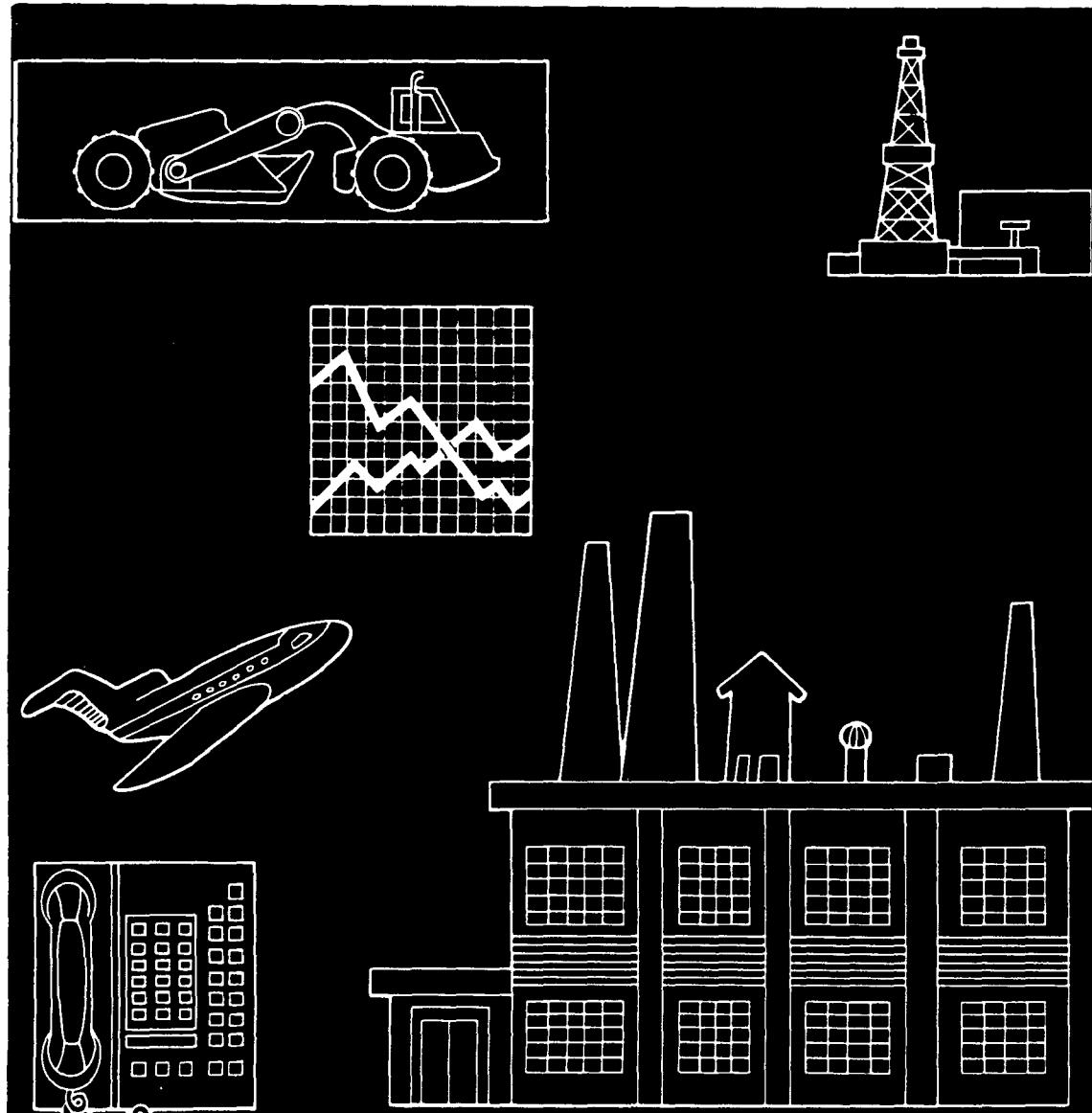


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Statistics  
of Income

# CORPORATION Income Tax Returns



**1983  
Statistics  
of Income**

# **Corporation Income Tax Returns**

## **Publication 16 (8-86)**

Department of the Treasury  
**Internal Revenue Service**

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This report contains data by industry on assets, liabilities, receipts, deductions, net income, income subject to tax, credits, distributions to stockholders and additional tax for tax preferences. Data are also classified by size of total assets and by size of business receipts. Other classifications include "returns with net income" and "S Corporations taxed through stockholders."

More detailed statistics for the industries shown in table 1 of this report are available in Publication 1053, *Source Book of Statistics of Income—1983*. A general description of the Source Book, including ordering information, is available from the Director, Statistics of Income Division D:R:S, Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on corporation income tax returns for 1983 can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

### **Suggested Citation**

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**See the user survey form following page 145**

# **NEW STATISTICAL SERVICES**

(available from Statistics of Income Division)

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

## **Studies of International Income and Taxes – Price \$45.00**

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

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

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

## **Individual Income Tax Returns – Price \$20.00**

Purchase price includes a 115-page document for 1983 presenting Statistics of Income data and tables on:

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

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

## **Partnership Returns – Price \$22.00**

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

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

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

## **Other Services – Price dependent on the request**

- Unpublished tabulations from SOI program are available. Includes detailed tables underlying those published in SOI Bulletin.
- Special tabulations produced to user specifications.
- Public use tape files, including the Individual Tax Model (1978-83), among others. (Earlier files are available from the Machine Readable Branch (NNSR) of the National Archives, Washington, DC 20408

# BUSINESS SOURCE BOOKS

(available from Statistics of Income Division)

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

## Corporation Source Book, 1983 – Price \$175.00

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

## Partnership Source Book – Price \$30.00

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

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

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

## Sole Proprietorship Source Book – In preparation

This Source Book is a companion to that for partnerships, shown above. It is expected to be available later in 1986. Included will be data on:

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

As with Partnerships, a magnetic tape will also be available.

---

## OTHER PUBLICATIONS

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

### The Statistics of Income (SOI) Bulletin (Quarterly) – Publication No. 1136 Subscription price \$20.00; Single copy price \$5.50

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

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

Presents information on --

- |              |                  |                                  |                           |
|--------------|------------------|----------------------------------|---------------------------|
| • Receipts   | • Taxable income | • Distributions to stock-holders | • Data classified by--    |
| • Deductions | • Income tax     | • Assets                         | industry                  |
| • Net income | • Tax credits    | • Liabilities                    | accounting period         |
|              |                  |                                  | size of total assets      |
|              |                  |                                  | size of business receipts |

## Statistics of Income

# SOI BULLETIN

The SOI Bulletin provides the earliest published annual financial statistics from the various types of tax and information returns filed with the Internal Revenue Service. The Bulletin also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data from 1970 to the present are provided for selected types of taxpayers, as well as on tax rates for individuals and gross internal revenue collections.

The SOI Bulletin is published quarterly and available from the Superintendent of Documents, U.S. Government Printing Office during the following months:

- |                           |                |
|---------------------------|----------------|
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| <b>Winter Issue.....</b>  | <b>January</b> |
| <b>Spring Issue .....</b> | <b>April</b>   |

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### The following topics are among those described and analyzed in the SOI Bulletin:

- Controlled foreign corporations
- Corporation income tax returns
- Domestic international sales corporations
- Employee benefit plans
- Estate tax returns
- Foreign source income of U.S. taxpayers
- Individual income by ZIP code area
- Individual income tax returns
- Investment tax credit
- Marginal and average tax rates
- Occupation data
- Partnership returns
- Private foundations
- Projections of return filings
- Residential energy credit
- Safe harbor leasing
- Sales of capital assets
- Sole proprietorship returns
- Superfund for environmental taxes
- Taxpayers age 65 or over
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# Guide to Tables

This report contains 18 basic tables. The major classification is industrial activity. This guide provides a reference for the major selected items and subjects available in the report. See page 15 to determine the appropriate page number(s) for specific tables.

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# Section 1

# Introduction\*

This report presents statistical estimates derived from a stratified sample of approximately 90,200 active corporate returns selected from the almost 3.0 million active corporate returns filed for the 1983 Income Year.\*

The report is divided into 6 sections. The first section provides statistics summarizing overall corporate activity for Income Year 1983. Section 2 discusses changes in law between this report and that for Income Year 1982. Section 3 describes in detail the sample of income tax returns upon which the statistics were based, as well as the method of estimation used, the sampling variability of the data, and other limitations.

Section 4 presents the basic tables that contain detailed statistics on 1983 income tax liability, tax credits, net income, and other financial data. Section 5 contains detailed explanations of the terms used in the report. In most instances, the explanations include definitions of terms used as well as adjustments made in preparing the statistics and any limitations inherent in the data.

Section 6 consists of the return forms and instructions. Following Section 6 is a user survey designed to help the Statistics of Income Division better determine the needs of users of this report. The user's cooperation in completing this form would be much appreciated.

The statistics in this report represent revisions to the preliminary data contained in "Corporate Income Tax Returns: Preliminary Data, 1983" in the Statistics of Income Bulletin, Volume 5, Number 3, Winter 1985-86. [1]

## OVERALL CORPORATE SUMMARY

Figure A presents corporation summary statistics for Income Years 1982 and 1983. Shown are the number of returns, total assets, total receipts, net income (less deficit), income subject to tax and total income tax before and after credits. The total number of returns increased by 2.5 percent between Income Years 1982 and 1983, i.e., somewhat slower than the 4.0 percent increase between Income Years 1981 and 1982.

As reported on tax returns, total assets reached the \$10 trillion mark which is a 9.0 percent increase from 1982. Total receipts had decreased by almost 1 percent from 1981 to 1982; however, for 1983 total receipts increased 1.6 percent over 1982. The data also indicate a reversal from the downward trend started in 1980 for net income (less deficit), income subject to tax, total income tax and total income tax after credits. The increases from 1982 to 1983 were as follows: net income (less deficit) increased 22.0 percent; income subject to tax increased 6.6 percent; total income tax increased 6.3 percent and total income tax after credits increased 10.2 percent.

Returns with total assets of \$250 million or more represent less than one percent of the total returns; however, for 1983 they accounted for 51.3 percent of the total receipts and 50.7 percent of the total income tax after credits for 1983. For 1982, in contrast, returns with assets of \$250 million or more accounted for 51.9 percent of total receipts and 48.1 percent of total income tax after credits.

## ACTIVITIES COVERED

The estimates in this report encompass corporate business activities in the United States as reported on returns of "domestic" and foreign corporations, as well as certain foreign activities. The term "domestic corporations" refers to companies incorporated in the United States, but does not necessarily imply that all their activities are domestic. For instance, data for a U.S. corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries and, to a certain extent, their undistributed earnings. [2]

For foreign corporations (defined as those organized abroad) engaged in trade or business in the United States, only income that was considered "effectively connected" [3] with the conduct of a trade or business in the United States was included in the statistics. Other foreign corporations, organized abroad and not engaged in trade or business in the United States, were liable for tax only on investment income from U.S. sources. Such income is excluded from this report. [4]

The effect of foreign activity on the statistics varies by type of industry and by size of assets. Some industries may have higher incidences of foreign activity than others and foreign income is reflected in their statistics to a greater extent. Also, foreign activity tends to increase with the asset size of the corporation.

Section 6012 of the Internal Revenue Code required that all corporations in existence at any time during the income year file returns, regardless of whether they had income or not. This applied to active and inactive domestic corporations unless they were expressly exempt from filing, as well as to active foreign corporations with insufficient taxes withheld at the source to satisfy their U. S. tax liability on income earned in the United States. (It should be noted however that inactive corporations have been excluded from the statistics.)

In addition to legally defined corporations, the Internal Revenue Code recognized many types of businesses as corporations, including joint stock companies, and unincorporated associations, such as business trusts, savings and loan associations, certain partnerships, mutual savings banks, and cooperative banks. These organizations possess characteristics typical of the corporate form, such

\*Janice Washington and Victor Rehula were responsible for the overall production of this report and also prepared the text for section 1, 2, and 5. The report was prepared under the direction of Karen L. Cys of the Returns Analysis Section, Corporation Statistics Branch.

