

# Corporation Income Tax Returns, 1995

by Lucy Altounian and Nina Shumofsky

The U.S. economy continued its growth, with corporate pre-tax profits, as reported on income tax returns for Tax Year 1995, increasing by 23.7 percent to \$714.2 billion. The \$1.2-trillion increase in corporate sales and other receipts exceeded the \$1.0-trillion growth in deductions, leading to the increase in net income. The number of returns of corporations reporting a profit increased by 2.6 percent to a record 2.5 million, while the profits they reported rose by 19.0 percent to \$880.7 billion. The number of corporations reporting deficits increased by 3.5 percent and, so, corporate net losses increased by 2.6 percent to \$166.5 billion.

The increase in positive net income led to a 14.3-percent increase in "income subject to tax" (the tax base for regular income tax purposes) to \$564.7 billion. This increase, in part, prompted the regular corporation income tax (before tax credits) to increase from \$172.8 billion to \$198.8 billion. Total income tax after credits (the amount payable to the U.S. Government) increased from \$135.5 billion to \$156.4 billion.

## Number of Returns

The estimated number of active corporation income tax returns filed for Tax Year 1995 increased by 3.0 percent to 4,474,167 from the previous year (Figure A). This jump continues the upward trend seen since the end of World War II (excluding Tax Year 1988) [1]. Returns with net income rose by 2.6 percent to a record high of 2,455,492 returns filed, while the number without net income increased, at a rate of 3.5 percent, to 2,018,675.

By industrial division, the total number of returns increased in nearly all of the nine divisions used for Statistics of Income. The most significant increase occurred, for the second straight year, in the services division, which grew by 5.6 percent to 1,504,230 returns. The increase for 1995, however, was significantly smaller than the 23.0-percent increase for Tax Year 1994. The only decline reported was for returns classified in mining, which decreased by 0.7 percent to 35,123.

For those returns that showed a positive amount for net income, four divisions recorded decreases for Tax Year 1995 (Figure B): agriculture, forestry, and fishing; mining; manufacturing; and wholesale and retail trade. For returns without net income, the largest increase was for the wholesale and retail trade division, up 26,204 returns

(5.5 percent) to a total of 506,387.

## Net Income

Pre-tax profits for Tax Year 1995 increased by 23.7 percent to \$714.2 billion, continuing the growth reported since 1992 on corporation income tax returns (Figure C) [2]. This increase in corporate profits reflected continuing national economic improvement [3]. Classified by asset size, returns with total assets of \$250 million or more (0.2 percent of the total) contributed 79.6 percent of total corporate profits.

Both the mining division and the finance, insurance, and real estate division showed increases in pre-tax profits of 51.7 percent. By industrial division, these were the largest percentage increases reported. Though, in 1994, the mining division showed a pre-tax profit for the first time since 1990, the increase in the finance, insurance, and real estate division was in contrast to the 8.6-percent decrease recorded for Tax Year 1994 (Figure C). The \$87.5-billion increase in the finance, insurance, and real estate sector was mainly attributable to regulated investment companies. For this type of corporation, net income (excluding long-term capital gains) increased from \$74.8 billion for 1994 to \$119.1 billion for 1995. The \$1.9-billion increase in the mining division from \$3.6 billion to \$5.5 billion was mainly due to the "crude petroleum, natural gas, and natural gas liquids industrial group." This group, which accounted for 43.2 percent of the increase for the division, showed an increase in profits from \$1.4 billion to \$2.2 billion. Oil and gas field services showed the largest percentage rise. Profits increased by 91.5 percent to \$812.7 million. Overall, all of the industries in the mining division showed increases except for "other nonmetallic minerals (except fuels)."

Profits for the wholesale and retail trade division were down by 7.2 percent to \$63.6 billion. This reduction was in contrast to 1994, when they were up by 37.7 percent. This divisionwide decline was mainly caused by retail trade. While the decline was apparent in many of the retail trade industrial groups, the largest declines were recorded for general merchandise stores, motor vehicle dealers, and apparel and accessory stores. Together, these three groups accounted for 54.1 percent of the decrease and 20.0 percent of the profits for the division. Higher interest rates in the first half of 1995 may have contributed to the slowdown in consumer spending, which led to this decline in net income [4].

Wholesale trade also recorded a moderate decline. The two industrial groups with the largest negative changes were "motor vehicles and automotive equipment" and

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Figure A

## Number and Growth Rate of Returns Filed, Tax Years 1985-1995

Tax year	Total active corporation returns	Percentage increase over previous year	Number of returns with net income	Percentage increase over previous year	Number of returns without net income	Percentage increase over previous year
	(1)	(2)	(3)	(4)	(5)	(6)
1985.....	3,277,219	3.4	1,820,120	2.4	1,457,099	4.6
1986.....	3,428,515	4.6	1,907,738	4.8	1,520,777	4.4
1987.....	3,612,133	5.4	1,995,452	4.6	1,616,681	6.3
1988.....	3,562,789	-1.4	1,908,799	-4.3	1,653,990	2.3
1989.....	3,627,863	1.8	1,921,805	0.7	1,706,058	3.1
1990.....	3,716,650	2.5	1,910,670	-0.6	1,805,980	5.9
1991.....	3,802,788	2.3	1,942,450	1.7	1,860,338	3.0
1992.....	3,869,023	1.7	2,063,593	6.2	1,805,430	-3.0
1993.....	3,964,629	2.5	2,144,534	3.9	1,820,095	0.8
1994.....	4,342,368	9.5	2,392,357	11.6	1,950,011	7.1
1995.....	4,474,167	3.0	2,455,492	2.6	2,018,675	3.5

NOTES: Number of returns excludes Domestic International Sales Corporations, Foreign Sales Corporations, and Interest-Charge Domestic International Sales Corporations starting with Tax Year 1988. Personal Service Corporation returns are excluded for Tax Years 1988 through 1993.

Figure B

## Number and Growth Rate of Returns Filed, by Industrial Division, Tax Years 1994-1995

Industrial division	1994				1995			
	Total active corporation returns	Percentage increase over 1993	Number of returns with net income	Percentage increase over 1993	Total active corporation returns	Percentage increase over 1994	Number of returns with net income	Percentage increase over 1994
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All industries</b> <sup>1</sup> .....	<b>4,342,368</b>	<b>9.5</b> <sup>2</sup>	<b>2,392,357</b>	<b>11.6</b> <sup>2</sup>	<b>4,474,167</b>	<b>3.0</b>	<b>2,455,492</b>	<b>2.6</b>
Agriculture, forestry, and fishing.....	146,996	4.1	79,465	-2.4	147,527	0.4	79,320	-0.2
Mining.....	35,371	0.1	19,021	19.1	35,123	-0.7	18,776	-1.3
Construction.....	432,965	3.8	266,613	6.3	449,882	3.9	275,375	3.3
Manufacturing.....	312,383	1.6	189,218	5.4	319,699	2.3	185,590	-1.9
Transportation and public utilities.....	186,474	6.0	103,300	6.3	194,456	4.3	107,285	3.9
Wholesale and retail trade.....	1,106,363	3.1	626,179	7.5	1,132,409	2.4	626,022	**
Finance, insurance, and real estate.....	681,671	6.3	315,058	6.3	683,211	0.2	317,410	0.7
Services.....	1,424,394	23.0	788,992	24.0	1,504,230	5.6	843,922	7.0

\*\* Less than 0.05 percent.

<sup>1</sup> Includes returns not allocable by industrial division.

<sup>2</sup> Personal Service Corporation returns were excluded for Tax Year 1993. There were 209,770 of these returns included in the Tax Year 1994 estimates.

"electrical equipment." Motor vehicles and automotive equipment decreased by \$0.8 billion to \$1.3 billion, and electrical goods decreased by \$0.8 billion to \$2.7 billion.

After 2 years of 20-30 percent growth in profits, the transportation and public utilities division showed only a 6.8-percent gain for 1995 (from \$68.3 billion to \$72.9 billion). Several industrial groups showed declines in profits, which contributed to the slower rate of profit growth for the division, overall. In communication, "telephone, telegraph, and other communication services"

and "radio and television broadcasting" showed large drops. Together, they declined by \$2.8 billion, from \$30.8 billion to \$28.0 billion. Also showing a large reduction in profits was the trucking and warehousing industrial group, where net income decreased by 35.7 percent to \$3.1 billion. Corporations in this group have been affected by increased competition from the railroad industry [5]. Despite the more moderate growth in profits, several industrial groups did show large increases. The largest increase was for the air transportation group. After

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Figure C

## Net Income (Less Deficit) and Net Income, by Industrial Division, Tax Years 1994-1995

(Money amounts are in thousands of dollars)

Industrial division	Net income (less deficit) <sup>1</sup>				Net income <sup>1</sup>			
	1994		1995		1994		1995	
	Amount	Percentage increase over 1993	Amount	Percentage increase over 1994	Amount	Percentage increase over 1993	Amount	Percentage increase over 1994
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All industries <sup>2</sup>.....</b>	<b>577,277,530</b>	<b>15.9<sup>3</sup></b>	<b>714,193,371</b>	<b>23.7</b>	<b>739,502,875</b>	<b>12.3<sup>3</sup></b>	<b>880,653,345</b>	<b>19.1</b>
Agriculture, forestry, and fishing.....	1,314,303	-20.2	1,604,481	22.1	4,807,274	-0.7	5,402,338	12.4
Mining.....	3,644,888	38.7	5,530,975	51.7	7,563,578	15.6	9,364,612	23.8
Construction.....	11,573,896	54.0	14,458,024	24.9	18,395,135	24.2	20,986,981	14.1
Manufacturing.....	219,114,720	26.5	260,909,947	19.1	254,253,272	18.8	297,458,397	17.0
Transportation and public utilities....	68,265,100	29.1	72,911,176	6.8	80,677,627	22.7	87,557,007	8.5
Wholesale and retail trade.....	68,472,944	37.7	63,566,712	-7.2	95,423,680	22.1	97,018,112	1.7
Finance, insurance, and real estate	169,303,017	-8.6	256,810,767	51.7	216,489,170	-4.4	295,423,415	36.5
Services.....	35,568,508	40.2 <sup>3</sup>	38,407,562	8.0	61,756,827	29.1 <sup>3</sup>	67,389,184	9.1

<sup>1</sup> Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S Corporations (qualifying corporations electing to be taxed through their shareholders).

<sup>2</sup> Includes returns not allocable by industrial division.

<sup>3</sup> Personal Service Corporation returns were excluded for Tax Year 1993. There were 209,770 of these returns included in the Tax Year 1994 estimates.

reporting a \$0.5-billion loss for 1994, air transportation reported \$1.9 billion in profits for 1995. Also reporting large gains were electrical services and combination utilities.

The services division also saw a decline in the rate of growth in profits. After a 36.9-percent increase for 1993 and a 40.2-percent increase for 1994, the growth in profits for the services division slowed to 8.0 percent, despite the increase in the number of returns previously mentioned for this group. The decline was led by "other medical services," which include such businesses as blood banks and kidney dialysis centers. Profits for "other medical services" declined by \$3.2 billion to \$2.0 billion (60.6 percent). Auto repair services also dropped to \$0.9 billion (36.5 percent). Contradicting the overall reduction in profits, several industrial groups still showed large growth. The largest increase occurred in business services (except advertising), which increased by \$2.0 billion to \$14.9 billion. Hospitals also increased their profits, from \$1.3 billion to \$2.1 billion.

