L. 100-418). Amounts reported for more recent quarters result from amended filings, delinquent taxes, examination activities, and refunds.

[7] Expired September 30, 1985; reimposed in January 1987.

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

Starting with Fiscal Year 1988, additional detail on manufacturers' excise taxes, retailers' and special fuel taxes, and miscellaneous excise taxes is available in the fourth quarter Internal Revenue Report of Excise Taxes; previously this information was published in the *Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service*. For additional detail for alcohol and tobacco taxes, see the Statistical Release, "Alcohol and Tobacco Tax Collections," Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury, 1989.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch; and Financial Management Service.

Table 19

[1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS; excludes amended returns (Form 1040X).

[2] Includes Forms 1120F, 1120 POL, and 1120H; excludes Forms 1120-DISC/FSC and amended returns (Form 1120X).

[3] Includes Form 1041A.

[4] Includes Form 990A.

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

Table 20

[1] Estimates of returns with paid preparer assistance for 1985 and earlier years are based on the full-year sample of returns used for *Statistics of Income—Individual Income Tax Returns*. Data for 1987 are based on the sample used to produce preliminary Statistics of Income (SOI) data and are therefore subject to revision. Since data on paid preparers are not available from the 1986 SOI file, estimates were obtained by converting the 1986 Taxpayer Usage Study (TPUS) sample to the equivalent of the 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 in a calendar year. For additional information about the TPUS sample, see "Taxpayer Usage of Forms 1040, 1040A, and 1040EZ," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2.

[2] 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 that fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 20, which are presented on a tax year basis, are actually for a fiscal year, so that data shown as for Tax Year 1987, for example, are actually for Fiscal Year 1988. However, data shown as for Tax Year 1986 in previous issues of the *SOI Bulletin* were actually for the first 7 months of Fiscal Year 1987; the revised data represent the entire Fiscal Year 1987.

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

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. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on criteria such as: industry, presence or absence of a tax form or schedule, accounting period, State from which filed, and various income factors or other measures of economic size (total assets, for example, is used for the corporation and partnership statistics). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years, 3 for corporations because of the prevalence of fiscal (noncalendar) year reporting. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means in practice, that both the population and the sample size can differ from that planned. However, these factors do not compromise the validity of the estimates.

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 estimated cost or the target 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. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights were then computed for these post-strata using additional population counts. The data on each return in a stratum are 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

* Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Chief, Publications Team. Major contributions were made by Paul McMahon, Mathematical Statistical Team.

SOI SAMPLING METHODOLOGY

among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The 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:

$$\begin{array}{r} 150,000 \\ \times 0.02 \\ \hline = 3,000 \end{array} \quad \begin{array}{l} \text{(sample estimate)} \\ \text{(coefficient of variation)} \\ \text{(standard error of estimate)} \end{array}$$

$$\begin{array}{r} 150,000 \\ + \text{ or } - 3,000 \\ \hline = 147,000-153,000 \end{array} \quad \begin{array}{l} \text{(sample estimate)} \\ \text{(standard error)} \\ \text{(68 percent confidence interval)} \end{array}$$

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.)

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.

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study, may be obtained on request by writing the Director, Statistics of Income Division.

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 [2].

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 in SOI tables by an asterisk (*) to the left of the data item(s). The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and that there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash in place of a coefficient of variation for which there is an

estimate indicates that all returns contributing to the estimate were selected at the 100-percent rate.

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

NOTES

[1] See, for example, Hinkins, Susan M., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in *1984 Proceedings: American Statistical Association, Section on Survey Research Methods*. Other research efforts are included in *Statistical Uses of Administrative Records: Recent Research and Present Prospects*, Volume 1, 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] For geographic statistics, these same steps are taken when a weighted frequency is less than 10.

REFERENCES

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

Statistics of Income—1985, Individual Income Tax Returns, 1984, (see especially pages 4–7).

Statistics of Income—1984, Corporation Income Tax Returns (see especially pages 7–12).

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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SOI BULLETIN Winter 1989-1990

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by State | <input type="checkbox"/> Comparisons between Commerce
Department estimates and SOI data | <input type="checkbox"/> Classes of excise taxes |
| <input type="checkbox"/> Sole proprietorship returns | <input type="checkbox"/> Gross Internal Revenue collections | <input type="checkbox"/> Number of returns filed |
| <input type="checkbox"/> Partnership returns | | <input type="checkbox"/> Taxpayers receiving
assistance |

5. If microdata files on computer tape were available in these subject matter areas, please check if you would be interested in purchasing them.

If so, which areas? _____

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6. How would you describe the usability of the text?

- | | |
|--|---|
| <input type="checkbox"/> Too technical | <input type="checkbox"/> About right |
| <input type="checkbox"/> Not detailed enough | <input type="checkbox"/> Did not use text |

7. What type of organization are you connected with?

- | | |
|---|--|
| <input type="checkbox"/> Federal Government | <input type="checkbox"/> Consulting firm |
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8. What changes (additions, deletions, alterations) would you like to see in the contents or format of this publication?

9. Other comments (Use other side if needed.)

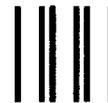
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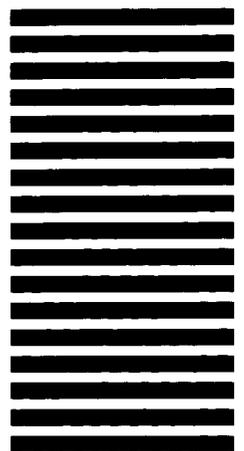
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