## Corporation Returns/1983 • Introduction

**Figure A—Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax, Total Income Tax After Credits by Size of Total Assets, Income Years 1982 and 1983**

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

Year and size of total assets	Number of returns	Total assets	Total receipts	Net income (less deficit) <sup>1</sup>	Income subject to tax <sup>2</sup>	Total income tax <sup>3</sup>	Total income tax after credits <sup>4</sup>
<b>1982</b>							
Total .....	2,925,933	9,357,784,804	7,024,097,766	154,334,143	205,175,407	86,766,154	47,071,909
Zero assets .....	109,478	—	96,893,679	-2,558,968	2,104,510	886,897	783,620
\$1 under \$100,000 .....	1,537,105	52,861,537	226,632,692	-1,210,340	3,754,678	665,475	469,277
\$100,000 under \$250,000 .....	534,730	86,268,083	230,231,641	1,771,292	5,212,181	1,019,760	786,527
\$250,000 under \$500,000 .....	301,334	106,843,092	246,226,071	2,283,056	5,289,507	1,156,412	870,263
\$500,000 under \$1,000,000 .....	197,388	138,031,961	303,404,652	2,930,594	6,261,079	1,684,114	1,302,152
\$1,000,000 under \$5,000,000 .....	182,544	371,990,220	789,055,018	8,797,159	16,187,999	5,974,240	4,984,725
\$5,000,000 under \$10,000,000 .....	23,965	167,176,428	280,544,599	4,749,937	7,198,346	3,070,526	2,608,424
\$10,000,000 under \$25,000,000 .....	18,298	287,182,056	338,949,030	7,035,890	10,237,358	4,466,754	3,703,231
\$25,000,000 under \$50,000,000 .....	8,933	319,092,833	248,406,200	5,282,211	7,823,354	3,484,643	2,685,758
\$50,000,000 under \$100,000,000 .....	5,479	387,791,537	239,966,253	5,270,552	7,928,901	3,576,251	2,596,636
\$100,000,000 under \$250,000,000 .....	3,463	559,741,865	375,410,073	6,714,107	11,057,057	5,029,082	3,598,004
\$250,000,000 or more .....	3,188	6,880,804,980	3,647,338,475	113,242,731	122,062,475	55,725,292	22,663,597
<b>1983</b>							
Total .....	2,999,071	10,201,084,144	7,135,494,059	188,313,928	218,686,396	92,218,567	51,862,218
Zero assets .....	113,437	—	80,622,795	-1,125,152	2,306,841	923,810	731,484
\$1 under \$100,000 .....	1,552,099	53,951,657	231,545,546	-549,219	3,685,336	623,150	447,630
\$100,000 under \$250,000 .....	553,929	89,193,794	238,259,127	2,742,733	5,548,348	1,032,070	759,584
\$250,000 under \$500,000 .....	312,500	110,950,948	255,904,043	2,333,993	5,285,747	1,117,514	821,224
\$500,000 under \$1,000,000 .....	208,260	145,636,097	315,480,271	3,672,607	6,534,943	1,684,789	1,267,111
\$1,000,000 under \$5,000,000 .....	193,144	393,451,303	833,144,275	12,141,548	17,011,517	6,173,041	5,115,180
\$5,000,000 under \$10,000,000 .....	25,183	174,749,126	301,982,808	6,083,866	7,561,258	3,218,970	2,728,226
\$10,000,000 under \$25,000,000 .....	18,814	295,228,144	352,931,920	8,580,508	10,632,497	4,643,952	3,870,914
\$25,000,000 under \$50,000,000 .....	8,932	317,031,523	243,614,050	6,716,873	8,004,850	3,556,842	2,862,678
\$50,000,000 under \$100,000,000 .....	5,709	404,034,005	245,054,185	6,883,751	7,962,507	3,568,328	2,844,049
\$100,000,000 under \$250,000,000 .....	3,625	594,730,191	378,048,929	9,797,198	12,061,278	5,396,406	4,135,880
\$250,000,000 or more .....	3,420	7,622,127,330	3,658,886,664	131,038,520	132,074,398	60,271,871	26,271,003

<sup>1</sup>Includes taxable income before net operating loss deduction and special deductions.

<sup>2</sup>Includes net long-term gain taxed at alternative rates, taxable income less net operating loss deduction and special deductions.

<sup>3</sup>Includes regular and alternative tax, personal holding company tax, tax from recomputing prior-year investment credit, minimum tax, excessive net passive income tax (Form 1120S), and tax from Section 1 (Form 1120).

<sup>4</sup>Credits include foreign tax, U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits.

NOTE: Detail may not add to total because of rounding and the deletion of data. See text for "Explanation of Terms" and "Description of the Sample and Limitation of the Data."

as continuity of life, centralization of management apart from ownership, limited liability of owners, and transferability of shares of capital ownership.

The estimated number of returns, shown by type of return form, are the basis of the estimates for the financial statistics presented in this report. These data are tabulated from active corporation income tax returns:

Form 1120 (U.S. Corporations) .....	2,329,650
Form 1120S (U.S. S Corporations)[5]....	648,267
Form 1120L (U.S. Life Insurance Companies) .....	1,798
Form 1120M (U.S. Mutual Insurance Companies) .....	1,463
Form 1120F (U.S. Returns of Foreign Corporations) .....	7,996
Form 1120-DISC (Domestic International Sales Corporations) .....	9,898
Total .....	2,999,071

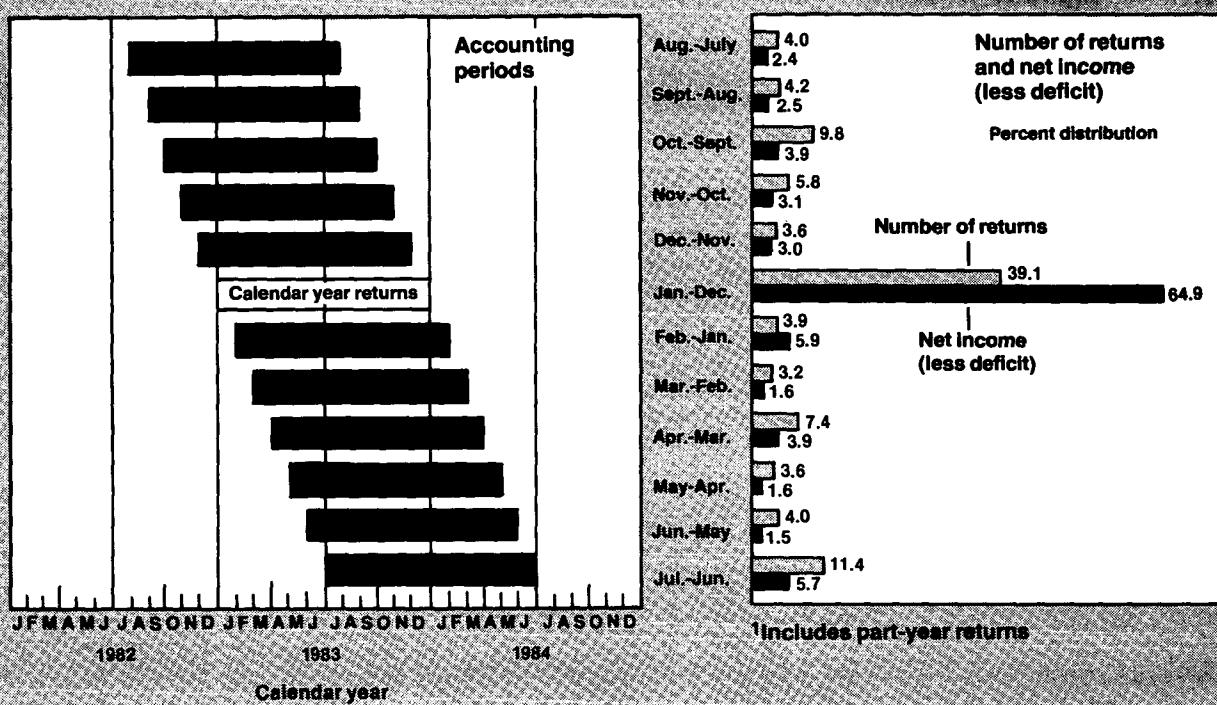
The statistics specifically exclude, in addition to inactive corporations, foreign corporations with no income "effectively connected" with a U.S. trade or business; information returns of certain joint undertakings; returns filed by political organizations under Code section 527; returns filed by General Stock Ownership Corporations (corporations established by a state for the benefit of the residents of a state); information returns reporting no tax because of a tax treaty or convention under Code section 894; nonprofit corporations (educational, charitable, and similar organizations) exempt from income tax under section 501; and mutual insurance companies (except life or marine and certain fire or flood insurance companies), with gross receipts that did not exceed \$150,000, which were exempt from income tax under Internal Revenue Code section 501.

#### TIME PERIOD EMPLOYED

The estimates in this report are based on data from returns with accounting periods that coincided with the calendar year and returns with accounting periods that were for noncalendar years ended during the span of months July 1983 through June 1984. This span, in effect, defines the income year in such a way that the noncalendar year accounting periods are centered at the calendar year ended December.

The 12 accounting periods covered by the report are presented in figure B. Code section 441 specified that, in general, a taxpayer's accounting period end on the last day of the month. Thus, figure B shows a span of 23 months between the first-included accounting period, which began on August 1, 1982, and closed on July 31, 1983, and the start of the last-included accounting period, which began on July 1, 1983, and closed on June 30, 1984. This report, therefore, shows income received or expenses incurred during any or all of the months in the 23-month span. For balance sheet items, such as total assets and inventories, the report shows a corporation's position only at a given time, namely, at the end of its accounting period. Corporations were required by Code section 441 to file returns for the accounting period customarily used in keeping their books.

Figure C shows the number of returns, total assets, total receipts, net income (less deficit), income subject to tax, and total income tax before and after credits reported on returns for each of the 12 accounting periods. Approximately 39.1 percent of the 1983 returns were filed for the calendar year. However, these included returns of most of the larger corporations. Approximately 79.5 percent of total assets, 65.0 percent of net income (less deficit), and 60.1 percent of total receipts were reported on 1983 calendar year returns.

**Figure B. Number of returns and net income (less deficit), by accounting periods<sup>1</sup>****Figure C.—Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax, and Total Income Tax After Credits, by Accounting Periods for Income Year 1983**

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

Accounting period ended <sup>1</sup>	Number of returns	Total assets	Total receipts	Net income (less deficit) <sup>2</sup>	Income subject to tax <sup>3</sup>	Total income tax <sup>4</sup>	Total income tax after credits <sup>5</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	2,999,071	10,201,084,144	7,135,494,059	188,313,928	218,686,396	92,218,567	51,862,218
December, 1983	1,172,783	8,107,349,126	4,287,253,257	122,298,321	150,935,477	66,157,655	32,113,038
Noncalendar year, total	1,826,288	2,093,735,018	2,848,240,802	66,015,607	67,750,919	26,060,912	19,749,180
July 1983	120,369	125,759,394	171,864,423	4,571,207	4,029,082	1,572,732	1,186,884
August 1983	124,564	143,981,861	183,515,420	4,622,991	4,426,130	1,693,221	1,274,609
September 1983	294,012	404,396,293	419,667,360	7,306,930	10,300,006	3,939,471	2,939,220
October 1983	174,861	220,448,279	259,588,207	5,865,791	5,984,897	2,243,723	1,599,696
November 1983	109,388	129,055,817	133,837,444	5,595,268	4,352,143	1,713,164	1,180,093
January 1984	117,595	176,263,400	294,728,900	11,182,714	7,630,248	3,166,483	2,643,969
February 1984	96,691	85,625,544	131,861,921	2,976,307	3,742,145	1,439,134	1,167,700
March 1984	220,948	242,864,011	402,980,209	7,288,372	7,502,224	2,845,312	2,169,734
April 1984	108,946	100,010,935	165,054,985	3,071,923	3,661,367	1,397,617	1,105,398
May 1984	118,501	109,860,125	195,681,302	2,800,064	3,602,712	1,319,060	1,009,024
June 1984	340,412	355,469,360	489,260,631	10,734,040	12,519,864	4,730,994	3,472,653

<sup>1</sup>Includes part-year returns.<sup>2</sup>Includes taxable income before net operating loss deduction and special deductions.<sup>3</sup>Includes net long-term gain taxed at alternative rates, taxable income less net operating loss deduction and special deductions.<sup>4</sup>Includes regular and alternative tax, personal holding company tax, tax from recomputing prior-year investment credit, minimum tax, excessive net passive income tax (Form 1120S), and tax from Section 1 (Form 1120F).<sup>5</sup>Credits include foreign tax, U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitation of the Data."