For Tax Year 1995, net income (less deficit) for manufacturers increased by 19.1 percent, or \$41.8 billion, to \$260.9 billion. Profits for those classified as producers of nonelectrical machinery grew by 95.9 percent to \$10.8 billion. This major industry alone accounted for 25.7 percent of the total increase in profits reported by manufacturers. Significant increases were also realized by other major industries: profits for petroleum and coal producers increased by 53.9 percent to \$27.1 billion; chemicals and allied products increased by 20.1 percent to \$53.0 billion; and paper and allied products increased

by 125.5 percent to \$12.5 billion. By contrast, some manufacturing industry groups reported decreased profits. Motor vehicles and equipment decreased by 54.9 percent to \$7.0 billion, and instruments and related products decreased 22.4 percent to \$8.9 billion.

The 22.1-percent increase in the agriculture, forestry, and fishing division was the result of a 48.3-percent increase in profits to \$1.0 billion reported for non-veterinary agriculture services, which include crop and soil preparation services. This increase was offset by the reduced profits reported by agricultural producers, which fell by 3.1 percent to \$0.6 billion.

### Receipts

Total receipts, defined as the sum of business receipts and investment income, rose by \$1.2 trillion during Tax Year 1995 to \$14.5 trillion (Table 1) [6]. This 8.8-percent increase was consistent with the 8.9-percent growth rate for Tax Year 1994. The growth in total receipts slightly exceeded the \$1.1-trillion growth in total deductions (which include the cost of goods sold). For 1995, the 7,537 returns with total assets of \$250 million or more accounted for 54.9 percent of all receipts. This percentage is similar to the 53.9 percent reported for Tax Year 1994 and was exactly equal to the increase reported for 1993.

Since receipts are related to net income, many of the changes reported in the Net Income section can also be applied to total receipts. For Tax Year 1995, all of the industrial divisions reported an increase in total receipts. Corresponding to the increases for net income, manufacturing and finance, insurance, and real estate showed the

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largest increases in total receipts. Two industrial divisions accounted for the majority of the total receipts reported. Manufacturing, which historically makes up the largest part of total receipts, accounted for 31.5 percent of total receipts for 1995, followed by wholesale and retail trade with 29.6 percent. Receipts of manufacturers rose by 8.7 percent to \$4.6 trillion, while those of wholesale and retail trade increased by 6.4 percent to \$4.3 trillion. Within manufacturing, all major industries contributed to the increase, except tobacco manufacturers and leather and leather products manufacturers. The largest increases were for manufacturers of chemical and allied products (\$52.2 billion to \$541.3 billion) and electrical and electronic equipment (\$44.3 billion to \$470.0 billion). In the wholesale and retail division, the largest increases were in retail motor vehicle dealers (\$29.9 billion to \$511.0 billion) and "other retail stores" (\$29.0 billion to \$287.9 billion). "Other retail stores" include businesses like bookstores and jewelry stores.

For Tax Year 1995, business receipts, the largest component of total receipts, totaled \$12.8 trillion, a 7.6-percent increase over 1994 [7]. While this was a record high level, the rate of increase was down from the 9.4-percent increase recorded for 1994. Growth is seen consistently across all industrial divisions.

Between February 1994 and February 1995, the Federal Reserve Board raised the Federal funds rate by 3 percent; thus, for the second year, taxable interest income showed an increase. Taxable interest rose from \$837.2 billion to \$993.2 billion. The 18.6-percent increase almost doubled the 9.5-percent rise reported for 1994 (Table 2). Tax Year 1995 data show that the increase occurred in all industrial divisions, although, as expected, most of the interest is related to the financial industries. For 1995, these institutions reported 84.4 percent of all taxable interest income. Within this division, bank holding companies reported the largest amounts (\$305.2 billion) and also reported the largest increase (\$51.7 billion or 20.4 percent). In addition, taxable interest reported by "security brokers, dealers, and flotation companies" rose by 76.0 percent to \$58.3 billion. Although construction and retail trade had shown declines in 1994, they showed growth in 1995, by 11.5 percent to \$1.9 billion and 2.9

percent to \$12.3 billion, respectively.

Tax-exempt interest (on State and local Government obligations) increased by 4.3 percent to \$46.3 billion, after only a 2.6-percent increase for 1994. While many of the industrial divisions showed a decline, the decreases were more than countered by the large increase in finance, insurance, and real estate. Like taxable interest, most tax-exempt interest income was attributable to the finance division (90.5 percent). However, unlike taxable interest, most tax-exempt interest income was reported by regulated investment companies (i.e., mutual funds), rather than by banks. Tax-exempt interest reported by regulated investment companies increased by 8.1 percent for 1995 to \$24.7 billion. This one industry continued to account for about one-half (53.3 percent) of tax-exempt interest overall.

For Tax Year 1994, net short-term capital gains (reduced by net long-term capital losses) fell by \$15.1 billion (57.8 percent) to \$11.0 billion. The 264.5-percent increase to \$40.1 billion for Tax Year 1995 illustrates the fluctuating nature of these short-term transactions. The increase was predominantly seen in regulated investment companies, which reported a \$21.6-billion increase to \$30.1 billion. Net long-term capital gains (reduced by net short-term capital losses) also rose for 1995. This rise contrasted the decline in 1994, which reversed the 2 previous years of growth. For 1995, net long-term gains (excluding those from the regulated investment companies) increased by 27.1 percent to \$60.9 billion. Life insurance companies and bank holding companies shared the largest increases. Growth in dividends received from domestic corporations (those "companies" incorporated in the United States) exceeded growth in dividends received from foreign corporations (those companies incorporated abroad). "Domestic dividends" increased by 72.6 percent to \$22.8 billion, while "foreign dividends" increased by only 16.8 percent to \$35.4 billion. Rental receipts (other than those reported as "business receipts" by certain manufacturers and real estate companies), which had declined for the 3 previous years, increased from \$81.8 billion to \$87.1 billion. The overall increase was fueled by large amounts of growth in both manufacturing and in finance, insurance, and real estate, which increased by \$1.7 billion to \$23.9 billion and by \$3.5 billion to \$40.8 billion, respectively. Despite the overall increase, decreases recurred in wholesale trade, construction, and mining.

### Deductions

For 1995, total deductions increased by \$1.0 trillion, or

**For 1995, the 7,537 returns with total assets of \$250 million or more accounted for 54.9 percent of all receipts.**

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8.2 percent, to \$13.8 trillion. "Cost of goods sold," typically the largest deduction item, rose by \$0.6 trillion to \$8.2 trillion, or 7.6 percent (Table 2). This growth rate was consistent with the 8.1-percent increase recorded for 1994. The largest percentage gain among the deductions for 1995 was for interest paid, which increased by 21.9 percent to \$744.8 billion. This increase was the second after 4 years of decline. The largest portion of the gain occurred in the finance industries, specifically bank holding companies and "security brokers, dealers, and flotation companies." As Figure D illustrates, both taxable interest income and the interest paid deduction are highly correlated to interest rates (as measured by the prime rate). The average annual prime rate increased after 1993, and interest income and deductions increased accordingly. The finance, insurance, and real estate division accounted for 58.2 percent of interest paid, with bank holding companies responsible for just under half of

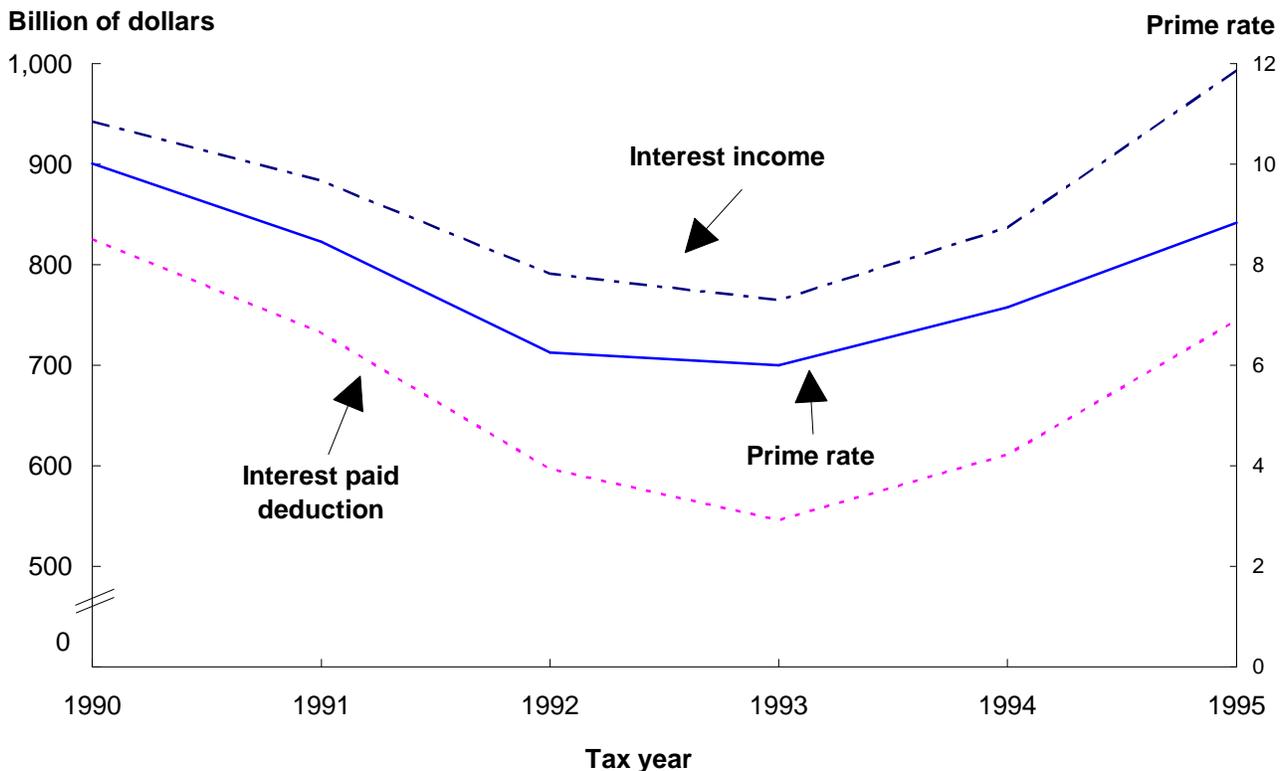
that increase. The interest paid deduction reported by bank holding companies, which included interest paid to depositors, as well as loans and mortgages, increased by \$44.7 billion to \$176.7 billion. All divisions reported increases in the interest paid deduction for 1995.

The largest decline among the deduction statistics was for net losses on sales of property other than "capital assets," which decreased by \$3.6 billion, or 11.4 percent, to \$28.0 billion. The largest portion of the drop was from the finance group, specifically savings and loan institutions. The loss on noncapital assets for this industry decreased by \$4.1 billion to \$7.4 billion.

Another declining deduction for 1995 was for bad debts. Although the 1995 decline was small, it continued a trend that began with 1992. For 1995, the bad debt deduction, almost half of which was reported for finance, insurance, and real estate, dropped by 0.1 percent to \$67.8 billion. While there were many increases in bad debts

Figure D

### Interest Income, Interest Paid Deduction, and the Prime Rate, Tax Years 1990-1995



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recorded for specific industries, they were offset by large drops in two industry groups: telephone, telegraph, and other communication services, and air transportation. Bad debt deductions for telephone, telegraph, and other communication services declined by 29.3 percent, or \$1.7 billion, to \$4.2 billion. Air transportation fell by 76.0 percent, or \$0.6 billion, to \$0.2 billion. The largest component, the finance, insurance, and real estate industry, increased by 1.3 percent to \$31.6 billion. The largest increases occurred in manufacturing and retail trade.