**Corporation Returns/1983 • Introduction**

Corporation returns were usually required to be filed within two-and-one-half months after the close of the corporate accounting period. However, in accordance with Code section 6081, most corporations could receive filing extensions for as long as 6 months.

In addition to returns with accounting periods that spanned 12 months, the total number of active corporations includes returns with accounting periods of shorter duration. Such returns are referred to as part-year returns and were filed, for the most part, by continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations.

**NOTES AND REFERENCES**

[1] Frequencies and amounts will differ slightly between this report and the Statistics of Income

Bulletin because additional returns and corrections are included in this report.

[2] See Statistics of Income, "A Compendium of Studies of International Income and Taxes, 1979-1983", September 1985, for information on, among other things, the foreign activities of U.S. Corporations.

[3] "Effectively connected" income is defined in Code Section 864(c). See also the reference in [2] above.

[4] These data are published annually in the Statistics of Income Bulletin. For the latest article see Carson, Chris R., "Nonresident Alien Income and Tax Withheld, 1983", Statistics of Income Bulletin, Fall 1985, pp. 39-53.

[5] Previously referred as "U.S. Small Business Corporations."

## Section 2

## Changes in Law

The statistics in this report reflect, to varying degrees, changes in law and regulation that became effective during the accounting periods covered. Depending on the accounting period used and the effective date of the change in law, the changes may have been fully applicable for some corporations, only partially applicable for others, and not applicable at all for still others.

The information that follows includes a description of the major law changes that became effective during the 1983 Income Year. These are listed alphabetically below.

The law changes discussed are those that affected substantially the comparability of the statistics in this report with those for prior years. These changes resulted from the Economic Recovery Tax Act of 1981, the Tax Equity and Fiscal Responsibility Act of 1982, the Technical Corrections Act of 1982, and the Subchapter S Revision Act of 1982.

### Depreciation and Investment Credit

In general, under prior law, corporations were allowed depreciation deduction for 100 percent of the cost (or other basis) of a depreciable asset on which regular or energy investment credit, or a 25-percent investment credit for rehabilitation expenditures for certified historic structures, was allowed. However, if the 15- or 20-percent investment credit was claimed for qualified rehabilitation expenditures on a nonresidential building, the basis of the property was reduced by the amount of the credit claimed and the lower basis then used for depreciation purposes (as well as for computing gain or loss when the property was sold).

Under the Accelerated Cost Recovery System (ACRS) of computing depreciation (see "Depreciation" in the Explanation of Terms), the resultant more beneficial ACRS depreciation deduction in combination with the investment credit on the same property created a tax benefit in excess of that originally intended when ACRS was first enacted. As a result, the Tax Equity and Fiscal Responsibility Tax Act of 1982 provided for a reduction in basis of a property equal to 50 percent of the investment credit claimed on the property as a means of offsetting this unintended benefit. This adjustment was applicable to each property on which any of the types of investment credit mentioned above was claimed, regardless of whether the property was eligible for ACRS depreciation, and also applied to qualified progress expenditures. If the credit for which the basis adjustment was required was recaptured, the basis of the property was adjusted upward by 50 percent of the recapture amount. (Recapture amounts are shown in the statistics for "tax from recomputing prior year investment credit"). Moreover, if there were still unused credit left after carrying the unused amount back or forward for use in other tax years, a deduction for one-half of the remaining unused credit was allowed.

Corporations could elect to continue using 100 percent of a property's cost for depreciation (and other) purposes, if they agreed to a 2-percent

reduction in the investment credit claimed. Also, if lessors of property elected to pass the credit on to lessees, the lessors were not required to make a basis adjustment. Instead, the lessee had to include an amount in income equal to 50 percent of the allowable credit ratably over the depreciation period or, alternatively, it could elect the 2-percent credit reduction and avoid including this amount in income.

These new provisions were effective for property placed in service (or to qualified progress expenditures made) after 1982. A transitional rule was provided, in general, covering all property except public utility property and property subject to a "safe-harbor lease" (see the Changes in Law section in the Statistics of Income for 1981), if the property was placed in service before 1986 and was acquired or constructed after August 13, 1982, according to a contract that was binding on July 1, 1982, and thereafter. Special transitional rules were also applicable to the rehabilitation of certified historic structures (or to expenditures made for their rehabilitation).

### Minimum Tax Restructured

Minimum tax or additional tax for tax preferences was the 15 percent tax levied on the sum of a corporation's tax preferences which exceeded \$10,000 or the current-year income tax (including tax from recomputing prior-year investment credit) after reduction by any appropriate credits.

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) required all corporations other than Subchapter S corporations to reduce by 15 percent the allowable deduction for the following tax preference items as of taxable years beginning after December 31, 1982: (1) Section 1250 capital gains, (2) deduction for bad debts of certain financial institutions, (3) certain deferred DISC income, (4) amortization of pollution control facilities, (5) intangible drilling costs, and (6) mineral exploration and development costs.

Further explanation of minimum tax are contained in the Explanation of Terms section of this report under "Additional Tax for Tax Preferences."

### New Six-Month Automatic Extension of Time to File Corporation Return

Before 1983, corporations were entitled to an automatic 3-month extension to file returns if they filed Form 7004 on time and paid the required amount of tax liability. When the 3-month extension was filed, at least half of the unpaid balance of the tax liability tentatively determined (taking into account any credits against tax, as well as any estimated tax payments) was due. The remaining unpaid balance was due on or before three months after the original due date. If the option of paying the tentatively determined tax liability on an installment basis was not used, the entire amount was due with the application of Form 7004. A second extension, filed

## Corporation Returns/1983 • Changes in Law

on Form 7005, of 3-months could be granted under certain conditions.

For tax years ending after December 31, 1982, the automatic extension of time to file a corporate tax return was extended from 3-months to 6-months. Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, was used to file for this 6-month extension and the full amount of tax liability was paid at that time. Corporations could no longer pay on the installment basis. (A facsimile of Form 7004 is shown in Section 6.)

#### Orphan Drug Credit

"Clinical Testing Expenses For Certain Drugs For Rare Diseases or Conditions" otherwise known as the "orphan drug credit" was an amount equal to 50 percent of the qualified clinical testing expenses for certain drugs for rare diseases or conditions. This credit was an incentive for research on conditions or diseases which occurred so infrequently in the United States that there was no reasonable expectation the cost of manufacturing and selling the drug would be recovered. The credit was available for amounts paid or incurred after December 31, 1982 in taxable years ending after this date. The income tax against which the credit was applied was after reduction by foreign tax, possessions tax, investment, jobs, alcohol fuel, nonconventional source fuel, research activities and employee stock ownership credits. This credit was claimed on Form 6765, Credit for Increasing Research Activities. (A facsimile of Form 6765 is shown in Section 6.)

#### Reduction in Corporate Tax Rates

The Economic Recovery Tax Act of 1981 (ERTA) contained provisions which reduced tax rates for the two lowest income brackets. For the taxable year beginning after December 31, 1982, for the taxable income bracket of \$25,000 or less, the tax rate decreased from 16 percent to 15 percent and for the taxable income bracket over \$25,000 but not over \$50,000, the tax rate decreased from 19 percent to 18 percent.

Further explanation of tax rates can be found under "Income Tax" in the Explanation of Terms section in this report.

#### Subchapter S Revision Act of 1982

The Subchapter S Revision Act of 1982 (H.R. 6055) simplified and modified the tax rules relating to

eligibility and operation for subchapter S corporations, formerly known as Small Business Corporations. Effective for tax years beginning after December 31, 1982, the following changes were made: (1) S corporations were given partnership-type treatment for income, loss, expenses and other tax items, that is these items were passed through to the shareholders and retained their character. (Prior to this change, taxable income was computed at the corporate level and the shareholders were then taxed directly on this taxable income, though the corporation may not have made any distributions to the shareholders.) (2) The shareholder's share of aggregate losses and deductions for any tax year was limited to the shareholder's adjusted basis in stock and debt of the corporation for the tax year. (3) A new section, Section 1363(d), provided that a gain was to be recognized by an S corporation on a distribution of appreciated property to shareholders. This gain was subject to the capital gains tax at the company or shareholder level and was passed through to shareholders. (4) The Act established a new balance sheet account called the "accumulated adjustments account" (AAA). See the "Explanation of Terms" for a more detailed description. (5) An existing S corporation was required to use a "permitted" tax year (generally the calendar year), as defined in section 1378(b), for any tax year beginning after the 1st day on which it had a more-than-50 percent shift in ownership. (6) The corporation was liable for investment credit recapture in certain cases. (7) The maximum number of shareholders permitted increased from 25 to 35. (8) The 80 percent limitation on foreign income was repealed. (9) The provision that allowed a new shareholder to end the corporation's election to be an S corporation by affirmatively refusing to consent to the election was repealed; revocation of S corporation status could be made by shareholders owning more than 50 percent of the corporate stock. (10) The Act provided special rules that made certain subchapter S provisions continue to apply in case of: (a) certain corporate subsidiaries, casualty insurance companies, and corporations with oil and gas production and (b) certain existing fringe benefits. An S corporation could deduct only those fringe benefits it paid for employee-shareholders owning two percent or less of its stock. However, corporations with existing fringe benefit plans that elected S status on or before September 28, 1982, could deduct their fringe benefit expenditures for all employee-shareholders for taxable years beginning before January 1, 1988, as long as the corporations had met the passive income test and their elections were not terminated.

## Section 3

## Description of The Sample and Limitations of the Data\*

This section describes the sample criteria and selection of returns, the method of estimation and sampling variability of the estimates contained in the report. It also describes the methodology needed to compute confidence interval estimates, as well as some of the limitations of the data.[1]

### SAMPLE SELECTION

The statistics in the present report were estimated from a stratified probability sample of corporation income tax returns selected after revenue processing but before audit examination (see Figures D and E). The following types of returns were subjected to sampling: Form 1120--U.S. Corporation Income Tax Return; Form 1120F--U.S. Income Tax Return of a Foreign Corporation; Form 1120L--U.S. Life Insurance Company Income Tax Return; Form 1120M--U.S. Mutual Insurance Company Income Tax Return; Form 1120S--U.S. Income Tax Return for an S Corporation; and Form 1120-DISC--Domestic International Sales Corporation Return.

All sample returns, except Forms 1120-DISC, were computer-selected from the Internal Revenue Service's Business Master File (BMF) system. Form 1120-DISC returns were processed on a separate computer system designed expressly for the sampling process. Both sampling procedures used a transformation of the Employer Identification Number as the basis for essentially random selection within a sample class.

The prescribed sample rates for Forms 1120 and 1120S ranged from 0.40 percent to 100 percent, depending on size of total assets and net income (or deficit) and the presence or absence of selected "financial," "nonfinancial special" or "nonfinancial regular" principal business activity (PBA) codes as defined in the note to Figure D. The average sample rates for Forms 1120 and 1120S, shown in figure D, columns 8 and 9, ranged from 0.40 percent to 100 percent, which represent average prescribed rates for the individual sample classes. Forms 1120L and 1120M were sampled, based on size of total assets, at rates ranging from 50 percent to 100 percent. Forms 1120F were sampled based on total assets and "financial" or "nonfinancial" PBA codes, at sample rates ranging from 25 to 100 percent. For Forms 1120-DISC, sample rates were dependent upon: (1) the size of total assets of the majority corporate stockholder, (2) the size of total assets of the DISC, (3) the size of net income (or deficit) of the DISC and (4) the size of the annualized adjusted taxable income of all the DISC's in the controlled group. The sample rates ranged from 5 to 100 percent.