Continuing the trend that began with 1991, the depreciation deduction (including amounts deducted as part of the cost of goods sold) reported by corporations rose from \$401.6 billion for 1994 to \$436.6 billion for 1995, or 8.7 percent. The Tax Reform Act of 1986 (TRA '86) instituted a "Modified Accelerated Cost Recovery System" (MACRS) that lengthened certain class lives, over which assets could be depreciated for tax purposes, and changed the depreciation methods for business property placed in service after 1986.

### Assets

For 1995, the rate of growth in year-end total assets (book value) reported on corporation income tax returns was up slightly from 1994. The 11.0-percent increase, from \$23.4 trillion to \$26.0 trillion, exceeded its 7.5-percent increase for 1994. The largest percentage increase was for intangible assets, up 18.8 percent. The largest dollar increase was for "other investments," which grew by \$1.2 trillion to a total of \$7.4 trillion (Table 2). (Other investments generally included such items as: long-term non-government investments B stocks, bonds, loans to subsidiaries, and Treasury stocks reported as assets; and certain investments for which no distinction could be made as to their current or long-term nature.) Inventories, the only asset account that exhibited an overall decline, decreased by 7.2 percent.

By industrial division, the largest percentage increase in total assets was for the services division, with an increase of 14.0 percent, or \$116.8 billion. The increase to \$950.7 billion was primarily due to business services (except advertising) and motion picture production, distribution, and services. Business services increased by \$37.4 billion to \$276.8 billion, while motion picture production, distribution, and services increased by \$23.1 billion to \$102.6 billion.

The largest dollar increase in total assets was for finance, insurance, and real estate, up from \$13.9 trillion reported for 1994 to \$15.7 trillion for 1995 (Table 1). As with prior years, total assets were dominated by those

corporations classified in the finance, insurance, and real estate division, which accounted for 60.3 percent of the total increase in total assets for Tax Year 1995. Total assets for finance-related companies (not including insurance, real estate, or holding companies) contributed over half of this division's total assets, or \$8.4 trillion. Bank holding companies, again, reported the largest dollar increase, up \$0.4 trillion to \$4.7 trillion. Regulated investment companies followed, with total assets increasing by \$0.6 trillion to \$3.1 trillion.

Manufacturers posted total assets of \$4.9 trillion, increasing by 9.2 percent from Tax Year 1994. There were a number of large increases reported within this division. Some of these were due to corporations whose principal business activity was the manufacture of motor vehicles and equipment. Total assets for this group increased by \$44.0 billion to \$497.8 billion. Those of

"manufacturing; other electrical equipment" (which includes: manufacturers of motors and generators; and of power, distribution, and specialty transformers) increased by \$55.6 billion to \$392.4 billion.

Net notes and accounts receivables (after subtracting the allowance for bad debts) totaled \$5.2 trillion and represented

19.9 percent of total assets for Tax Year 1995, which is consistent with 19.8 percent for 1994. "Other investments" totaled \$7.4 trillion and comprised 28.9 percent of total assets. Gross depreciable assets, which totaled \$5.6 trillion, contributed another 21.4 percent. Net depreciable assets (after deducting accumulated depreciation) accounted for 11.4 percent of total assets for 1995, increasing \$0.1 trillion to \$2.9 trillion. As previously noted, the corresponding depreciation deduction, while different from the depreciation reported on corporations' books of accounts, also increased, due to the relationship these two items share.

Tax-exempt securities grew 18.0 percent to continue the rapid growth exhibited over the 5-year period starting with 1990. The total dollar amount for tax-exempt securities increased from \$711.6 billion for 1994 to \$839.8 billion (Table 2). Correlated to the increases seen in tax-exempt interest, the majority of the large increases were reported for finance, insurance, and real estate, where tax-exempt

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corporations classified  
in the finance, insurance,  
and real estate  
division accounted for  
60.3 percent of the  
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assets.**

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investments rose from \$656.0 billion for Tax Year 1994 to \$804.0 billion for 1995, a 22.6-percent increase. The 1995 increase in the rate of growth was mainly attributable to tax-exempt securities reported by regulated investment companies, which increased 22.4 percent, from \$306.3 billion for 1994 to \$375.0 billion for 1995.

Continuing an increase that began with 1992, intangible assets rose 18.8 percent to \$749.2 billion for Tax Year 1995. This continued growth might reflect the 19.6-percent increase in the number of completed mergers and acquisitions observed in 1995 [8]. In general, periods of increased merger and acquisition activity tend to increase the acquisition costs of trademarks, patents, copyrights, and like assets. Since these acquisition costs are properly accounted for as intangible assets, it would follow that the latter would also increase. Manufacturers showed a \$59.9-billion increase in intangible assets to \$379.6 billion, and, alone, accounted for half of the total increase in intangible assets. The drivers of over half of the overall increase were concentrated among companies whose principal activities were in the manufacturing of grain mill products; industrial chemicals, plastics materials, and synthetics; drugs; and periodicals.

Year-end inventories were the only asset account that exhibited an overall decline. Other than for Tax Year 1991, Tax Year 1995 was the first since 1985 for which inventories decreased. Most of the overall decline of \$80.8 billion, from \$1,125.8 billion to \$1,045.0 billion, stemmed from corporations classified in the finance, insurance, and real estate division, whose decline, totaling \$111.0 billion, may be attributable to non-finance subsidiaries. The wholesale and retail trade division also experienced an overall decline totaling \$3.9 billion, from \$486.0 billion to \$482.1 billion.

While these two industrial divisions showed declines, the remaining seven divisions reported increases in inventories. The largest increase among these seven divisions was for corporations classified in the manufacturing division, where inventories increased by \$29.6 billion to \$432.3 billion. Most significant among the increases within this division was that for corporations whose principal industrial activities were electronic components and accessories, which increased by \$2.7 billion to \$24.2 billion, and industrial chemicals, plastics materials, and synthetics, which increased by \$2.3 billion to \$20.5 billion.

### Liabilities and Stockholders' Equity

Corporate indebtedness was reported at \$26.0 trillion for 1995. Short-term debt (accounts payable, mortgages, notes, and bonds payable in 1 year or less, and "other

current liabilities") totaled \$10.6 trillion for 1995, a 10.0-percent increase (up from 6.4 percent for 1994). The 10.0-percent increase in short-term debt was principally due to an increase in "other current liabilities," which increased \$0.6 trillion to \$6.8 trillion. This increase was mainly due to corporations classified in the finance, insurance, and real estate division. "Other current liabilities" for corporations in this division increased \$0.5 trillion to \$5.7 trillion, mostly attributable to bank holding companies. "Other current liabilities" for bank holding companies increased \$0.3 trillion to total \$3.3 trillion. "Security brokers, dealers, and flotation companies" also reported an increase, \$0.2 trillion to \$0.6 trillion.

Accounts payable increased from \$1.6 trillion for 1994 to \$1.7 trillion for 1995. The largest changes occurred for corporations classified in the manufacturing division, which increased by \$55.2 billion to \$556.2 billion, and in the finance, insurance, and real estate division, which increased by \$32.0 billion to \$583.7 billion. Short-term mortgages, notes, and bonds payable increased by \$0.2 trillion, or 11.1 percent, to \$2.0 trillion. This increase was primarily the result of the \$0.1-trillion increase in the finance, insurance, and real estate division to \$1.0 trillion.

Long-term debt (long-term mortgages, notes, and bonds payable, loans from stockholders, and "other liabilities") increased 7.5 percent to \$7.3 trillion (slightly less than the 7.6-percent increase reported for 1994). Long-term mortgages, notes, and bonds payable increased \$0.2 trillion to \$3.3 trillion. The largest changes were found in the finance, insurance, and real estate division, where long-term mortgages, notes, and bonds payable increased \$0.1 trillion to \$1.1 trillion, and for manufacturing, which increased \$75.0 billion to \$982.4 billion. Loans from stockholders, which include intercompany loans among related corporations, increased \$17.4 billion to \$311.7 billion, with the largest increase coming from corporations classified in the manufacturing division. "Other liabilities," which may include deferred or unearned income not reported as part of a current account, increased \$0.3 trillion to \$3.7 trillion. The largest change was, again, for corporations whose principal industrial activity fell in the finance, insurance, and real estate division. "Other liabilities" for this division increased by \$0.2 trillion to \$2.5 trillion for 1995.

Among the equity accounts, paid-in or capital surplus increased \$0.7 billion to \$5.4 trillion, increasing 13.7 percent. The largest increase was noted for corporations classified in the finance, insurance, and real estate division, where paid-in or capital surplus increased \$0.5 trillion to \$3.6 trillion. Specifically, this increase was led

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by the \$0.4-trillion increase reported for regulated investment companies, whose paid-in or capital surplus account totaled \$2.8 trillion. The capital stock account increased by only 2.9 percent to \$2.2 trillion for 1995, after having increased by 4.4 percent for 1994, about 8.6 percent for 1993, and 8.1 percent for 1992. The finance, insurance, and real estate and manufacturing divisions reported the largest overall increases for this account.

### Income Tax and Tax Credits

Reflecting the increase in positive net income, "income subject to tax" (the base on which the regular corporation income tax was computed) increased from \$494.0 billion to \$564.7 billion, or 14.3 percent, for 1995. Returns with total assets of \$250 million or more reported \$449.6 billion in positive net income, accounting for 79.6 percent of all income subject to tax for 1995. For most corporations, income subject to tax equaled positive net income minus certain "statutory special deductions" [9]. Overall,

net income increased by 19.1 percent to \$880.7 billion for 1995, while total statutory special deductions increased by 44.2 percent, up from 4.3 percent for 1994, to \$205.2 billion. This resulted in the regular corporation income tax (before reduction by credits) increasing to a record high of \$198.8 billion, or 15.1 percent, over 1994 (Figure E) [10].

Total statutory special deductions increased by 44.2 percent to \$205.2 billion for Tax Year 1995. Approximately 72.0 percent of this increase was due to the deductions for dividends paid by regulated investment companies and real estate investment trusts. Both types of institutions are required to distribute most of their net income to shareholders for taxation. Another 13.1 percent of the \$62.9-billion increase in total statutory special deductions for 1995 came from the \$8.2-billion increase in net operating loss deductions, which totaled \$57.1 billion.

In general, "net operating losses" were the deficits shown in the statistics (excluding those of S Corporations,

Figure E

### Statutory Special Deductions, Income Subject to Tax, Selected Tax, and Tax Credit Items, Tax Years 1994-1995

[Money amounts are in thousands of dollars]

Item	1994	1995	Percentage increase
	(1)	(2)	(3)
<b>Statutory special deductions, total</b> .....	<b>142,297,660</b>	<b>205,226,201</b>	<b>44.2</b>
Net operating loss deduction.....	48,901,938	57,135,546	16.8
Dividends received deduction.....	13,982,146	23,365,442	67.1
Public utility dividends paid deduction.....	99,426	71,598	-28.0
Deduction for dividends paid by regulated investment companies and real estate investment trusts.....	79,020,297	124,352,595	57.4
<b>Income subject to tax</b> .....	<b>493,996,239</b>	<b>564,733,017</b>	<b>14.3</b>
<b>Income tax before credits, total</b> <sup>1</sup> .....	<b>172,776,719</b>	<b>198,786,648</b>	<b>15.1</b>
Regular tax.....	167,547,891	193,564,219	15.5
Personal Holding Company tax <sup>2</sup> .....	12,296	17,793	44.7
Tax from recapture of investment and low-income housing credits <sup>2</sup> .....	54,923	11,801	-78.5
Alternative minimum tax <sup>2</sup> .....	4,459,253	4,281,827	-4.0
Environmental tax <sup>2</sup> .....	620,502	713,254	14.9
<b>Tax credits, total</b> <sup>3</sup> .....	<b>37,256,992</b>	<b>42,393,748</b>	<b>13.8</b>
Foreign tax credit.....	25,401,339	30,420,276	19.8
U.S. possessions tax credit.....	3,792,925	3,056,017	-19.4
Orphan drug credit.....	21,166	N/A	N/A
Nonconventional source fuel credit.....	592,083	732,031	23.6
General business credit.....	4,109,836	3,388,423	-17.6
Prior-year minimum tax credit.....	3,339,643	4,797,001	43.6
<b>Income tax after credits, total</b> .....	<b>135,519,687</b>	<b>156,392,780</b>	<b>15.4</b>

N/A--Not applicable.