Figure D contains the number of returns in the population and sample, by sample class and sampling rates (both prescribed and achieved). A comparison of the total 1983 population (3,197,263) in figure D with

the total estimated number of returns (2,999,071) in table 1, column 1, will show a difference of 198,192. This difference resulted from returns which were excluded because they were: (1) inactive returns having neither income nor deductions; (2) duplicate returns; (3) amended returns not associated with the original returns and which were not earlier removed by the original computer selection (the original returns were subject to sampling); (4) tentative returns not associated with the revised returns and which were not earlier removed by the original computer selection (the revised returns were subject to sampling); (5) returns exempt under section 936 of the Internal Revenue Code (IRC); (6) returns exempt under section 1247 of the IRC; (7) returns exempt under section 883 of the IRC; (8) Cost Corporation returns exempt under Revenue Ruling 52-542; (9) Form 1120M corporation returns exempt from tax under section 501(c)(15) of the IRC; (10) returns of (non-resident) foreign corporations having no income effectively connected with a trade or business within the U.S.; (11) U.S. Virgin Islands returns exempt under section 934 of the IR Code; (12) returns of political organizations filing on Forms 1120 and stating that they are filing under IR Code section 527; (13) returns filed by general stock ownership corporations on Forms 1120 which are required to file a return but are exempt from tax; (14) returns filed by homeowners' associations on Forms 1120 and stating they are filing under IR Code section 528; (15) information returns reporting no tax due to tax treaty or convention according to IR Code section 894; and finally, (16) delinquent returns of corporations for prior years with total assets under \$250,000,000 which used basic tax forms prior to 1982, and whose accounting periods ended before July 1983.

The estimated number of corporations filing on prior year tax forms was assumed to approximate the number of yet to be filed 1983 returns and thus even while these sample returns were not fully processed, the final weighted sample was adjusted upward to account for this exclusion.

The estimated population of exclusions, 198,192, is a decrease of 7,056 from the Income Year 1982 population of exclusions, 205,248. The exclusions are distributed as follows:

Type of Exclusion	Income Year		
	1983	1982	1981
Total.....	100.0%	100.0%	100.0%
Inactive returns.....	60.6	59.1	53.7
Duplicate returns.....	22.2	25.9	42.2
Filed on prior year forms.	16.3	13.7	1.6
Miscellaneous.....	0.8	1.3	2.5

\*Homer Jones and Richard Collins designed the sample for this report. Homer Jones prepared the text and tables in this section under the direction of Kenneth Szeflinski, Acting Section Chief, Operations Section, Corporation Statistics Branch.

## Corporation Returns/1983 • Sample Description and Data Limitations

Figure D—Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Selection Class, Income Year 1983

Sample Class Number	Description of Sample Selection Classes		Industry Class	Year Sampled	Number of Returns		Sampling Rates (Percent)	
	Size of total assets	Size of net income or deficit			Estimated Population	Sample Size	Pre- scribed	Achieved
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	All Returns, Total .....	*	*	*	3,197,263	92,984	2.95%	2.91%
1	<u>Forms 1120 and 1120S with Form 5735 attached, Total.....</u>	*	*	559	537	100.00	96.06	
1	Under \$50,000,000 .....	Any amount.....	B,C	A11 {				
2	Under \$100,000,000 .....	Any amount.....	A	A11 {	502	480	100.00	95.62
2	\$50,000,000 or more .....	Any amount.....	B,C	A11 {				
2	\$100,000,000 or more .....	Any amount.....	A	A11 {	57	57	100.00	100.00
3	<u>Forms 1120 and 1120S (no Form 5735 attached), Total.....</u>	*	*	3,172,439	85,751	2.80	2.70	
3	Under \$50,000.....	Under \$25,000.....	A11	A11 {	1,262,336	5,804	0.40	0.46
4	\$50,000 under \$100,000.....	\$25,000 under \$50,000.....	A11	A11 {	494,566	3,201	0.61	0.65
5	\$100,000 under \$250,000.....	\$50,000 under \$100,000.....	A11	A11 {	591,342	6,494	1.10	1.10
6	\$250,000 under \$500,000.....	\$100,000 under \$250,000.....	A11	A11 {	341,519	7,703	2.31	2.26
7	\$500,000 under \$1,000,000.....	\$250,000 under \$500,000 .....	A11	A11 {	216,537	7,473	3.52	3.45
8	\$1,000,000 under \$2,500,000.....	\$500,000 under \$1,000,000.....	A11	A11 {	147,428	12,712	9.05	8.62
9	\$2,500,000 under \$5,000,000.....	\$1,000,000 under \$1,500,000.....	A11	A11 {	50,752	5,632	11.56	11.10
10	\$5,000,000 under \$10,000,000....	\$1,500,000 under \$2,500,000....	A11	A11 {	26,199	5,972	24.10	22.79
11	\$10,000,000 under \$25,000,000....	\$2,500,000 under \$5,000,000....	A	A11 {	6,800	2,351	36.00	34.57
12	\$10,000,000 under \$25,000,000...	\$2,500,000 under \$5,000,000....	B	A11 {	3,858	1,667	46.10	43.21
13	\$25,000,000 under \$50,000,000...	\$5,000,000 under \$10,000,000....	A	A11 {	4,909	2,262	46.00	46.08
14	\$10,000,000 under \$50,000,000...	\$2,500,000 or more.....	C	A11 {				
	\$25,000,000 under \$50,000,000...	\$5,000,000 or more.....	B	A11 {	17,166	15,453	100.00	90.02
	\$50,000,000 under \$100,000,000...	\$10,000,000 or more.....	A	A11 {				
15	\$50,000,000 or more.....	Any amount.....	B,C	A11 {				
	\$100,000,000 or more.....	Any amount.....	A	A11 {	9,027	9,027	100.00	100.00
16	<u>Forms 1120L and 1120M, Total.....</u>	*	*	3,334	1,748	56.07	52.43	
16	Under \$50,000,000.....	Any amount.....	A11	A11 {	2,929	1,343	50.00	45.85
17	\$50,000,000 or more.....	Any amount.....	A11	A11 {	405	405	100.00	100.00
18	<u>Forms 1120F (with effectively connected income, in U.S.), Total..*</u>	*	*	9,279	2,544	28.32	27.42	
18	Under \$25,000,000.....	Any amount.....	A	A11 {				
19	Under \$10,000,000.....	Any amount.....	B,C	A11 {	8,868	2,151	25.00	24.26
19	\$25,000,000 under \$100,000,000..	Any amount.....	A	A11 {				
20	\$10,000,000 under \$50,000,000...	Any amount.....	B,C	A11 {	236	218	100.00	92.37
20	\$100,000,000 or more.....	Any amount.....	A	A11 {				
	\$50,000,000 or more.....	Any amount.....	B,C	A11 {	175	175	100.00	100.00
	Forms 1120-DISC (See Figure E) .....	*	*	11,652	2,404	20.76	20.63	

Notes: Returns were classified according to either size of total assets, or size of net income or deficit, whichever made the sample class number higher. EXAMPLE: A Form 1120 return with total assets of \$750,000 and having net income of \$75,000 would be in sample class 7 (based on total assets) rather than in sample class 5 (based on net income). The prescribed and achieved sample rates for sample classes 3 through 13 are composite figures of two different sampling rates used during the three calendar years of sampling, 1983 and 1984-85. Other sample classes had the same prescribed and achieved sampling rates for the three calendar years.

There are three categories of industries used in this design as indicated in Column (4). Class A represents Financial industries having two different definitions for the 1983 and 1984-85 periods. The principal 1984-85 period showed Class A representing industries with business codes 6030, 6060, 6090, 6120, 6140, 6150, 6199, 6210, 6359, 6411, 6511, 6599, 6742, and 6749. Class B represents Non-Financial Special industries having two different definitions for the 1983 and 1984-85 periods. The principal 1984-85 period showed Class B representing industries with business codes 0400, 1150, 1330, 1380, 1510, 1600, 1798, 2010, 2030, 2096, 2228, 2298, 2315, 2345, 2415, 2430, 2699, 2799, 3070, 3370, 3440, 3490, 3550, 3670, 3698, 3998, 4200, 5008, 5050, 5060, 5098, 5140, 5150, 5170, 5190, 5300, 5410, 5515, 5995, 7000, 7389, and 7900. Class C represents Non-Financial Regular industries having two different definitions for the 1983 and 1984-85 periods. The principal 1984-85 period showed Class C representing industries with all other business codes. Classes B and C combined represent Non-Financial industries. For a detailed description of these Principal Business Activity (PBA) codes, see the tax return instructions in section 6. The definition of Classes A, B, and C for the 1983 sampling year period can be determined by consulting the Statistics of Income Corporation volume for 1982 income year, as these classes are identical for the 1983 period.

\* Not Applicable

METHOD OF ESTIMATION

The data from the sample returns were weighted to estimate the aggregated frequencies of, and amounts on the returns of the population of corporations in the United States and its possessions which filed returns for accounting periods ending July 1983 through June 1984. The returns were selected for the sample during the two-year period, July 1983 through June 1985. A small number of missing Form 1120 returns with total assets \$250,000,000 or more were selected for the sample after June 1985 through December 1985. No returns were selected after 1985.

A two-stage process was used to calculate the Forms 1120, 1120F and 1120S weights. The first was to compute a provisional weight for each sampling class. The provisional weight was computed by dividing the total number of returns in a sampling class by the number of returns in the sample from that class. The Forms 1120, 1120S, and 1120F returns subject to sampling at less than the 100 percent achieved rate were reweighted after determination of their provisional weights.

The second stage involved post-stratification based on 58 groups of Principal Business Activity Codes (the major industries). Raking ratio estimation procedures were employed in essentially the same way as for Income Years 1980-1982. Income Years before 1980 used just a version of the provisional weight mentioned above.[2]

The prescribed sampling weights are the inverse of the prescribed provisional rates given in figure D, column 8, and figure E, column 5. In Income Years prior to 1981, the shortage, if any, in the 100 percent sampling weight classes was adjusted out of these classes to a lower prescribed sampling weight class with the highest non-100 percent sampling rate but otherwise having the same characteristics, thereby increasing its provisional weight and partially compensating for the shortage.

For the Income Year 1983, the second largest total assets size 100 percent sample class for each type of return was again used to adjust for a shortage in the overall 100 percent class. This procedure tends to improve the adjustment over what it would have been under the pre-1981 procedure, since the missing returns' total assets, and income/deficit levels are nearer those of the missing items in the sample than they would be if a lower total assets size were used to adjust for a shortage. Nonetheless, missing returns that were to have been selected with certainty continue to represent a major limitation on any analyses done with the sample results.

## TABLE PRESENTATION

Sample weights determined from the above procedure were carried to two decimal places. As a result, a row or column of frequencies may fail to add exactly to the corresponding total. The total should be considered more accurate in this case. The same condition may exist for money amount totals but the effect is likely to be less important since the dollar amounts are normally in approximate balance prior to the rounding to thousands of dollars (which takes place in all tables as the last step before displaying the results).

Whenever a weighted frequency is less than 3, the estimate is combined or deleted in order to avoid disclosure of information about specific corporations. These combinations or deletions are indicated by either a double asterisk (\*\*) or a triple asterisk (\*\*\*) . In all other cases, when an estimate

is based on fewer than 10 returns, not all of them selected at the 100 percent rate, the estimate is considered statistically unreliable and is indicated by a single asterisk (\*) to the left of the data items. (Asterisk estimates should normally be used only in combination with other tabulated values.) Also, for tables classified by total assets, the amounts in the asset size columns may not add up to the total for particular industries because of deletions of asset size column(s) at a lower industry level.

The statistical reliability of each cell in the tables was determined independently from that of other cells. Accordingly, it is possible to see a total figure with an asterisk (\*) indicating statistical unreliability and yet a subset of the total not so identified. For example, an industrial division figure could be based on 7 returns, of which 3 were not sampled at the 100 percent rate (and, thus, receive an asterisk), and a major group in this division could have 4 returns all sampled at the 100 percent rate and, thus, not receive an asterisk.

In the tables, a dash (-) in place of a frequency or an amount indicates that: (1) if returns were sampled at a rate of 100 percent, no returns had the particular characteristics or (2) if returns were sampled at a rate less than 100 percent, either no returns in the population had the characteristic or the characteristic was so rare that it did not appear on any sample returns.

## SAMPLING VARIABILITY

The particular sample used in this program is one of a large number of possible samples that could have been selected using the same sample design. Estimates derived from the different samples would differ from each other. The deviation of a sample estimate from the average of all possible samples is called the standard error. The sampling variability of an estimate is a measure of the variation among the estimates from the possible samples and, thus, is a measure of the precision with which an estimate from a particular sample approximates the average result of all possible samples.

The coefficient of variation is the standard error of the estimate expressed as a percent of the estimate. The standard error, when added to and subtracted from the value of the estimate, provides upper and lower limits within which approximately two out of three estimates derived from similarly selected samples would be expected to fall. (See figure F).