<sup>1</sup> Includes certain other taxes, not shown separately.

<sup>2</sup> For purposes of the statistics, this tax is included in both income tax before credits, total and total income tax after credits. By law, tax credits could only offset regular tax.

<sup>3</sup> Includes certain other credits, not shown separately.

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

## Corporation Income Tax Returns, 1995

which were allocated to their shareholders), augmented by “unused” portions of the deductions for intercorporate dividends received and for dividends paid on certain preferred stock of public utilities. The net operating loss deduction was limited based on the size of positive net income. Therefore, the increase in positive net income for 1995 may have contributed to the size of the deduction [11]. The most significant changes in the net operating loss deduction were for corporations classified in the manufacturing division, which increased by \$7.9 billion to \$21.4 billion.

Regular tax, which was the tax applicable to most corporations (accounting for 97.4 percent of total tax), can be reduced by tax credits, principally the foreign tax, U.S. possessions tax, nonconventional source fuel, general business, and prior-year minimum tax credits. Regular tax was reported at \$193.6 billion for 1995, an increase of \$26.0 billion (15.5 percent). About half of this increase came from companies classified in the finance, insurance, and real estate division, more specifically, from bank holding companies and life insurance companies.

The largest of all credits, the foreign tax credit, increased by approximately \$5.0 billion, up 19.8 percent, to \$30.4 billion. Most significantly affecting this change was the credit reported on returns classified in the manufacturing division, which increased by \$4.8 billion to \$22.6 billion for Tax Year 1995. Manufacturers classified in the office, computing, and accounting machines and petroleum refining industry groups were the largest contributors to this increase, collectively gaining \$3.3 billion for a total of \$7.8 billion. The credit reported by manufacturers classified in motor vehicles and equipment, however, fell sharply, by \$1,074.1 million, to \$626.0 million.

For 1995, the U.S. possessions tax credit continued to decline, falling to \$3.1 billion, down from \$3.8 billion for 1994. Manufacturers, alone, accounted for 95.4 percent of the total credit claimed, with the drug manufacturing industry responsible for more than \$0.5 billion of this decrease [12].

The “general business credit” decreased by 17.6 percent for 1995, down by \$0.7 billion to \$3.4 billion. This credit included the “investment credit” (for certain capital expenditures still recognized for credit purposes under provisions of TRA ‘86, which otherwise abolished the credit for new acquisitions), as well as the following: jobs credit, credit for alcohol used as a fuel, credit for increasing research activities, low-income housing credit, enhanced oil recovery credit, disabled access credit, renewable electricity production credit, Indian employment

credit, credit for employer Social Security and Medicare taxes paid on certain employees, credit for contributions to selected community development corporations, and “empowerment zone” employment credit, as well as the carryforward of previously unused investment credits [13]. The purpose of the general business credit was to provide a single combined limitation on these component credits and to establish uniform rules for the carryback and carryforward to other years of the unused amounts in excess of this limitation. Each of these component credits was computed separately.

Corporations without current year “alternative minimum tax” (AMT) liability that reported AMT in prior years could elect to take a credit against a portion of regular income tax liability. A corporation’s potential credit amount was based on the size of its prior years’ AMT liability, but its current-year credit usage was limited by its current-year “tentative” AMT. The credit for the prior-year tax increased by 43.6 percent to \$4.8 billion.

For purposes of the statistics, total income tax before and after credits includes regular tax, Personal Holding Company tax, taxes from recapturing prior-year investment or low-income housing credits, AMT, environmental tax, other taxes unique to specific types of corporations, and certain statutory tax adjustments. AMT was the largest of these additional taxes [14]. AMT, although remaining the largest in dollar amount, declined by 4.0 percent for 1995 to \$4.3 billion. A total of 25,834 returns had AMT liability greater than zero.

Total income tax after credits, the amount payable to the Federal Government, increased by 15.4 percent over 1994. The amount due for Tax Year 1995 was \$156.4 billion, up \$20.9 billion. The 7,537 returns of corporations with total assets of \$250 million or more accounted for 81.2 percent of total income tax and 77.9 percent of total income tax after credits for Tax Year 1995.

### Summary

Corporate pre-tax profits as reported on income tax returns for 1995 increased by 23.7 percent from 1994 to \$714.2 billion. The number of returns with net income increased by 2.6 percent. “Positive” net income rose by 19.1 percent to a record \$880.7 billion; “negative” net income (i.e., net losses) increased by 2.6 percent to \$166.5 billion. All industrial divisions showed increases in pre-tax profits, except wholesale and retail trade. Profits of the 7,537 returns with total assets of \$250 million or more accounted for 79.6 percent of the total.

As “positive” net income grew for 1995, so did “in-

## Corporation Income Tax Returns, 1995

come subject to tax,” the base on which the regular tax was computed. This income increased from \$494.0 billion to \$564.7 billion, up 14.3 percent. The increase led to a 15.5-percent increase in the regular income tax (before credits), from \$167.5 billion to \$193.6 billion. Total tax after credits, the amount payable to the U.S. Government, increased by \$20.9 billion, from \$135.5 billion for 1994 to \$156.4 billion for 1995.

### Data Sources and Limitations

Estimates for Tax Year 1995 are based on a sample of corporation income tax returns with accounting periods ending July 1995 through June 1996 that posted to the Internal Revenue Service Business Master File from the beginning of July 1995 through the end of June 1997. These returns represent domestic corporations filing Form 1120 or 1120-A (short form); foreign corporations with income “effectively connected” with a U.S. business filing Form 1120-F; life insurance companies filing Form 1120-L; property and casualty insurance companies filing Form 1120-PC; S Corporations filing Form 1120S; regulated investment companies filing Form 1120-RIC; and real estate investment trusts filing Form 1120-REIT. The 1987 revisions to the Standard Industrial Classification are not reflected in the industry statistics.

A stratified probability sample was used for the statistics, consisting of 97,605 corporation income tax returns drawn from a total population of 4,852,186. Based on the 92,926 active corporation returns in the sample, the population estimate of active corporation returns was 4,474,167. The sample was selected after administrative processing was complete, but before any audit examina-

tions, and was stratified based on combinations of net income and total assets at rates ranging from 0.25 percent to 100 percent.

Because the estimates are based on a sample, they are subject to sampling error. Coefficients of variation (CV’s) are used to measure the magnitude of this sampling error. The CV is defined in the section on sampling variability in the “SOI Sampling Methodology and Data Limitations” appendix of this publication. Figure F presents the CV’s for total assets, business receipts, total income tax, and income tax after credits by industrial division. The smaller the CV, the more reliable the estimate is judged to be.

### Notes and References

- [1] For Tax Year 1988, the number of returns declined for the first time since the end of World War II. This decline was prompted by the Tax Reform Act of 1986, which caused some companies to be represented in the 1987 statistics twice, by a part-year return and a full-year return, each with an accounting period ending during the span of months July 1987 through June 1988 (the accounting periods comprising Tax Year 1987, for purposes of the statistics). The unusually large number of part-year returns for that year led to a large increase in the total number of returns. The increase in part-year returns was caused by many S Corporations (and Personal Service Corporations) changing their accounting periods from a non-calendar year to a calendar year as required by the 1986 Act. This was

Figure F

### Coefficients of Variation for Total Assets, Business Receipts, Total Income Tax, and Income Tax After Credits, by Industrial Division, Tax Year 1995

Industrial division	Total assets	Business receipts	Total income tax before credits	Total income tax after credits
	(1)	(2)	(3)	(4)
<b>All industries</b> <sup>1</sup> .....	<b>0.02</b>	<b>0.17</b>	<b>0.10</b>	<b>0.13</b>
Agriculture, forestry, and fishing.....	1.04	2.84	3.63	3.88
Mining.....	0.34	2.24	0.86	1.45
Construction.....	0.51	0.98	1.97	2.06
Manufacturing.....	0.05	0.21	0.11	0.17
Transportation and public utilities.....	0.08	0.55	0.15	0.16
Wholesale and retail trade.....	0.14	0.37	0.38	0.41
Finance, insurance, and real estate.....	0.02	0.39	0.27	0.30
Services.....	0.25	0.93	0.66	0.76

<sup>1</sup> Includes returns not allocable by industrial division.

## Corporation Income Tax Returns, 1995

further intensified by the fact that other corporations changed to S Corporation status in order to take advantage of the lower individual income tax rates applicable to S Corporation profits (which are taxed through shareholders) as allowed under the Act.

- [2] Starting with Tax Year 1987, statistics for net income or deficit and for receipts and deductions of S Corporations are limited to those derived “from a trade or business.” Investment or portfolio income (or loss), such as interest, dividends, rents, royalties, and gain (loss) from sales of investment property, and the deductions related to this income were not included in the corporation totals. Therefore, the overall statistics for receipts, deductions, and net income or deficit are slightly understated; it is estimated that total net income (less deficit), alone, is understated by \$22.2 billion as a result (see Wittman, Susan M., “S Corporation Returns, 1995,” *Statistics of Income Bulletin*, Spring 1998, Volume 17, Number 4. ).

These figures also exclude Regulated Investment Company net long-term capital gains.

- [3] The growth rate in the gross domestic product (GDP) for 1995 was 2.0 percent (in constant dollars). (See the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, June 1997, Volume 77, Number 6, p. D-36)
- [4] *Economic Report of the President*, 1996. Online. Available: <http://www.gpo.ucop.edu/catalog/erp.ct.html>
- [5] U.S. Department of Commerce/International Trade Administration, *U.S. Industry and Trade Outlook '98* McGraw-Hill, 1998, pp. 25-20.
- [6] See Wittman, Susan M., *op. cit.*
- [7] In the finance, insurance, and real estate industries, business receipts included such banking items as fees, commissions, trust department earnings, and service charges that may have originally been reported on attached schedules supporting “other income.” For such companies, these items were included in the statistics for business receipts, not “other receipts.” Similarly, condominium management fees reported by condominium management and cooperative housing associations were included in business receipts, when identified from attached schedules in support of “other income.” Rents

reported by real estate operators and lessors of buildings as their principal income were included in the statistics for business receipts. Premium income of most insurance companies was also included in business receipts. Regulated investment companies and real estate investment trusts do not report business receipts, as such.

- [8] *Mergers and Acquisitions, 1996 Almanac and Index*, March/April 1996, Volume 30, Number 5, p. 37.
- [9] For 1995, statutory special deductions included the following: net operating loss deduction (NOLD); the various dividends received deductions; the deduction for dividends paid on certain preferred stock of public utilities; the deduction for dividends paid by regulated investment companies and real estate investment trusts; the special deduction for taxes paid by real estate investment trusts allowed under section 857; and the special deduction allowed small life insurance companies.
- [10] It should be noted that the statistics for statutory special deductions include: (a) certain unused amounts reported by corporations without net income and, therefore, with no income subject to tax, as well as (b) unused portions attributable to some corporations with net income where the total of these deductions exceeded the amount needed to offset net income. These corporations also had no income subject to tax. In addition, the relationship between net income and income subject to tax was defined differently for life insurance businesses and real estate investment trusts. Therefore, the net income shown in the statistics (which also includes the net income of S Corporations, which was, in general, taxable to shareholders), minus statutory special deductions, will not yield the statistics shown for income subject to tax.
- [11] The net operating loss deduction statistics are only for prior year losses, not previously deducted and “carried forward” to 1995; future-year losses “carried back” as deductions are unavailable.
- [12] The Tax Reform Act of 1976 added the U.S. possessions tax credit to replace the foreign tax credit in order to provide a tax incentive for domestic corporations to invest in Puerto Rico or in U.S. possessions or territories (including American Samoa, Guam, Northern Mariana Islands, and

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Virgin Islands).

- [13] The Orphan Drug Credit was not available to corporations for Income Year 1995. It was later reinstated and will appear as part of the “general business credit” for Income Year 1996.
- [14] The alternative minimum tax was designed to ensure that no taxpayer with substantial economic income could avoid significant tax liability through the legitimate use of exclusions, deductions, and credits. AMT is a tax based on a recomputed

income where adjustments (depreciation of tangible property placed in service after 1986, certain amortization, passive activities, and certain loss limitations, etc.) and preferences (depletion, charitable contributions, intangible drilling costs, and certain accelerated depreciation, etc.) are added back to the income base.

### Acknowledgments

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Source: IRS, Statistics of Income Bulletin, Publication 1136, Summer 1998.

# Corporation Income Tax Returns, 1995

**Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size <sup>1</sup>**

[All figures are estimates based on samples-money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item and industrial division	Size of total assets					
	Total <sup>1</sup>	Zero assets <sup>2</sup>	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
<b>ALL INDUSTRIES <sup>3</sup></b>						
Number of returns.....	4,474,167	265,872	2,349,169	715,389	426,545	296,041
Total assets.....	26,013,689,001	--	72,492,970	115,858,751	150,910,153	208,995,622
Total receipts <sup>4</sup> .....	14,539,050,114	201,668,272	494,537,904	400,821,511	398,662,863	477,069,874
Business receipts.....	12,785,797,708	121,237,210	483,986,220	392,250,059	390,793,534	466,216,417
Interest paid.....	744,764,676	54,666,467	2,973,776	3,591,761	4,206,015	5,659,463
Net income (less deficit) <sup>4</sup> .....	714,193,371	2,848,064	8,837,764	6,216,721	7,045,561	8,335,900
Income tax before credits, total <sup>5</sup> .....	198,786,648	2,722,752	526,835	629,161	851,475	1,287,608
Income tax after credits, total <sup>5</sup> .....	156,392,780	2,522,480	521,539	614,107	829,549	1,246,664
Net worth.....	8,131,941,003	--	-9,405,998	22,576,441	44,192,377	64,602,294
<b>AGRICULTURE, FORESTRY, AND FISHING</b>						
Number of returns.....	147,527	8,472	58,632	26,030	23,449	16,924
Total assets.....	86,298,574	--	2,090,094	4,167,300	8,457,520	11,987,983
Total receipts <sup>4</sup> .....	107,581,973	1,492,128	7,329,965	7,533,336	10,271,536	14,960,495
Business receipts.....	100,630,952	1,180,192	6,759,913	6,975,609	9,389,447	14,082,976
Interest paid.....	2,892,302	147,059	114,852	209,460	259,530	386,460
Net income (less deficit) <sup>4</sup> .....	1,604,481	53,055	140,189	129,049	137,560	179,340
Income tax before credits, total <sup>5</sup> .....	661,579	11,668	15,273	22,018	38,740	68,003
Income tax after credits, total <sup>5</sup> .....	611,254	10,613	15,263	21,783	36,939	66,601
Net worth.....	30,102,131	--	-757,196	483,355	3,661,796	5,277,757
<b>MINING</b>						
Number of returns.....	35,123	1,643	14,910	5,998	3,726	3,740
Total assets.....	268,690,014	--	510,268	966,069	1,328,642	2,787,204
Total receipts <sup>4</sup> .....	126,760,491	2,537,117	1,668,732	2,777,073	1,844,768	3,520,203
Business receipts.....	114,163,493	2,394,898	1,378,312	2,553,639	1,661,565	3,291,267
Interest paid.....	6,071,863	44,405	29,179	28,053	28,178	81,157
Net income (less deficit) <sup>4</sup> .....	5,530,975	-277,593	-3,500	106,911	34,294	78,315
Income tax before credits, total <sup>5</sup> .....	2,119,370	13,455	3,326	*1,662	8,637	11,911
Income tax after credits, total <sup>5</sup> .....	1,170,119	10,982	3,147	*1,662	8,004	10,529
Net worth.....	132,123,209	--	-76,672	66,674	499,334	825,024
<b>CONSTRUCTION</b>						
Number of returns.....	449,882	23,670	236,565	72,628	43,580	33,228
Total assets.....	265,812,616	--	7,022,422	11,816,725	15,493,735	23,471,340
Total receipts <sup>4</sup> .....	637,090,195	3,963,941	60,350,752	48,966,123	51,468,555	61,757,763
Business receipts.....	627,463,416	3,804,217	59,909,227	48,747,045	51,161,078	61,107,094
Interest paid.....	5,280,750	30,199	329,960	391,007	411,133	488,572
Net income (less deficit) <sup>4</sup> .....	14,458,024	39,615	1,464,122	897,387	1,271,018	1,341,458
Income tax before credits, total <sup>5</sup> .....	2,462,222	6,644	52,175	69,129	113,952	175,800
Income tax after credits, total <sup>5</sup> .....	2,281,929	6,644	52,103	66,507	112,451	165,611
Net worth.....	86,553,081	--	538,495	2,848,773	5,218,497	7,492,266
<b>MANUFACTURING</b>						
Number of returns.....	319,699	15,606	116,413	47,606	38,867	31,128
Total assets.....	4,941,072,530	--	3,673,291	7,752,034	13,948,578	22,368,554
Total receipts <sup>4</sup> .....	4,585,549,761	29,237,459	18,640,462	27,128,708	39,961,631	58,535,454
Business receipts.....	4,290,704,760	27,745,551	18,201,316	26,686,886	39,468,722	57,928,624
Interest paid.....	145,509,470	743,761	180,856	247,393	471,223	632,374
Net income (less deficit) <sup>4</sup> .....	260,909,947	-101,569	-292,556	45,749	405,443	1,312,300
Income tax before credits, total <sup>5</sup> .....	83,817,532	325,564	25,755	37,185	105,431	214,957
Income tax after credits, total <sup>5</sup> .....	54,302,936	262,544	25,640	36,761	101,996	210,110
Net worth.....	1,739,529,985	--	1,610,538	244,372	3,644,181	7,075,428

Footnotes at end of table.

# Corporation Income Tax Returns, 1995

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

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item and industrial division	Size of total assets					
	Total <sup>1</sup>	Zero assets <sup>2</sup>	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
<b>TRANSPORTATION AND PUBLIC UTILITIES</b>						
Number of returns.....	194,456	10,473	106,028	28,007	18,282	12,389
Total assets.....	1,903,213,778	--	3,246,447	4,607,287	6,510,221	8,730,505
Total receipts.....	1,156,709,979	13,338,071	27,955,949	17,313,944	18,787,709	23,256,340
Business receipts.....	1,086,623,231	11,726,191	27,601,942	17,136,849	18,372,763	22,725,678
Interest paid.....	61,601,762	826,505	217,919	189,582	252,924	317,603
Net income (less deficit) <sup>4</sup> .....	72,911,176	-192,551	23,288	114,605	251,724	120,075
Income tax before credits, total <sup>5</sup> .....	27,186,351	172,383	17,259	20,260	38,550	58,366
Income tax after credits, total <sup>5</sup> .....	24,836,272	170,341	17,259	19,249	36,206	54,830
Net worth.....	633,131,635	--	-513,162	229,150	1,634,585	2,115,913
<b>WHOLESALE AND RETAIL TRADE</b>						
Number of returns.....	1,132,409	62,084	502,665	225,507	129,069	90,007
Total assets.....	1,919,717,823	--	19,360,103	36,766,845	45,717,390	63,118,962
Total receipts.....	4,310,346,947	42,120,900	121,357,167	149,942,539	164,042,796	208,518,650
Business receipts.....	4,206,376,331	40,824,524	119,727,264	148,201,139	162,479,568	205,594,308
Interest paid.....	59,945,319	411,014	710,678	1,125,250	1,337,136	1,668,090
Net income (less deficit) <sup>4</sup> .....	63,566,712	-525,744	-245,122	904,699	1,559,971	2,249,230
Income tax before credits, total <sup>5</sup> .....	20,301,551	131,805	80,011	156,001	232,452	372,988
Income tax after credits, total <sup>5</sup> .....	18,475,921	128,814	78,817	149,346	226,742	364,250
Net worth.....	533,870,160	--	-3,987,567	5,476,740	14,447,199	22,431,018
<b>FINANCE, INSURANCE, AND REAL ESTATE</b>						
Number of returns.....	683,211	45,392	293,433	111,573	80,371	58,725
Total assets.....	15,677,286,629	--	9,170,595	18,336,104	28,334,671	41,685,559
Total receipts.....	2,278,103,923	87,695,713	30,812,075	23,146,150	16,176,620	18,217,519
Business receipts.....	1,094,870,564	14,227,694	28,998,483	21,503,442	14,399,782	15,590,991
Interest paid.....	433,479,978	52,090,276	350,408	382,181	444,129	1,045,391
Net income (less deficit) <sup>4</sup> .....	256,810,767	3,905,089	1,395,553	768,452	671,811	745,267
Income tax before credits, total <sup>5</sup> .....	51,874,358	1,906,395	81,456	89,801	102,951	134,886
Income tax after credits, total <sup>5</sup> .....	45,988,431	1,781,085	79,986	89,516	102,330	132,501
Net worth.....	4,668,579,685	--	-1,212,353	5,398,054	8,250,311	8,926,227
<b>SERVICES</b>						
Number of returns.....	1,504,230	96,107	1,016,626	197,412	88,867	49,696
Total assets.....	950,737,457	--	27,399,417	31,341,314	31,005,209	34,702,679
Total receipts.....	1,335,694,559	21,254,826	226,358,230	123,506,835	95,812,171	88,218,689
Business receipts.....	1,263,790,767	19,307,570	221,345,234	119,938,650	93,577,889	85,820,201
Interest paid.....	29,967,579	367,647	1,039,884	1,014,949	999,127	1,039,814
Net income (less deficit) <sup>4</sup> .....	38,407,562	-55,833	6,365,940	3,266,500	2,695,285	2,313,742
Income tax before credits, total <sup>5</sup> .....	10,358,678	152,790	251,561	232,916	208,414	250,452
Income tax after credits, total <sup>5</sup> .....	8,720,911	149,412	249,304	229,093	202,533	241,984
Net worth.....	307,630,801	--	-1,797,248	7,822,181	6,780,018	10,376,814

Footnotes at end of table.