The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that the interval includes the average result of all possible different samples. For example, assume an estimate of 90,339 represents the number of returns having total assets \$100,000 under \$250,000 in a 1983 Statistics of Income table. A coefficient of variation (CV) of 3.17 percent for this frequency is obtained by using column 2 of figure F and interpolating as indicated in the footnote found there.

The standard error of the estimate  $SE(X)$  is needed to construct the interval estimate; it is the product of the estimate,  $X$ , and its coefficient of variation,  $CV(X)$ :

$$\begin{aligned} SE(X) &= X CV(X) \\ &= 90,339 (.0317) \\ &= 2,864 \text{ returns.} \end{aligned}$$

## Corporation Returns/1983 • Sample Description and Data Limitations

Figure E--Domestic International Sales Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Selection Class, Income Year 1983

Description of Sample Selection Class		Number of Returns		Sampling Rates (Percent)	
Size of total assets	Size of net income or deficit	Estimated Population	Sample Size	Prescribed	Achieved
(1)	(2)	(3)	(4)	(5)	(6)
All 1120-DISC Returns		11,652	2,404	20.76%	20.63%
MCS under \$10,000,000 & DISC under \$500,000	Both TICG & DISC under \$200,000	6,080	297	5.00	4.88
MCS under \$10,000,000 & DISC \$500,000 under \$1,000,000	Larger of TICG or DISC \$200,000 under \$500,000	1,912	205	10.00	10.72
MCS \$10,000,000 under \$25,000,000 & DISC under \$1,000,000	Both TICG and DISC under \$500,000				
MCS under \$25,000,000 & DISC \$1,000,000 under \$2,500,000	Larger of TICG or DISC \$500,000 under \$1,000,000	1,266	266	20.00	21.01
MCS \$25,000,000 under \$50,000,000 & DISC under \$2,500,000	Both TICG and DISC under \$1,000,000				
MCS under \$50,000,000 & DISC \$2,500,000 under \$5,000,000	Larger of TICG or DISC \$1,000,000 under \$1,500,000	653	188	30.00	28.79
MCS \$50,000,000 under \$100,000,000 & DISC under \$5,000,000	Both TICG and DISC under \$1,500,000				
MCS under \$100,000,000 & DISC \$5,000,000 under \$10,000,000	Larger of TICG or DISC \$1,500,000 under \$2,500,000	533	283	50.00	53.10
MCS \$100,000,000 under \$250,000,000 & DISC under \$10,000,000	Both TICG & DISC under \$2,500,000				
MCS under \$100,000,000 & DISC \$10,000,000 under \$25,000,000	Larger of TICG or DISC \$2,500,000 under \$5,000,000	275	232	100.00	84.36
MCS under \$250,000,000 & DISC \$25,000,000 or more	Either TICG or DISC \$5,000,000 or more	933	933	100.00	100.00
MCS \$250,000,000 or more & Any amount for DISC	Any amount for both TICG & DISC				

Notes: The abbreviations used in the table above are:

MCS - Majority Corporate Stockholder

DISC - Domestic International Sales Corporation, and

TICG - Taxable Income of Controlled Group

The  $SE(X)$  value is then subtracted from and added to the estimate  $X$  to construct a 68 percent confidence interval estimate. The interval is computed using the formula:

$$(X - SE(X)) \leq Y \leq (X + SE(X))$$

with a 68 percent confidence level, where  $Y$  is the population value estimated by  $X$ . Based on the data for this example, the interval estimate is from 87,475

returns to 93,203 returns ( $90,339 \pm 2,864$  returns). A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds (68 percent) of all possible similarly selected different samples.

To obtain this interval estimate with 95 percent confidence limits, multiply the  $SE(X)$  value by two and recompute the interval. For this example, the resulting interval would be from 84,611 returns to 96,067 returns.

Figure F -- Coefficient of Variation of Estimated Number of Returns, Income Year 1983

Estimated number of returns	Tables showing the classification by size of total assets								Tables not showing classes by size of total assets	Form 1120-DISC tables
	Under \$100,000 <sup>1</sup>	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000 <sup>2</sup>		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(Percent) <sup>2/3/</sup>										
200.....	106.28	67.18	46.83	37.62	23.04	13.02	9.75	2.35	106.28	31.21
300.....	86.78	54.85	38.24	30.71	18.81	10.63	7.96	1.91	86.78	25.48
400.....	75.15	47.50	33.11	26.60	16.29	9.21	6.89	1.66	75.15	22.07
500.....	67.22	42.49	29.62	23.79	14.57	8.23	6.16	1.48	67.22	19.74
600.....	61.36	38.79	27.04	21.72	13.30	7.52	5.63	1.35	61.36	18.02
700.....	56.81	35.91	25.03	20.11	12.32	6.96	5.21	1.25	56.81	16.68
800.....	53.14	33.59	23.41	18.81	11.52	6.51	4.87	1.17	53.14	15.60
900.....	50.10	31.67	22.08	17.73	10.86	6.14	4.59	1.11	50.10	14.71
1,000.....	47.53	30.04	20.94	16.82	10.31	5.82	4.36	1.05	47.53	13.96
1,200.....	43.39	27.43	19.12	15.36	9.41	5.32	3.98	0.96	43.39	12.74
1,400.....	40.17	25.39	17.70	14.22	8.71	4.92	3.68	0.89	40.17	11.80
1,600.....	37.57	23.75	16.56	13.30	8.15	4.60	3.45	0.83	37.57	11.03
1,800.....	35.43	22.39	15.61	12.54	7.68	4.34	3.25	0.78	35.43	10.40
2,000.....	33.61	21.24	14.81	11.90	7.29	4.12	3.08	0.74	33.61	9.87
2,500.....	30.06	19.00	13.25	10.64	6.52	3.68	2.76	0.66	30.06	8.83
3,000.....	27.44	17.35	12.09	9.71	5.95	3.36	2.52	0.61	27.44	8.06
4,000.....	23.76	15.02	10.47	8.41	5.15	2.91	2.18	0.52	23.76	6.98
5,000.....	21.26	13.44	9.37	7.52	4.61	2.60	1.95	0.47	21.26	6.24
7,000.....	17.96	11.36	7.92	6.36	3.90	2.20	1.65	0.40	17.96	5.28
10,000....	15.03	9.50	6.62	5.32	3.26	1.84	1.38	0.33	15.03	4.41
15,000....	12.27	7.76	5.41	4.34	2.66	1.50	1.13	(4)	12.27	(4)
25,000....	9.51	6.01	4.19	3.36	2.06	1.16	0.87	(4)	9.51	(4)
35,000....	8.03	5.08	3.54	2.84	1.74	0.98	0.74	(4)	8.03	(4)
50,000....	6.72	4.25	2.96	2.38	1.46	(4)	(4)	(4)	6.72	(4)
75,000....	5.49	3.47	2.42	1.94	1.19	(4)	(4)	(4)	5.49	(4)
100,000...	4.75	3.00	2.09	1.68	1.03	(4)	(4)	(4)	4.75	(4)
150,000...	3.88	2.45	1.71	1.37	0.84	(4)	(4)	(4)	3.88	(4)
250,000...	3.01	1.90	1.32	1.06	0.65	(4)	(4)	(4)	3.01	(4)
500,000...	2.13	1.34	0.94	(4)	(4)	(4)	(4)	(4)	2.13	(4)
700,000...	1.80	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.80	(4)
1,000,000.	1.50	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.50	(4)
1,500,000.	1.23	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.23	(4)
2,000,000.	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.06	(4)

<sup>1</sup>Includes zero assets and assets not reported.<sup>2</sup>Coefficient of variation is zero for returns with total assets of \$100,000,000 or more.<sup>3</sup>This percentage should normally not be used for estimates designated by a single asterisk (\*) because the approximation shown here is inapplicable when the sample is too small to yield reliable confidence interval estimates.<sup>4</sup>Not applicable because the estimated number of returns was greater than the population estimate.

NOTE: Method of interpolation: Divide the estimated number of returns by 100, determine the coefficient of variation percentage in the proper column, and then divide the result by 10. EXAMPLE: To find the coefficient of variation for an estimate of 60,000 returns having total assets of \$250,000 under \$500,000 divide by ten the coefficient of variation of 27.04 percent shown for 600 returns (60,000 divided by 100) to obtain the answer, 2.70 percent.

#### SAMPLE MANAGEMENT

The totals (i.e. population and sample counts) for the number of returns filed were derived from computer counts of corporation returns (other than Form 1120-DISC) produced at the ten Internal Revenue Service processing centers and the National Computer Center (NCC). The Form 1120-DISC population and sample counts were from the Data Center (DC) located in Detroit, Michigan. These counts were verified during statistical processing to minimize loss of data. Returns are classified into sample strata based on their total assets, net income or deficit, return type, and industry code. Prior to Income Year 1982, the population counts reported by the NCC for the ten processing centers were accepted without change for each of the sample strata. For Income Year 1983, again as in 1982, misstratified returns were reclassified into their correct strata classes on the basis of consistency tests made on sample returns. The population of returns which needed to be reclassified was estimated from the sample returns and the population adjusted accordingly. Only returns that were misclassified prior to statistical processing were corrected in this way. Population and sample counts totals were minimally affected by the reclassification. Under a model, reliability was increased slightly by the process. The model assumed, and an analysis of the errors made tended to confirm, that misstratified returns were randomly distributed in the population.

The reasons generally discovered for misstratification of a particular type of return were: (1) total assets not recorded when actually present, (2) total assets recorded, but with dropped (missing) digits, (3) total assets recorded, but with added digits, (4) another figure on the tax return substituted for total assets or net income/deficit (5) an incorrect figure substituted for total assets or net income/deficit, (6) industry code incorrectly recorded, and (7) tax return form type incorrectly recorded.

Because of the significant impact of the statistics, returns of the largest corporations were included, even if not in the designated sample, through the use of a critical case name control procedure. In a few cases when the Income Year 1983 return could not be located, a form of imputation was carried out, usually by substituting last year's return, after suitable adjustments.

#### ROUNDING AND MONEY AMOUNTS

Data were abstracted in whole dollars for all types of returns. Amounts of \$500 or more were rounded to the next thousand at the table level instead of at the record level. For example, \$500 was entered as \$1,000 if the weighted values of all records in the cell gave a total of \$500. Amounts under \$500 were entered into the unweighted records, but if their weighted total was under \$500, an indicator was entered instead to account for the presence of an amount greater than zero, but under \$500.

#### INDUSTRIAL CLASSIFICATION

Among the several classifications used in this report, tax return data are classified according to the principal business activity of the corporation. A return was classified in the "minor" industry which, in general, accounted for the largest portion of its total receipts, even though the return may have been for a company engaged in many business activities or may have been a consolidated return filed for the

members of an affiliated group of corporations. Minor industries were aggregated into major industries, which in turn were aggregated into industrial divisions. (See "Codes for Principal Business Activities" in the tax form instructions in Section 6 of this volume.)

In pre-1981 Statistics of Income years, all returns in the statistical sample were examined during statistical processing and each was assigned a code, the SOI Industry Code ("Minor Industry"), classifying it by industry. In determining the code, the following were considered: the description of the business activity given by the taxpayer; the taxpayer-assigned Principal Business Activity (PBA) code; the sources of the taxpayer's income; the nature of the expenses; and, where necessary, information from various reference books. Year-to-year changes in the classification of specific corporations could have resulted from mergers and other changes in organization or from the filing of consolidated returns, as well as from changes in the principal source of total receipts.

Beginning for Income Year 1981 an Industry Code Library System was established; it consisted of records from previous years' files. If the EIN and the PBA code on a record in the Industry Code Library matched that of the current year record, the SOI Industry Code was transferred from the Library record to the SOI record. Approximately 70 percent of the returns had industry codes assigned by this method. In general, all other records were industry coded according to the former process.[3]

The industries used in this report generally conform to the Enterprise Standard Industrial Classification (ESIC) authorized by the Office of Information and Regulatory Affairs in the Office of Management and Budget. This classification, which was designed to classify companies (which are often engaged in more than one industrial activity), follows closely along the line of the more detailed Standard Industrial Classification (SIC) Manual (also authorized by the Office of Management and Budget), which was designed to classify separate "establishments" rather than the companies of which establishments were parts. Some departures from the ESIC system were made for the Statistics of Income (SOI) for the finance industries in order to reflect particular provisions of the Internal Revenue Code. For a comparison of the ESIC and SIC industries with the SOI industries used in this report, see the complete report, Statistics of Income--1977, Corporation Income Tax Returns.[4]

#### CONSOLIDATED RETURNS

The number of returns in the population differs from the total number of profit-oriented corporations in the U.S. chiefly because the Internal Revenue Code permitted single returns presenting the combined financial data of an entire "affiliated group" to be filed by parent corporations.