# Corporation Income Tax Returns, 1995

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

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item and industrial division	Size of total assets--continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>ALL INDUSTRIES <sup>3</sup></b>							
Number of returns.....	310,857	45,734	29,088	12,360	8,359	7,216	7,537
Total assets.....	650,649,072	316,397,411	446,889,329	437,702,523	597,442,272	1,143,351,522	21,872,999,374
Total receipts. <sup>4</sup>	1,422,579,448	657,962,057	787,355,757	523,271,976	482,238,085	708,679,129	7,984,203,238
Business receipts.....	1,391,196,405	641,938,377	763,618,803	496,203,261	445,054,122	635,346,070	6,557,957,231
Interest paid.....	18,303,241	8,790,484	12,166,540	11,320,859	15,537,029	27,644,974	579,904,066
Net income (less deficit) <sup>4</sup>	23,373,783	12,286,093	15,318,897	13,063,605	15,445,528	33,041,440	568,380,016
Income tax before credits, total. <sup>5</sup>	4,977,492	2,837,729	4,211,850	4,192,181	5,221,911	9,948,096	161,379,558
Income tax after credits, total. <sup>5</sup>	4,808,987	2,719,161	3,971,806	3,817,141	4,777,066	8,767,858	121,796,421
Net worth.....	190,382,683	96,843,703	139,132,243	138,601,955	208,801,883	451,195,421	6,785,018,002
<b>AGRICULTURE, FORESTRY, AND FISHING</b>							
Number of returns.....	12,601	779	387	136	55	41	21
Total assets.....	23,432,734	5,423,869	5,641,510	4,725,423	3,824,345	5,659,912	10,887,886
Total receipts. <sup>4</sup>	25,619,635	7,997,468	5,746,998	5,944,652	5,031,065	7,223,139	8,431,557
Business receipts.....	23,713,252	7,628,202	5,360,178	5,684,644	4,840,909	6,988,416	8,027,213
Interest paid.....	833,113	163,231	163,697	107,853	105,531	170,307	231,208
Net income (less deficit) <sup>4</sup>	-182,010	193,263	145,493	157,938	116,574	142,523	391,507
Income tax before credits, total. <sup>5</sup>	119,064	45,724	53,865	41,207	46,551	60,878	138,588
Income tax after credits, total. <sup>5</sup>	111,752	44,741	52,694	39,424	44,865	59,046	107,532
Net worth.....	7,689,721	1,588,981	1,916,101	2,270,104	1,318,535	1,685,526	4,967,450
<b>MINING</b>							
Number of returns.....	3,349	772	467	183	120	100	115
Total assets.....	7,073,133	5,546,098	7,229,699	6,506,944	8,485,092	16,194,077	212,062,789
Total receipts. <sup>4</sup>	6,894,295	4,279,237	5,339,485	4,317,352	4,762,603	11,238,521	77,581,104
Business receipts.....	6,286,627	3,901,974	4,779,631	3,960,229	4,254,993	10,275,352	69,425,005
Interest paid.....	179,672	92,225	169,333	152,126	200,177	477,465	4,589,891
Net income (less deficit) <sup>4</sup>	192,227	229,248	57,960	21,518	9,661	336,060	4,745,875
Income tax before credits, total. <sup>5</sup>	35,006	45,630	44,359	43,253	66,738	176,405	1,668,989
Income tax after credits, total. <sup>5</sup>	31,450	40,909	38,909	40,926	50,928	92,470	840,203
Net worth.....	2,833,827	2,524,262	3,428,417	2,638,124	3,978,323	7,928,328	107,477,567
<b>CONSTRUCTION</b>							
Number of returns.....	33,165	4,428	1,906	427	169	73	43
Total assets.....	68,309,577	30,229,363	27,700,244	14,806,252	12,293,302	10,992,457	43,677,200
Total receipts. <sup>4</sup>	158,987,683	68,849,550	59,057,546	30,388,943	23,002,840	19,691,904	50,604,595
Business receipts.....	157,079,273	68,146,867	58,095,239	29,866,330	22,419,391	19,234,402	47,893,252
Interest paid.....	1,227,780	441,643	432,369	226,907	220,611	154,765	925,803
Net income (less deficit) <sup>4</sup>	3,339,234	1,920,768	1,459,540	636,881	430,665	250,890	1,406,445
Income tax before credits, total. <sup>5</sup>	599,635	294,293	259,703	142,984	117,399	127,963	502,544
Income tax after credits, total. <sup>5</sup>	562,816	287,966	251,937	133,752	113,659	115,582	412,901
Net worth.....	21,141,326	9,953,154	9,747,517	4,749,620	4,057,815	3,279,593	17,526,027
<b>MANUFACTURING</b>							
Number of returns.....	46,849	9,535	6,727	2,855	1,595	1,194	1,324
Total assets.....	103,754,293	66,552,968	103,636,618	100,292,264	113,421,949	190,676,878	4,214,995,103
Total receipts. <sup>4</sup>	239,257,302	134,369,372	196,088,047	163,539,763	169,611,243	250,203,437	3,258,976,884
Business receipts.....	236,324,482	132,580,115	193,514,163	160,614,390	165,277,677	241,874,956	2,990,487,879
Interest paid.....	2,933,484	1,936,641	2,822,311	2,679,613	3,190,288	5,438,716	124,232,808
Net income (less deficit) <sup>4</sup>	6,849,568	4,490,664	6,723,870	5,944,215	6,955,931	12,790,269	215,786,065
Income tax before credits, total. <sup>5</sup>	1,318,151	911,166	1,528,365	1,670,007	2,239,998	4,261,432	71,179,520
Income tax after credits, total. <sup>5</sup>	1,266,746	854,915	1,406,642	1,462,532	1,942,397	3,436,162	43,296,491
Net worth.....	39,256,397	26,800,627	43,866,761	43,285,095	50,275,518	79,688,003	1,447,004,140

Footnotes at end of table.

# Corporation Income Tax Returns, 1995

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

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item and industrial division	Size of total assets--continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>TRANSPORTATION AND PUBLIC UTILITIES</b>							
Number of returns.....	14,346	2,028	1,389	525	316	254	419
Total assets.....	30,633,711	13,986,877	21,130,438	18,096,381	22,379,420	40,655,198	1,733,237,294
Total receipts. <sup>4</sup> .....	62,686,611	22,397,679	28,890,627	20,008,038	21,793,177	32,641,613	867,640,220
Business receipts.....	60,923,824	21,638,367	27,588,500	18,771,676	20,728,052	30,723,566	808,685,823
Interest paid.....	1,126,218	437,400	746,346	609,769	751,614	1,707,784	54,418,099
Net income (less deficit). <sup>4</sup> .....	795,958	382,152	794,357	492,812	437,469	1,021,135	68,670,152
Income tax before credits, total. <sup>5</sup> .....	271,516	157,433	283,185	257,048	274,262	620,855	25,015,235
Income tax after credits, total. <sup>5</sup> .....	262,320	150,127	273,748	246,918	259,599	594,407	22,751,267
Net worth.....	6,530,308	4,037,698	5,243,626	5,652,625	6,714,748	11,177,719	590,308,425
<b>WHOLESALE AND RETAIL TRADE</b>							
Number of returns.....	96,010	14,672	8,006	2,212	994	648	536
Total assets.....	203,892,697	100,563,039	120,773,150	76,514,185	70,203,007	101,491,833	1,081,316,613
Total receipts. <sup>4</sup> .....	702,173,757	343,529,233	394,155,429	222,409,919	174,213,571	237,622,899	1,550,260,086
Business receipts.....	693,186,964	338,550,852	388,335,785	218,329,720	171,053,795	231,836,375	1,488,256,035
Interest paid.....	5,978,003	3,183,479	3,582,312	2,109,719	2,133,523	2,816,886	34,889,229
Net income (less deficit). <sup>4</sup> .....	8,439,631	4,238,167	5,599,643	3,427,357	2,806,398	3,798,371	31,314,112
Income tax before credits, total. <sup>5</sup> .....	1,469,927	779,279	1,047,928	814,898	851,665	1,508,760	12,855,839
Income tax after credits, total. <sup>5</sup> .....	1,443,978	764,095	1,020,418	771,724	813,679	1,445,082	11,268,977
Net worth.....	63,389,857	27,844,056	34,243,116	23,538,615	22,073,302	35,137,070	289,276,754
<b>FINANCE, INSURANCE, AND REAL ESTATE</b>							
Number of returns.....	59,580	8,457	6,961	4,958	4,537	4,483	4,740
Total assets.....	122,607,037	58,938,739	111,613,710	179,545,692	324,948,295	708,040,593	14,074,065,635
Total receipts. <sup>4</sup> .....	43,173,597	18,620,051	27,613,895	29,957,157	41,127,205	86,943,679	1,854,620,261
Business receipts.....	36,198,965	13,693,170	18,687,945	15,616,169	16,674,227	35,960,453	863,319,244
Interest paid.....	2,841,165	1,453,778	2,735,739	4,340,761	7,709,124	14,652,414	345,434,612
Net income (less deficit). <sup>4</sup> .....	857,434	45,200	-213,266	1,233,332	3,961,342	13,017,013	230,423,541
Income tax before credits, total. <sup>5</sup> .....	478,618	273,107	505,342	765,960	1,114,294	2,348,752	44,072,796
Income tax after credits, total. <sup>5</sup> .....	471,286	262,975	478,018	709,596	1,078,253	2,276,412	38,526,474
Net worth.....	29,373,409	14,921,691	27,605,921	45,374,927	106,063,721	289,059,872	4,134,817,906
<b>SERVICES</b>							
Number of returns.....	44,849	5,034	3,240	1,065	574	422	339
Total assets.....	90,713,795	34,970,230	49,105,138	37,215,384	41,886,864	69,640,573	502,756,853
Total receipts. <sup>4</sup> .....	183,773,966	57,846,638	70,318,204	46,706,153	42,696,379	63,113,937	316,088,532
Business receipts.....	177,473,998	55,733,635	67,113,081	43,360,103	39,805,077	58,452,548	281,862,780
Interest paid.....	3,180,742	1,081,736	1,514,353	1,094,112	1,226,161	2,226,636	15,182,418
Net income (less deficit). <sup>4</sup> .....	3,079,425	787,251	750,714	1,149,552	727,488	1,685,179	15,642,320
Income tax before credits, total. <sup>5</sup> .....	685,421	331,096	489,103	456,824	511,005	843,051	5,946,046
Income tax after credits, total. <sup>5</sup> .....	658,484	313,433	449,441	412,268	473,685	748,698	4,592,574
Net worth.....	20,083,298	8,998,457	13,075,472	11,092,844	14,319,921	23,239,309	193,639,734

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

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

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

<sup>3</sup> Includes returns not allocable by industrial division.

<sup>4</sup> Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S Corporations (qualifying corporations electing to be taxed through shareholders).

<sup>5</sup> For purposes of the statistics, includes not only regular tax, but alternative minimum tax, recapture taxes, and low-income housing credits, and certain other taxes. By law, only regular tax could be reduced by tax credits.

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

# Corporation Income Tax Returns, 1995

**Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size <sup>1</sup>**

[All figures are estimates based on samples-money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item	Size of total assets					
	Total <sup>1</sup>	Zero assets <sup>2</sup>	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns.....</b>	<b>4,474,167</b>	<b>265,872</b>	<b>2,349,169</b>	<b>715,389</b>	<b>426,545</b>	<b>296,041</b>
<b>Total assets.....</b>	<b>26,013,689,001</b>	--	<b>72,492,970</b>	<b>115,858,751</b>	<b>150,910,153</b>	<b>208,995,622</b>
Cash.....	962,083,261	--	18,305,110	20,700,666	22,489,675	27,165,561
Notes and accounts receivable.....	5,306,570,583	--	6,999,487	15,679,516	24,569,358	38,572,545
Less: Allowance for bad debts.....	121,339,912	--	91,021	276,097	275,982	513,055
Inventories.....	1,045,010,082	--	7,977,053	16,572,953	22,501,188	33,702,866
Investment in U.S. Government obligations.....	1,363,454,504	--	91,073	250,175	425,418	661,051
Tax-exempt securities.....	839,783,392	--	45,681	110,455	325,400	482,822
Other current assets.....	1,835,051,182	--	3,056,501	5,337,727	7,517,328	10,724,744
Loans to stockholders.....	92,774,645	--	5,402,161	6,301,580	5,558,236	5,299,112
Mortgage and real estate loans.....	1,713,312,936	--	451,767	1,221,046	1,917,594	2,842,482
Other investments.....	7,429,369,054	--	2,306,017	5,554,924	8,409,576	12,908,810
Depreciable assets.....	5,571,142,501	--	81,167,027	93,114,897	104,981,714	128,726,409
Less: Accumulated depreciation.....	2,600,545,415	--	59,028,968	60,305,297	63,830,527	74,546,953
Depletable assets.....	153,542,647	--	311,874	742,401	385,451	852,762
Less: Accumulated depletion.....	70,960,211	--	140,352	564,569	161,526	455,156
Land.....	242,340,731	--	1,762,783	4,899,599	9,425,263	14,633,005
Intangible assets.....	749,166,777	--	3,914,223	5,389,243	4,794,058	5,115,859
Less: Accumulated amortization.....	165,020,215	--	1,993,597	2,414,531	2,090,973	2,173,680
Other assets.....	1,667,952,459	--	1,956,151	3,544,064	3,968,902	4,996,437
<b>Total liabilities.....</b>	<b>26,013,689,001</b>	--	<b>72,492,970</b>	<b>115,858,751</b>	<b>150,910,153</b>	<b>208,995,622</b>
Accounts payable.....	1,749,573,601	--	9,957,437	14,751,433	19,339,239	29,322,706
Mortgages, notes, and bonds payable in less than 1 year.....	2,033,602,027	--	7,982,449	12,018,974	14,203,603	20,226,879
Other current liabilities.....	6,782,699,365	--	9,751,387	10,465,122	12,325,316	16,670,313
Loans from stockholders.....	311,675,047	--	34,352,304	26,378,903	22,056,539	24,383,756
Mortgages, notes, and bonds payable in 1 year or more.....	3,335,426,303	--	17,041,694	25,526,732	33,818,068	45,444,173
Other liabilities.....	3,668,771,655	--	2,813,698	4,141,147	4,975,012	8,345,501
Net worth.....	8,131,941,003	--	-9,405,998	22,576,441	44,192,377	64,602,294
Capital stock.....	2,194,368,322	--	17,095,160	14,684,391	15,382,360	18,017,847
Paid-in or capital surplus.....	5,445,997,437	--	16,560,721	15,815,981	18,977,736	22,904,558
Retained earnings, appropriated.....	105,683,587	--	240,542	289,390	770,482	824,244
Retained earnings, unappropriated.....	1,925,495,201	--	-15,275,173	1,982,104	12,766,841	21,794,236
Other retained earnings (1120S).....	160,217,456	--	-24,287,410	-6,322,186	1,011,357	7,058,917
Less: Cost of treasury stock.....	1,699,820,997	--	3,739,839	3,873,239	4,716,399	5,997,508
<b>Total receipts.....</b>	<b>14,539,050,114</b>	<b>201,668,272</b>	<b>494,537,904</b>	<b>400,821,511</b>	<b>398,662,863</b>	<b>477,069,874</b>
Business receipts.....	12,785,797,708	121,237,210	483,986,220	392,250,059	390,793,534	466,216,417
Interest.....	993,173,428	66,159,591	442,458	739,703	888,904	1,295,329
Interest on State and local Government obligations.....	46,323,344	407,251	7,527	18,065	44,928	57,756
Rents.....	87,120,169	1,084,314	367,916	479,705	622,818	914,995
Royalties.....	57,982,610	241,190	271,020	82,937	56,748	154,384
Net short-term capital gain less net long-term capital loss.....	40,083,929	541,208	71,476	89,557	32,838	133,352
Net long-term capital gain less net short-term capital loss <sup>3</sup> .....	60,852,565	2,046,080	670,167	663,932	933,817	729,005
Net gain, noncapital assets.....	42,987,930	2,967,343	813,587	637,512	622,526	809,483
Dividends, domestic corporations.....	22,842,877	130,551	15,393	59,744	87,795	121,399
Dividends, foreign corporations.....	35,418,063	73,827	499	1,057	3,267	3,812
Other receipts.....	366,467,491	6,779,707	7,891,641	5,799,240	4,575,690	6,633,941

Footnotes at end of table.

# Corporation Income Tax Returns, 1995

**Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size 1--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item	Size of total assets					
	Total <sup>1</sup>	Zero assets <sup>2</sup>	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total deductions.....</b>	<b>13,821,277,581</b>	<b>198,748,987</b>	<b>485,692,613</b>	<b>394,586,785</b>	<b>391,572,374</b>	<b>468,676,303</b>
Cost of goods sold.....	8,206,073,365	71,535,366	177,778,095	187,406,348	216,537,399	281,935,573
Compensation of officers.....	303,636,318	4,413,990	69,642,157	39,907,239	27,926,414	26,369,044
Salaries and wages <sup>4</sup> .....	1,216,019,253	16,653,846	68,533,062	50,426,136	46,497,034	50,147,561
Repairs.....	118,597,690	1,026,833	4,513,384	4,351,935	3,714,119	4,354,245
Bad debts.....	67,769,341	2,917,239	751,969	893,262	955,841	1,337,764
Rent on business property.....	232,104,107	3,960,681	22,430,015	15,117,075	11,603,641	11,567,326
Taxes paid.....	325,838,495	3,862,319	16,258,528	12,467,932	11,705,963	12,562,874
Interest paid.....	744,764,676	54,666,467	2,973,776	3,591,761	4,206,015	5,659,463
Contributions or gifts.....	7,425,566	54,242	80,934	73,101	85,578	98,877
Amortization.....	45,998,611	712,636	427,195	512,885	445,031	466,261
Depreciation.....	436,581,144	3,966,657	7,173,043	7,483,031	7,914,783	9,577,574
Depletion.....	9,998,046	95,061	23,442	27,983	32,322	29,749
Advertising.....	162,777,591	1,492,113	5,712,875	3,957,507	3,755,562	4,153,289
Pension, profit sharing, stock bonus and annuity plans.....	81,791,802	619,437	4,737,221	2,375,709	1,815,481	1,962,356
Employee benefit programs.....	165,112,064	1,696,012	3,991,785	3,132,620	3,195,283	4,130,027
Net loss, noncapital assets.....	28,033,601	2,176,853	510,212	325,286	297,133	439,480
Other deductions.....	1,668,755,914	28,899,235	100,154,921	62,536,975	50,884,774	53,884,840
<b>Total receipts less total deductions.....</b>	<b>717,772,533</b>	<b>2,919,285</b>	<b>8,845,291</b>	<b>6,234,726</b>	<b>7,090,489</b>	<b>8,393,571</b>
Constructive taxable income from related foreign corporations.....	42,744,182	336,030	--	60	--	85
<b>Net income (less deficit).....</b>	<b>714,193,371</b>	<b>2,848,064</b>	<b>8,837,764</b>	<b>6,216,721</b>	<b>7,045,561</b>	<b>8,335,900</b>
Net income, total.....	880,653,345	13,939,712	23,270,724	14,972,231	14,936,624	16,692,307
Deficit, total.....	166,459,975	11,091,648	14,432,960	8,755,510	7,891,063	8,356,407
Net income (less deficit), Form 1120-A.....	-92,078	-12,529	-187,497	93,139	14,078	731
Net income (less deficit), Form 1120S <sup>5</sup> .....	76,899,029	-765,297	10,419,691	5,708,981	5,138,346	5,964,124
<b>Statutory special deductions, total <sup>6</sup>.....</b>	<b>205,226,201</b>	<b>4,416,762</b>	<b>2,513,095</b>	<b>1,862,717</b>	<b>1,670,644</b>	<b>1,575,839</b>
Net operating loss deduction.....	57,135,546	2,472,580	2,502,437	1,817,914	1,603,358	1,478,014
Dividends received deduction.....	23,365,442	109,110	9,787	42,349	62,683	87,947
Public utility dividends paid deduction.....	71,598	--	--	--	--	--
<b>Income subject to tax <sup>7</sup>.....</b>	<b>564,733,017</b>	<b>7,617,682</b>	<b>2,843,120</b>	<b>3,423,679</b>	<b>4,320,630</b>	<b>5,571,191</b>
<b>Income tax before credits, total <sup>8</sup>.....</b>	<b>198,786,648</b>	<b>2,722,752</b>	<b>526,835</b>	<b>629,161</b>	<b>851,475</b>	<b>1,287,608</b>
Regular tax.....	193,564,219	2,582,136	521,938	625,437	845,507	1,269,491
Personal Holding Company tax.....	17,793	310	96	1,626	1,080	849
Recapture of investment and low-income housing credits.....	11,801	1,072	--	--	--	--
Alternative minimum tax.....	4,281,827	55,154	3,291	5,229	4,846	16,534
Environmental tax.....	713,254	8,684	80	11	46	82
Foreign tax credit.....	30,420,276	139,124	537	84	1,647	674
U.S. possessions tax credit.....	3,056,017	11,789	14	265	17	908
Nonconventional source fuel credit.....	732,031	3,274	98	2	379	200
General business credit.....	3,388,423	11,846	3,427	12,657	17,437	23,623
Prior-year minimum tax credit.....	4,797,001	34,238	1,220	2,046	2,445	15,539
<b>Income tax after credits, total.....</b>	<b>156,392,780</b>	<b>2,522,480</b>	<b>521,539</b>	<b>614,107</b>	<b>829,549</b>	<b>1,246,664</b>

Footnotes at end of table.

# Corporation Income Tax Returns, 1995

**Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size 1--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item	Size of total assets--continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>Number of returns.....</b>	<b>310,857</b>	<b>45,734</b>	<b>29,088</b>	<b>12,360</b>	<b>8,359</b>	<b>7,216</b>	<b>7,537</b>
<b>Total assets.....</b>	<b>650,649,072</b>	<b>316,397,411</b>	<b>446,889,329</b>	<b>437,702,523</b>	<b>597,442,272</b>	<b>1,143,351,522</b>	<b>21,872,999,374</b>
Cash.....	64,537,219	26,804,770	33,922,221	30,172,792	33,884,184	51,767,118	632,333,945
Notes and accounts receivable.....	138,405,045	70,201,398	105,864,616	109,237,730	155,200,060	254,648,756	4,387,192,074
Less: Allowance for bad debts.....	1,850,408	1,359,390	2,736,566	3,061,486	4,067,561	6,957,110	100,151,235
Inventories.....	125,724,937	66,760,126	77,184,457	51,924,237	49,146,525	68,289,247	525,226,492
Investment in U.S. Government obligations.....	4,082,691	3,400,154	11,200,805	24,100,094	46,564,591	91,617,836	1,181,060,615
Tax-exempt securities.....	2,109,421	1,714,525	5,457,001	10,048,769	25,223,872	62,498,748	731,766,697
Other current assets.....	34,973,970	17,951,592	25,451,386	22,589,237	27,975,380	50,521,960	1,628,951,358
Loans to stockholders.....	10,149,523	3,060,540	3,208,344	1,848,075	2,087,657	3,216,927	46,642,490
Mortgage and real estate loans.....	6,266,949	2,752,683	5,912,679	11,680,724	29,920,566	74,013,489	1,576,332,955
Other investments.....	45,892,274	26,998,045	48,290,799	67,320,404	107,722,309	275,465,700	6,828,500,197
Depreciable assets.....	345,750,150	149,594,319	192,263,566	144,851,115	148,297,385	237,746,049	3,944,649,871
Less: Accumulated depreciation.....	187,477,419	77,076,292	96,317,885	68,164,868	67,458,370	104,136,670	1,742,202,165
Depletable assets.....	2,510,296	1,472,459	3,163,996	2,746,739	4,873,363	9,503,545	126,979,760
Less: Accumulated depletion.....	1,099,800	566,181	1,317,259	1,188,964	2,232,693	4,169,246	59,064,466
Land.....	38,815,716	13,300,813	15,872,052	11,099,367	10,430,367	14,291,107	107,810,660
Intangible assets.....	14,507,042	7,373,406	13,434,497	13,444,438	21,026,148	43,558,078	616,609,785
Less: Accumulated amortization.....	5,964,070	3,081,606	5,700,140	3,965,796	5,150,136	10,562,134	121,923,552
Other assets.....	13,315,536	7,096,050	11,734,763	13,019,916	13,998,627	32,038,120	1,562,283,893
<b>Total liabilities.....</b>	<b>650,649,072</b>	<b>316,397,411</b>	<b>446,889,329</b>	<b>437,702,523</b>	<b>597,442,272</b>	<b>1,143,351,522</b>	<b>21,872,999,374</b>
Accounts payable.....	97,296,362	44,940,958	58,859,624	46,857,516	50,855,555	82,810,372	1,294,582,399
Mortgages, notes, and bonds payable in less than 1 year.....	89,364,241	52,817,158	62,222,083	40,615,758	41,076,701	58,932,977	1,634,141,204
Other current liabilities.....	59,709,087	31,498,111	62,962,889	101,952,785	182,036,887	332,587,612	5,962,739,856
Loans from stockholders.....	53,709,712	14,553,674	14,242,707	8,326,882	6,514,898	8,924,721	98,230,952
Mortgages, notes, and bonds payable in 1 year or more.....	136,029,193	60,389,719	81,448,487	68,573,188	75,813,699	139,058,332	2,652,283,019
Other liabilities.....	24,157,794	15,354,088	28,021,296	32,774,441	32,342,649	69,842,087	3,446,003,942
Net worth.....	190,382,683	96,843,703	139,132,243	138,601,955	208,801,883	451,195,421	6,785,018,002
Capital stock.....	45,526,911	21,981,192	29,803,499	32,567,042	39,265,761	91,773,106	1,868,271,052
Paid-in or capital surplus.....	80,065,217	42,776,344	74,797,164	91,548,763	143,515,788	329,718,376	4,609,316,791
Retained earnings, appropriated.....	1,770,126	458,502	1,383,941	1,072,226	1,273,775	4,169,499	93,430,858
Retained earnings, unappropriated.....	35,039,116	7,062,559	-793,114	-7,390,060	13,712,066	33,063,117	1,823,533,510
Other retained earnings (1120S).....	42,297,646	30,231,399	40,361,407	25,915,207	18,377,528	16,569,509	9,004,080
Less: Cost of treasury stock.....	14,316,332	5,666,293	6,420,654	5,111,223	7,343,035	24,098,186	1,618,538,289
<b>Total receipts.....</b>	<b>1,422,579,448</b>	<b>657,962,057</b>	<b>787,355,757</b>	<b>523,271,976</b>	<b>482,238,085</b>	<b>708,679,129</b>	<b>7,984,203,238</b>
Business receipts.....	1,391,196,405	641,938,377	763,618,803	496,203,261	445,054,122	635,346,070	6,557,957,231
Interest.....	4,067,239	2,361,981	5,258,789	9,777,829	18,533,846	38,660,060	844,987,701
Interest on State and local Government obligations.....	257,549	313,450	476,768	817,892	1,768,500	4,260,979	37,892,679
Rents.....	2,216,953	1,109,191	1,590,280	1,333,530	1,600,594	3,151,522	72,648,352
Royalties.....	511,636	197,260	513,160	473,254	773,249	1,900,142	52,807,632
Net short-term capital gain less net long-term capital loss.....	230,796	112,377	280,372	417,197	856,549	2,276,061	35,042,146
Net long-term capital gain less net short-term capital loss <sup>3</sup> .....	2,249,829	1,109,084	1,732,012	1,445,058	1,869,347	2,927,298	44,476,935
Net gain, noncapital assets.....	2,338,844	1,074,290	1,193,140	1,112,381	1,140,222	1,872,581	28,406,022
Dividends, domestic corporations.....	397,123	176,033	255,104	315,124	254,193	649,500	20,380,910
Dividends, foreign corporations.....	47,748	20,317	107,140	215,939	360,792	747,363	33,836,303
Other receipts.....	19,065,329	9,549,695	12,330,190	11,160,510	10,026,672	16,887,554	255,767,322

Footnotes at end of table.

# Corporation Income Tax Returns, 1995

**Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size <sup>1</sup>--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item	Size of total assets--continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>Total deductions.....</b>	<b>1,398,966,681</b>	<b>645,380,941</b>	<b>771,624,357</b>	<b>509,621,497</b>	<b>465,237,479</b>	<b>671,874,929</b>	<b>7,419,294,635</b>
Cost of goods sold.....	958,489,709	476,250,558	563,309,147	360,408,998	311,047,915	429,775,550	4,171,598,706
Compensation of officers.....	49,585,498	14,474,819	13,612,985	7,623,493	6,252,228	7,476,618	36,351,832
Salaries and wages <sup>4</sup> .....	124,649,321	48,765,251	59,322,070	40,442,910	39,337,831	60,928,558	610,315,673
Repairs.....	9,349,441	3,234,362	3,586,468	2,487,664	2,435,473	4,070,494	75,473,273
Bad debts.....	3,963,381	1,593,738	2,009,791	1,668,515	2,246,335	3,171,628	46,259,879
Rent on business property.....	23,644,370	7,534,841	9,056,674	6,133,468	6,463,312	9,676,371	104,916,331
Taxes paid.....	30,932,368	12,073,433	13,706,716	9,192,597	9,165,409	13,739,922	180,170,432
Interest paid.....	18,303,241	8,790,484	12,166,540	11,320,859	15,537,029	27,644,974	579,904,066
Contributions or gifts.....	254,600	112,918	161,942	141,225	177,589	323,133	5,861,427
Amortization.....	1,526,787	842,505	1,422,408	1,370,349	1,600,021	3,211,229	33,461,302
Depreciation.....	25,100,059	11,111,922	14,622,862	11,270,389	11,927,838	19,063,793	307,369,194
Depletion.....	152,475	136,001	239,922	231,741	280,611	490,149	8,258,589
Advertising.....	11,057,321	5,120,158	6,615,664	5,486,898	5,090,894	7,820,049	102,515,262
Pension, profit sharing, stock bonus and annuity plans.....	4,902,110	2,031,887	2,361,889	1,799,648	1,625,038	2,743,703	54,817,323
Employee benefit programs.....	11,246,494	5,076,476	6,690,315	5,134,589	5,032,954	9,252,124	106,533,386
Net loss, noncapital assets.....	1,355,812	1,034,893	1,930,176	2,520,289	1,879,279	3,101,950	12,462,236
Other deductions.....	124,453,694	47,196,696	60,808,788	42,387,865	45,137,723	69,384,683	983,025,722
<b>Total receipts less total deductions.....</b>	<b>23,612,767</b>	<b>12,581,115</b>	<b>15,731,400</b>	<b>13,650,479</b>	<b>17,000,606</b>	<b>36,804,200</b>	<b>564,908,603</b>
Constructive taxable income from related foreign corporations.....	18,565	18,428	64,265	231,018	213,422	498,218	41,364,092
<b>Net income (less deficit).....</b>	<b>23,373,783</b>	<b>12,286,093</b>	<b>15,318,897</b>	<b>13,063,605</b>	<b>15,445,528</b>	<b>33,041,440</b>	<b>568,380,016</b>
Net income, total.....	45,269,440	21,541,155	27,976,500	22,660,311	24,601,823	44,805,624	609,986,894
Deficit, total.....	21,895,657	9,255,062	12,657,604	9,596,706	9,156,295	11,764,184	41,606,878
Net income (less deficit), Form 1120-A.....	--	--	--	--	--	--	--
Net income (less deficit), Form 1120S <sup>5</sup> .....	17,045,363	8,787,484	10,605,270	5,780,235	3,825,494	3,112,893	1,276,444
<b>Statutory special deductions, total <sup>6</sup>.....</b>	<b>3,786,002</b>	<b>1,763,176</b>	<b>3,075,993</b>	<b>3,607,107</b>	<b>5,229,712</b>	<b>13,371,934</b>	<b>162,353,220</b>
Net operating loss deduction.....	3,378,645	1,443,420	2,258,221	2,008,038	2,106,203	3,746,065	32,320,653
Dividends received deduction.....	311,716	137,766	226,529	344,303	311,210	803,184	20,918,858
Public utility dividends paid deduction.....	--	--	*1	12	679	9	70,897
<b>Income subject to tax <sup>7</sup>.....</b>	<b>16,243,812</b>	<b>8,246,160</b>	<b>12,060,749</b>	<b>11,984,338</b>	<b>14,844,318</b>	<b>28,007,712</b>	<b>449,569,626</b>
<b>Income tax before credits, total <sup>8</sup>.....</b>	<b>4,977,492</b>	<b>2,837,729</b>	<b>4,211,850</b>	<b>4,192,181</b>	<b>5,221,911</b>	<b>9,948,096</b>	<b>161,379,558</b>
Regular tax.....	4,848,021	2,756,367	4,096,722	4,077,490	5,084,437	9,678,713	157,177,961
Personal Holding Company tax.....	4,344	1,040	789	1,138	337	165	6,019
Recapture of investment and low- income housing credits.....	1,180	436	124	34	167	4,714	4,074
Alternative minimum tax.....	120,565	73,583	105,736	100,494	119,910	228,273	3,448,213
Environmental tax.....	593	1,147	4,634	8,872	13,908	31,215	643,982
Foreign tax credit.....	23,667	19,186	50,920	129,915	132,095	394,907	29,527,520
U.S. possessions tax credit.....	15,497	28,775	64,867	117,234	155,932	517,175	2,143,544
Nonconventional source fuel credit.....	1,841	973	2,780	633	5,878	7,353	708,619
General business credit.....	52,018	34,021	55,421	54,789	64,487	116,756	2,941,942
Prior-year minimum tax credit.....	75,482	35,613	66,057	72,469	86,454	144,045	4,261,392
<b>Income tax after credits, total.....</b>	<b>4,808,987</b>	<b>2,719,161</b>	<b>3,971,806</b>	<b>3,817,141</b>	<b>4,777,066</b>	<b>8,767,858</b>	<b>121,796,421</b>

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

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

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

<sup>3</sup> Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S Corporations (qualifying corporations electing to be taxed through shareholders).

<sup>4</sup> Prior to the publication of the Statistics of Income, 1994 Corporation Source Book, Publication 1053, data for "salaries and wages" were included in the totals for "other deductions." The figure shown here is for salaries and wages less employment credits.

<sup>5</sup> Net Income of S Corporations is distributed (with few exceptions) through their shareholders and is taxed as the shareholder's income. This income is not a part of the corporation's income subject to tax.

<sup>6</sup> Also includes deductions for dividends paid by regulated investment companies and real estate investment trusts. These deductions are not shown separately.

<sup>7</sup> See Footnote 3.

<sup>8</sup> For purposes of the statistics, all of the taxes shown below (except the regular tax), plus certain others not shown, are included in both income tax before credits, total and total income tax after credits. By law, tax credits could only offset regular tax.

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