Although consolidated returns usually reported more than one kind of industrial activity, each return was assigned a single industry classification based on the corporation's principal business activity. Basically, a return was classified into the SOI industry which accounted for the largest portion of its total receipts.

The fact that a consolidated corporation return was assigned a single SOI industry code constitutes a major limitation of the data. Some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, so some of the data in this report are not entirely related to the industrial activity under which they are shown.

## OTHER DATA LIMITATIONS

Various techniques were used to control and improve the quality of the data during the processing stages. During sampling, a comparison was made between the expected and realized number of sample returns in each of the service centers. Any differences were resolved by followup, to the extent feasible. During statistical editing, editors were instructed to correct tax return errors wherever possible through reference to other entries on the return or accompanying schedules and to adjust data to achieve consistency in statistical definitions. Imputation of data was also utilized when necessary.

Prior to tabulation numerous computer tests were applied to each return record to check for inconsistencies. Prior to publication, all statistics and tables were reviewed for accuracy and reasonableness, in light of the provisions of tax laws, taxpayer reporting variations and limitations, economic conditions, and comparability with other statistical series.

Part of the review process involved extensive comparison of the current year data with that of the prior year. On occasion, the review process revealed discrepancies or irregularities in previously published data. When adjustments or additional limitations of published data are deemed appropriate, the Statistics of Income Division will provide data users with additional information to place published data in proper perspective. Future editions of Statistics of Income publications will be used to disseminate such information. In line with this policy, the business receipts size headings in Table 7 were incorrect for Income Years 1980, 1981, and 1982. Table 7 was revised for Income Year 1983 to reflect the correct size categories. \$200,000 was replaced with \$250,000 and \$2,000,000 was replaced with \$2,500,000. In addition, figure G shows corrections to the 1982 originally published data when the differences are 0.10% or greater.

## NOTES AND REFERENCES

- [1] For a description of the sample designs employed in earlier publications of Statistics of Income, Corporation Income Tax Returns see "Sampling Corporation Income Tax Returns for Statistics of Income, 1951 to Present" by Homer W. Jones and Paul B. McMahon, in Statistics of Income and Related Administrative Record Research: 1984, Internal Revenue Service or 1984 Proceedings of the Section on Survey Research Methods, American Statistical Association.
- [2] Further details on the procedures used can be found in the paper "Modified Raking Estimations in the Corporate SOI Program" by M.R. Leszcz, H.L. Oh, and F.J. Scheuren, Statistics of Income and Related Administrative Record Research: 1983, Internal Revenue Service or 1983 Proceedings of the Section on Survey Research Methods, American Statistical Association.[5]
- [3] For a discussion of industry coding systems used in various statistical series, see A Review of Industry Coding Systems, Statistical Working Paper 11, Statistical Policy Office, Office of Management and Budget, published in March 1984 by the OMB. See also A Review of Industry Coding Systems, a Supplement to Statistical Policy Working Paper 11, which contains descriptions of several federal industry coding systems reviewed by the working group.
- [4] More detailed statistics are available in Publication 1053, Source Book of Statistics of Income for the industries shown in table 1 of this report. A general description of the Source Book, including ordering information, is available from the Director, Statistics of Income Division, Internal Revenue Service, 1111 Constitution

Figure G --Returns of Active Corporations: Comparison of Selected Data for 1982 As Originally Published and As Revised

Item	1982 Amounts (millions)		Percent Difference
	Originally published data	Revised data	
	(1)	(2)	
Cash (balance sheet item).....	\$540,904	\$540,080	-0.15%
Mortgage and real estate loans (balance sheet item).....	942,428	940,605	-0.19
Depletable assets (balance sheet item).....	94,638	94,150	-0.52
Other assets (balance sheet item).....	362,146	361,635	-0.14
Bad debts.....	26,691	26,639	-0.19
Amortization.....	3,785	3,775	-0.26
Investment credit.....	17,313	17,343	+0.17
Jobs credit.....	327	322	-1.53
Cash and property distributions except in own stock.....	132,478	131,500	-0.74
Net income per books.....	217,598	217,278	-0.15
Provision for federal income tax.....	62,545	62,258	-0.46

NOTE: Complete information on data changes is available upon request.

## Corporation Returns/1983 • Sample Description and Data Limitations

Avenue, N.W., Washington, DC 20224. Information concerning a magnetic-tape version of the Source Book is also contained in this general description.

- [5] In an effort to measure the variance of estimates an additional modification was made to the Raking Ratio Estimation procedure for use in the 1983 Income Year statistics. In addition to the Bounded Raking Ratio Estimation (Excluding Cells with 200 or more Observations) abbreviated as

BRRE(200) a clustering procedure was used which ensured that each weight adopted by the above procedure would be used by 25 or more records in the sample. This was achieved by averaging the weights when ordered from the highest weight to the lowest weight. This enabled us to define new strata S(1), S(2), ...S(L) each having at least 25 records which theoretically would make it possible to apply the traditional equations for conditionally computing sampling variability (coefficients of variation).

## Section 4

## Basic Tables\*

### INCOME AND FINANCIAL DATA BY INDUSTRY AND SIZE

- 1 Returns of active corporations: Number of returns, selected receipts, cost of sales and operations, net income, deficit, total income tax, selected credits, distributions to stockholders, total assets, depreciable assets, and depreciation deduction, by minor industry, 16
- 2 Returns of active corporations: Balance sheets and income statements, tax and selected other items, by major industry, 22
- 3 Returns with net income: Balance sheets and income statements tax and selected other items, by major industry, 30
- 4 Returns of active corporations: Balance sheets and income statements and selected other items, by size of total assets, 38
- 5 Returns with net income: Balance sheets and income statements and selected other items, by size of total assets, 40
- 6 Returns of active corporations: Selected balance sheet, income statement, tax items, and distributions to stockholders, by industrial division, by size of total assets, 42
- 7 Returns of active corporations: Selected balance sheet, income statement, tax items, and distributions to stockholders, by industrial division, by size of business receipts, 47

### SELECTED SUBJECTS

- 8 Returns of active corporations: Total receipts, net income, statutory special deductions, income tax, selected credits, and taxpayment items, by accounting period ended, 52
- 9 Returns of active S Corporations, Form 1120S: Balance sheets and income statements and distributions to stockholders, by industrial division, 53

- 10 Returns of active Domestic International Sales Corporations, Form 1120-DISC: Number of returns, selected balance sheet and income statement items, and distributions to stockholders, by selected industrial divisions, 54
  - 11 Returns of members of controlled groups, other than Form 1120-DISC: Number of returns, total assets, total receipts, net income (less deficit), and total income tax, by selected industrial divisions, 55
  - 12 Returns of active corporations, other than Forms 1120-DISC: Investment credit and selected items, by selected industrial divisions, 56
  - 13 Returns of active corporations: Tax items: Number of returns by selected types of tax, dividend items, net income or deficit, statutory special deductions, income subject to tax, income tax, credits, payments, and selected items of S Corporations (Form 1120S), by selected industrial divisions, 57
  - 14 Returns of active corporations: Book net income or deficit and provision for federal income tax, by selected industrial divisions, 58
  - 15 Returns of active corporations, other than Forms 1120S and 1120-DISC: Tax preference items: Number of returns, and tax preference and related items, by selected industrial divisions, 59
  - 16 Returns of active corporations, other than Forms 1120S and 1120-DISC: Number of returns and selected tax items, by size of total income tax after credits, 60
  - 17 Returns of active corporations, other than Forms 1120S and 1120-DISC: Increasing research activities credit items, by selected industrial divisions, 61
- HISTORICAL SERIES, 1977 - 1983
- 18 Corporation income tax returns: Balance sheets, income statements, tax, and selected other items for Tax Years 1977 - 1983, 62

## RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, and Depreciation Deduction, by Minor Industry

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Total returns of active corporations .....</b>	<b>2,999,071</b>	<b>1,676,288</b>	<b>7,135,494,059</b>	<b>5,437,650,190</b>	<b>6,334,602,711</b>	<b>4,308,238,989</b>	<b>296,932,146</b>	<b>108,618,218</b>	<b>218,686,396</b>	<b>92,218,567</b>
Agriculture, forestry, and fishing .....	92,125	47,636	59,208,642	37,584,329	55,114,507	38,088,491	2,499,829	2,696,357	1,466,894	430,119
Agricultural production .....	66,865	35,644	42,929,254	26,814,922	39,423,289	27,382,072	1,995,479	2,108,059	1,143,146	327,342
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping .....	25,260	11,992	16,279,389	10,769,406	15,691,218	10,926,419	504,349	588,298	323,748	102,777
Mining .....	37,066	15,526	132,419,750	73,533,271	122,510,903	85,540,564	5,929,343	7,515,441	4,623,476	2,100,692
Metal mining .....	1,428	183	5,069,634	1,935,116	4,713,764	3,277,704	98,722	450,005	46,776	32,074
Iron ores .....	11	..	1,347,416	..	1,235,346	911,352	..	..	1,580	882
Copper, lead and zinc, gold and silver ores .....	989	..	2,421,965	..	2,237,579	1,574,374	..	..	28,481	20,961
Other metal mining .....	428	171	1,300,254	*854,106	1,240,839	791,978	*24,542	118,145	*16,715	*10,231
Coal mining .....	3,447	1,229	15,668,837	9,337,372	14,826,261	10,532,219	455,942	503,472	256,363	132,660
Oil and gas extraction .....	28,984	11,997	103,636,735	56,708,401	95,453,534	66,957,010	5,034,795	6,271,936	4,049,479	1,808,795
Crude petroleum, natural gas, and natural gas liquids .....	13,852	5,609	74,501,003	41,608,711	68,876,088	52,099,189	3,607,484	3,254,967	2,936,365	1,325,423
Oil and gas field services .....	15,132	6,389	29,135,731	15,099,690	26,577,449	14,857,821	3,127,311	3,016,969	1,113,114	483,373
Nonmetallic minerals, except fuels .....	3,207	2,116	8,044,544	5,552,382	7,517,345	4,773,631	339,884	290,028	270,858	127,164
Dimension, crushed, and broken stone; sand and gravel .....	2,321	1,544	5,463,003	4,318,109	5,197,598	3,386,518	242,534	103,279	180,459	79,608
Other nonmetallic minerals, except fuels .....	885	572	2,581,541	1,234,274	2,319,747	1,387,113	97,350	186,749	90,400	47,555
Construction .....	283,519	150,138	290,798,843	201,710,934	280,896,210	221,189,268	7,990,419	5,724,855	5,504,045	1,859,927
General building contractors and operative builders .....	113,039	55,461	133,639,102	95,393,100	127,571,190	108,086,567	3,387,329	2,519,459	2,163,412	736,576
General building contractors .....	109,205	53,385	129,567,012	93,430,130	124,948,860	106,714,432	3,175,205	2,318,705	2,046,016	694,616
Operative builders .....	3,834	2,076	4,072,090	1,962,970	2,622,330	1,372,135	212,124	200,754	117,396	41,960
Heavy construction contractors .....	17,207	9,867	47,151,746	31,247,556	45,069,842	35,434,026	1,610,084	1,062,297	1,271,122	522,770
Special trade contractors .....	153,273	84,810	110,007,996	75,070,278	108,255,178	77,668,675	2,993,006	2,143,099	2,069,511	600,581
Plumbing, heating, and air conditioning .....	32,570	19,141	27,493,812	18,677,237	27,137,504	20,159,334	630,683	361,476	450,713	125,053
Electrical work .....	24,641	13,463	20,023,410	13,712,110	19,661,025	14,394,045	531,760	393,474	403,578	130,385
Other special trade contractors and contractors not allocable .....	96,062	52,206	62,490,774	42,680,932	61,456,649	43,115,296	1,830,564	1,388,149	1,215,220	345,143
Manufacturing .....	261,927	152,304	2,552,830,718	2,078,332,528	2,418,344,305	1,678,378,729	124,417,490	29,086,525	113,609,854	50,950,876
Food and kindred products .....	16,224	10,717	305,287,689	254,823,652	296,793,175	217,381,214	10,396,541	1,306,185	9,433,723	4,241,966
Meat products .....	2,681	1,873	61,335,477	47,867,735	60,280,515	50,497,466	858,206	199,377	713,192	309,612
Dairy products .....	2,078	1,320	43,923,633	38,157,102	42,806,858	32,471,192	1,678,845	130,147	1,633,910	730,189
Preserved fruits and vegetables .....	971	675	19,989,833	14,976,098	19,369,870	13,851,678	907,431	124,713	813,500	365,715
Grain mill products .....	1,228	958	50,176,029	45,392,506	48,636,470	37,688,290	1,556,173	70,302	1,498,747	678,766
Bakery products .....	3,492	1,763	14,905,847	13,150,307	14,477,984	8,247,923	738,395	90,717	655,694	296,746
Sugar and confectionery products .....	1,049	931	14,552,251	13,472,052	14,249,428	9,481,259	850,520	80,726	746,774	335,745
Malt liquors and malt .....	31	26	14,196,214	13,935,635	13,745,759	7,802,868	642,057	14,638	541,013	254,423
Alcoholic beverages, except malt liquors and malt .....	552	202	9,764,237	9,165,264	9,263,521	6,121,505	398,641	48,261	311,676	141,475
Bottled soft drinks, and flavorings .....	1,522	1,144	28,785,337	18,131,902	27,413,231	15,402,589	1,595,152	227,127	1,469,068	666,461
Other food and kindred products .....	2,620	1,823	47,678,831	40,575,050	46,549,538	35,816,442	1,171,122	320,176	1,050,160	428,834
Tobacco manufactures .....	114	52	37,071,909	36,587,857	35,294,817	20,396,263	2,857,964	*10,001	2,717,864	1,246,563
Textile mill products .....	4,460	2,812	41,772,966	33,261,257	40,979,642	30,908,702	1,736,083	291,131	1,516,031	675,911
Weaving mills and textile finishing .....	872	564	14,316,016	9,652,774	14,013,987	10,520,947	486,118	127,969	441,819	200,682
Knitting mills .....	1,378	870	6,522,295	5,828,198	6,424,460	4,682,095	446,409	30,053	374,858	165,315
Other textile mill products .....	2,210	1,378	20,934,655	17,780,285	20,541,195	15,705,660	803,557	133,108	699,354	309,914
Apparel and other textile finishing .....	16,614	8,839	52,605,527	46,545,949	51,689,134	36,385,567	2,772,566	452,264	2,282,347	988,915
Men's and boys' clothing .....	1,633	1,027	15,515,656	14,436,652	15,132,807	10,586,233	982,292	91,704	856,297	386,212
Women's and children's clothing .....	6,759	3,581	21,091,732	18,218,690	20,785,054	14,430,265	1,074,739	206,852	874,314	377,533
Other apparel and accessories .....	3,299	1,397	5,607,451	4,680,910	5,541,492	3,945,358	247,940	48,165	198,378	79,887
Miscellaneous fabricated textile products; textile products, not elsewhere classified .....	4,923	2,835	10,390,689	9,009,698	10,229,781	7,423,711	467,595	105,543	353,359	145,282
Lumber and wood products .....	15,235	8,776	60,646,137	51,031,880	57,906,442	43,308,364	2,006,951	568,455	1,590,120	630,650
Logging, sawmills, and planing mills .....	5,368	3,779	24,158,807	20,786,503	22,664,042	16,798,976	1,021,589	191,904	787,216	255,170
Millwork, plywood, and related products .....	4,573	2,060	22,640,234	18,924,074	21,830,155	16,417,374	601,015	213,028	508,810	194,874
Other wood products, including wood buildings and mobile homes .....	5,294	2,917	13,847,096	11,321,303	13,412,245	10,092,014	384,348	163,524	294,094	112,606
Furniture and fixtures .....	7,782	4,234	23,689,505	20,024,686	23,199,249	15,912,102	1,302,028	249,496	1,159,319	503,957
Paper and allied products .....	2,998	2,212	69,613,583	50,569,413	66,611,890	45,826,791	3,121,241	327,390	2,888,132	1,264,555
Pulp, paper, and board mills .....	438	356	42,386,177	28,251,466	40,339,371	28,408,279	1,278,213	1,168,889	1,149,638	472,774
Other paper products .....	2,560	1,856	27,227,406	22,317,947	26,272,519	17,418,512	1,843,028	130,501	1,738,494	791,781
Printing and publishing .....	37,637	23,357	93,783,323	80,676,619	90,265,174	45,936,509	6,229,498	1,047,476	5,609,016	2,399,166
Newspapers .....	4,687	2,727	29,881,552	27,555,818	28,527,264	12,290,273	2,924,931	292,194	2,714,837	1,202,588
Periodicals .....	3,330	1,546	13,839,807	11,838,141	13,211,086	6,377,397	658,525	176,531	535,330	210,242
Books, greeting cards, and miscellaneous publishing .....	3,686	2,602	15,128,070	13,205,272	14,232,267	5,605,104	1,158,714	221,936	1,105,062	494,387
Commercial and other printing and printing trade services .....	25,934	16,482	34,933,895	28,077,388	34,294,557	21,663,736	1,487,328	356,815	1,253,787	491,950
Chemicals and allied products .....	10,226	6,035	23,326,760	20,067,138	22,936,031	140,230,991	14,417,529	1,554,441	14,012,905	6,298,988
Industrial chemicals, plastics materials and synthetics .....	3,639	2,167	116,712,924	99,157,426	110,304,002	74,050,917	5,210,252	707,085	5,030,198	2,210,330
Drugs .....	1,016	516	40,955,389	36,443,107	37,545,439	17,205,554	5,252,955	345,762	5,163,277	2,363,954
Soap, cleaners, and toilet goods .....	1,310	942	44,227,204	43,188,983	42,601,092	27,133,831	2,475,427	89,867	2,402,598	1,088,060
Paints and allied products .....	1,428	1,013	9,860,999	9,451,434	9,695,631	6,042,436	495,293	42,644	452,020	199,472
Agriculture and other chemical products .....	2,833	1,396	24,570,244	19,826,188	23,814,155	15,794,255	983,601	369,083	964,812	437,171
Petroleum (including integrated) and coal products .....	2,475	1,211	511,125,157	465,119,624	487,355,319	367,064,347	30,718,853	1,258,208	30,162,049	13,906,764
Petroleum refining (including integrated) .....	731	203	503,376,529	459,232,724	479,816,915	360,826,802	30,631,786	950,220	30,092,179	13,872,169
Petroleum and coal products, not elsewhere classified .....	1,744	1,008	7,748,630	5,886,900	7,538,404	6,237,545	87,067	307,988	69,870	34,595
Rubber and miscellaneous plastics products .....	10,381	6,370	49,450,201	40,758,420	48,308,961	33,029,167	2,152,301	424,024	1,859,635	804,281
Rubber products; plastics footwear, hose and belting .....	1,528	918	28,043							

## RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, and Depreciation Deduction, by Minor Industry—Continued

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax		
	Total	With net income	All returns	Returns with net income								
<b>Manufacturing—Continued</b>												
Stone, clay, and glass products.....	9,485	5,301	50,701,846	35,562,028	48,519,073	32,775,737	2,040,068	810,691	1,789,874	773,655		
Glass products.....	1,129	891	18,096,284	12,742,552	17,191,774	11,214,841	722,458	138,366	639,842	280,686		
Cement, hydraulic.....	369	107	4,201,402	1,237,964	3,843,266	2,590,258	88,931	178,938	67,451	30,572		
Concrete, gypsum, and plaster products.....	5,367	2,835	15,948,399	11,440,730	15,407,535	10,710,579	680,116	308,014	587,690	247,600		
Other nonmetallic mineral products.....	2,620	1,468	12,455,762	10,140,783	12,076,498	8,260,059	548,563	185,372	494,891	214,796		
Primary metal industries.....	4,799	2,491	134,975,973	44,739,224	127,150,503	99,831,322	1,128,030	6,478,896	942,514	455,470		
Ferrous metal industries; miscellaneous primary metal products.....	2,929	1,234	79,114,663	11,095,042	75,103,478	57,151,505	585,463	5,221,099	515,405	241,424		
Nonferrous metal industries.....	1,870	1,256	55,861,311	33,644,182	52,047,025	42,679,817	542,567	1,257,798	427,109	214,046		
Fabricated metal products.....	43,206	26,139	125,023,339	89,943,871	120,325,175	83,515,066	5,742,033	2,537,926	4,965,441	2,069,425		
Metal cans and shipping containers.....	438	153	12,995,116	8,130,802	12,129,908	8,875,425	483,012	131,101	517,758	219,101		
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	4,911	2,364	13,622,030	11,396,711	13,135,292	8,152,363	838,629	165,241	752,746	324,043		
Plumbing and heating, except electric and warm air.....	466	387	5,376,068	5,039,550	5,193,106	3,375,894	394,179	31,754	364,814	162,300		
Fabricated structural metal products.....	8,866	5,872	31,858,700	21,420,494	30,759,122	22,783,722	1,127,424	739,966	939,121	393,015		
Metal forgings and stampings.....	3,782	2,541	11,908,746	7,608,935	11,643,402	8,242,214	503,797	334,628	442,011	178,413		
Coating, engraving, and allied services.....	2,778	1,883	5,042,915	3,190,247	4,842,156	3,197,119	224,325	152,251	177,472	66,140		
Ordnance and accessories, except vehicles and guided missiles.....	345	67	929,477	788,979	910,355	632,814	59,094	*19,299	57,547	25,261		
Miscellaneous fabricated metal products.....	21,621	12,873	43,299,288	32,366,153	41,711,833	28,255,515	2,111,575	963,686	1,713,971	701,152		
Machinery, except electrical.....	24,922	15,365	179,634,132	119,199,514	151,642,648	95,179,653	11,792,653	4,657,428	11,271,315	5,126,863		
Farm machinery.....	1,472	861	9,658,250	3,560,723	8,923,805	6,072,191	146,696	325,276	136,220	56,886		
Construction and related machinery.....	1,567	904	26,281,945	6,160,455	24,552,726	17,533,810	510,412	2,163,218	452,267	213,024		
Metalworking machinery.....	6,703	4,553	13,416,609	7,986,834	12,963,339	8,386,383	521,491	459,031	418,479	167,711		
Special industry machinery.....	3,450	1,879	15,977,386	10,518,090	15,046,927	10,200,542	577,539	450,316	488,964	206,702		
General industrial machinery.....	4,144	2,347	17,130,957	12,347,311	16,426,328	10,721,760	574,141	344,064	498,795	209,041		
Office, computing, and accounting machines.....	1,239	667	79,434,465	65,937,498	56,592,579	30,769,245	8,668,377	575,858	8,569,787	3,969,928		
Other machinery, except electrical.....	6,348	4,152	17,734,520	12,688,603	17,136,943	11,491,583	793,997	339,665	706,802	303,571		
Electrical and electronic equipment.....	18,248	9,514	207,754,342	188,887,816	193,065,826	126,408,358	9,710,395	2,311,712	8,035,522	3,581,341		
Household appliances.....	499	360	14,191,130	12,016,744	13,439,663	9,557,582	833,343	49,888	814,128	366,505		
Radio, television, and communication equipment.....	1,442	655	52,300,515	48,896,802	46,577,653	30,963,602	1,260,508	284,459	974,429	438,370		
Electronic components and accessories.....	10,013	4,928	75,503,200	68,026,563	72,286,506	48,292,070	4,273,886	1,256,488	3,758,796	1,686,296		
Other electrical equipment.....	6,294	3,571	65,759,497	59,947,707	60,762,004	37,595,104	3,342,657	720,878	2,488,168	1,090,170		
Motor vehicles and equipment.....	2,972	1,552	171,175,636	149,944,517	162,379,575	114,620,597	6,328,720	1,106,030	5,677,983	2,631,835		
Transportation equipment, except motor vehicles.....	4,659	2,225	98,614,704	79,370,355	93,748,372	68,041,384	4,520,230	1,526,227	2,760,892	1,246,987		
Aircraft, guided missiles and parts.....	1,120	483	84,563,702	69,000,549	80,170,069	59,713,091	3,875,577	1,181,491	2,206,628	999,358		
Ship and boat building and repairing.....	1,945	1,109	7,161,123	5,499,341	6,886,880	5,205,824	236,810	170,176	180,165	79,862		
Other transportation equipment, except motor vehicles.....	1,594	633	6,889,880	4,870,465	6,711,424	4,922,470	407,843	174,560	374,099	167,767		
Instruments and related products.....	7,065	3,938	50,721,267	44,963,496	47,936,967	27,688,185	3,183,306	624,939	2,983,308	1,346,852		
Scientific instruments and measuring devices; watches and clocks.....	2,574	1,205	17,821,230	15,026,912	16,756,233	9,939,354	1,155,367	333,724	1,070,831	480,124		
Optical, medical, and ophthalmic goods.....	3,442	2,365	19,070,672	16,763,290	18,074,536	9,850,223	1,248,929	230,600	1,155,358	516,486		
Photographic equipment and supplies.....	1,049	368	13,829,366	13,173,294	13,106,198	7,898,608	779,010	60,615	757,119	350,242		
Miscellaneous manufacturing and manufacturing not allocable.....	20,312	9,907	40,150,520	27,735,648	38,737,451	25,464,083	1,630,728	1,445,285	1,404,858	583,277		
Transportation and public utilities.....	122,567	61,588	657,421,487	507,551,270	627,836,585	339,191,696	28,040,349	8,548,036	25,612,414	11,621,625		
Transportation.....	96,014	47,550	235,696,387	161,892,997	219,761,291	122,013,699	7,519,016	5,295,762	5,954,014	2,400,481		
Railroad transportation.....	249	197	45,930,830	34,991,550	37,759,602	20,761,404	1,734,820	1,204,715	1,278,637	463,045		
Local and interurban passenger transit.....	8,779	5,330	4,811,919	3,925,079	4,594,815	1,985,079	212,113	62,140	148,332	52,233		
Trucking and warehousing.....	43,987	23,248	64,199,893	46,842,201	62,125,691	27,325,045	2,597,923	815,559	2,243,235	913,489		
Water transportation.....	7,821	2,968	15,307,890	8,268,066	13,969,711	8,489,891	466,536	810,658	262,693	106,782		
Transportation by air.....	8,364	2,426	52,602,054	26,621,380	49,692,944	23,889,186	925,422	1,851,394	625,682	279,322		
Pipelines, except natural gas.....	173	138	26,185,672	25,987,794	25,882,782	22,753,050	1,088,610	*73,641	1,065,505	481,302		
Transportation services, not elsewhere classified.....	27,241	13,240	26,658,338	15,256,927	25,735,746	16,809,549	493,592	477,656	329,950	104,309		
Communication.....	13,549	7,336	140,697,444	132,493,708	135,829,885	45,234,348	7,604,634	1,344,730	7,093,314	3,520,678		
Telephone, telegraph, and other communication services.....	6,013	3,649	120,584,811	115,345,879	117,222,789	37,480,823	5,962,174	642,516	5,732,342	2,925,841		
Radio and television broadcasting.....	7,536	3,686	20,112,633	17,147,827	18,607,096	7,753,524	1,642,460	702,214	1,360,972	594,837		
Electric, gas, and sanitary services.....	13,004	6,702	281,027,656	213,164,565	272,245,409	171,943,649	12,916,700	1,907,543	12,565,086	5,700,466		
Electric services.....	814	418	84,550,700	65,526,244	82,069,200	43,107,411	5,125,801	991,010	5,047,202	2,279,760		
Gas production and distribution.....	1,369	1,016	127,601,859	90,964,613	122,929,856	93,179,457	3,512,993	514,356	3,353,184	1,526,953		
Combination utility services.....	612	179	60,962,886	49,881,713	59,609,459	32,278,413	3,617,386	332,026	3,583,832	1,651,399		
Water supply and other sanitary services.....	10,210	5,090	7,912,211	6,791,995	7,636,895	660,520	70,151	580,868	580,868	243,355		
Wholesale and retail trade.....	851,785	492,057	2,119,444,862	1,657,074,026	2,071,264,407	1,626,952,423	50,844,081	15,551,210	33,503,250	12,910,870		
Wholesale trade.....	283,602	173,692	1,078,473,578	805,793,087	1,056,170,334	890,819,397	27,843,397	8,532,705	14,488,651	5,625,641		
Groceries and related products.....	23,089	13,406	154,751,083	128,267,480	152,796,919	133,049,906	1,759,737	359,739	1,333,449	531,847		
Machinery, equipment, and supplies.....	51,180	29,290	103,507,108	75,757,786	99,186,778	73,561,778	5,363,109	2,024,561	1,895,744	708,220		
Miscellaneous wholesale trade.....	209,332	130,996	820,215,387	601,767,821	804,186,636	684,208,187	20,720,551	6,148,405	11,259,459	4,385,574		
Motor vehicles and automotive equipment.....	19,582	13,575	61,012,470	51,428,186	59,774,952	34,692,364	3,468,977	419,351	2,358,734	1,006,490		
Furniture and home furnishings.....	7,220	4,080	9,778,701	7,974,913	9,559,738	6,848,089	295,315	103,300	212,388	75,829		
Lumber and construction materials.....	10,842	7,432	34,195,931	28,657,867	33,735,135	28,003,080	82,198	197,448	591,167	220,198		
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	5,450	3,393	11,217,663	9,393,034	10,967,325	8,018,244	645,123	184,277	276,468	107,445		
Metals and minerals, except petroleum and scrap.....	6,203	3,361	84,885,770	69,700,713	81,657,028	76,068,951	943,760	450,200	637,495	263,349	</td	

## RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, and Depreciation Deduction, by Minor Industry—Continued

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Wholesale and retail trade—Continued</b>										
Retail trade .....	565,673	316,918	1,037,357,126	848,986,277	1,011,565,783	733,490,899	22,921,314	6,961,559	18,955,709	7,267,261
Building materials, garden supplies, and mobile home dealers .....	43,139	25,823	58,365,826	44,298,027	56,879,388	41,486,420	1,713,643	682,620	1,428,396	505,346
Building materials dealers .....	18,799	10,945	39,286,351	29,760,009	38,331,135	28,297,148	1,223,480	392,946	1,046,739	398,846
Hardware stores .....	14,214	8,629	10,253,518	8,256,882	10,016,899	6,792,401	307,277	154,768	245,897	71,462
Garden supplies and mobile home dealers .....	10,126	6,249	8,825,958	6,281,137	8,531,354	6,396,872	182,885	134,906	135,760	35,038
General merchandise stores .....	11,353	6,144	150,261,310	140,242,300	142,240,935	91,126,719	4,254,341	351,788	3,885,701	1,727,481
Food stores .....	49,468	26,110	227,839,754	190,318,422	224,566,956	173,773,252	3,040,857	584,907	2,662,320	1,109,901
Grocery stores .....	26,996	16,834	210,883,216	177,719,149	207,831,556	161,653,770	2,737,326	387,530	2,453,437	1,035,811
Other food stores .....	22,472	9,276	16,956,537	12,599,272	16,735,400	12,119,482	303,532	197,377	208,883	74,090
Automotive dealers and service stations .....	84,369	55,109	275,246,462	226,491,005	270,893,778	231,957,905	3,417,176	948,538	2,545,837	843,465
Motor vehicle dealers .....	38,330	25,741	203,936,504	173,914,117	200,476,863	174,669,125	2,335,249	463,876	1,685,561	594,462
Gasoline service stations .....	19,839	11,978	45,408,604	32,836,890	44,956,940	39,275,130	403,587	212,179	312,964	89,089
Other automotive dealers .....	26,200	17,390	25,901,353	19,739,998	25,459,974	18,013,649	678,340	272,483	547,312	159,914
Apparel and accessory stores .....	43,429	24,642	50,197,666	42,769,217	49,060,555	29,183,035	2,173,078	511,497	1,918,866	755,855
Furniture and home furnishings stores .....	35,281	22,676	34,047,996	28,186,094	33,004,397	21,012,053	1,397,592	319,186	1,115,671	401,997
Eating and drinking places .....	115,996	53,434	81,186,687	54,284,478	77,704,752	34,775,498	2,684,046	1,543,499	2,032,104	757,659
Miscellaneous retail stores .....	182,639	102,978	160,211,426	122,396,735	157,215,023	110,176,018	4,240,581	20,915,252	3,366,812	1,165,557
Drug stores and proprietary stores .....	22,215	17,306	43,560,587	40,998,766	42,970,309	31,227,071	1,309,863	88,431	1,176,828	472,591
Liquor stores .....	15,255	9,364	9,743,014	7,209,792	9,628,302	7,663,690	176,839	93,149	110,302	27,261
Other retail stores .....	145,168	76,308	106,907,825	74,188,176	104,616,412	71,285,256	2,753,879	1,837,945	2,079,682	665,705
Wholesale and retail trade not allocable .....	2,510	1,447	3,614,159	2,294,662	3,528,290	2,641,653	79,370	56,946	58,889	17,968
<b>Finance, insurance, and real estate</b> .....	<b>479,656</b>	<b>269,267</b>	<b>902,822,472</b>	<b>586,604,065</b>	<b>362,627,365</b>	<b>172,818,057</b>	<b>60,113,503</b>	<b>28,398,732</b>	<b>22,468,640</b>	<b>8,540,701</b>
Banking .....	13,408	9,011	314,227,811	240,947,708	35,382,170	9,843,744	8,672,550	5,508,967	7,889,270	3,317,280
Mutual savings banks .....	421	269	18,744,080	6,438,660	838,121	85,990	293,353	1,165,278	187,500	68,355
Bank holding companies .....	3,991	2,619	235,716,514	196,651,273	30,929,250	9,672,039	6,477,729	2,353,297	6,053,435	2,590,487
Banks, except mutual savings banks and bank holding companies .....	8,997	6,123	59,767,218	37,857,775	3,614,799	85,715	1,901,468	1,990,392	1,648,335	658,438
Credit agencies other than banks .....	30,871	17,403	108,324,292	52,732,580	15,142,252	4,322,404	2,677,495	6,831,082	1,663,428	661,998
Savings and loan associations .....	3,567	1,490	79,194,774	28,367,902	6,364,420	1,006,297	1,110,426	6,066,770	609,369	282,987
Personal credit institutions .....	3,974	2,327	8,411,015	7,942,756	4,647,085	2,036,565	557,121	55,858	508,545	207,223
Business credit institutions .....	1,466	1,226	2,491,247	1,264,947	415,113	*42,063	99,697	142,239	76,915	30,995
Other credit agencies; finance not allocable .....	21,864	12,360	18,227,255	15,156,975	3,715,635	1,237,479	910,250	566,215	468,598	160,792
<b>Security, commodity brokers and services</b> .....	<b>11,889</b>	<b>6,925</b>	<b>35,109,104</b>	<b>29,879,358</b>	<b>15,160,903</b>	<b>3,593,251</b>	<b>2,461,628</b>	<b>610,500</b>	<b>1,852,056</b>	<b>775,253</b>
Security brokers, dealers, and flotation companies .....	5,994	3,620	29,667,250	25,174,018	11,481,809	2,075,024	1,861,208	433,581	1,570,128	667,080
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services .....	5,895	3,305	5,441,854	4,705,339	3,679,094	1,518,227	600,420	176,919	281,928	108,173
<b>Insurance</b> .....	<b>9,138</b>	<b>5,568</b>	<b>287,735,810</b>	<b>153,159,624</b>	<b>210,251,393</b>	<b>118,346,323</b>	<b>5,207,066</b>	<b>7,064,868</b>	<b>3,688,145</b>	<b>1,500,725</b>
Life insurance .....	1,798	1,082	155,617,740	79,332,163	102,888,329	60,812,366	2,714,242	3,490,642	2,306,930	946,161
Mutual insurance, except life or marine and certain fire or flood insurance companies .....	1,463	1,112	37,953,228	21,583,765	32,697,492	23,573,664	877,224	1,392,162	452,941	192,152
Other insurance companies .....	5,878	3,374	94,164,842	52,243,697	74,665,573	33,960,293	1,615,599	2,182,063	928,274	362,412
<b>Insurance agents, brokers, and service</b> .....	<b>54,450</b>	<b>32,107</b>	<b>21,360,197</b>	<b>13,502,956</b>	<b>19,921,116</b>	<b>5,286,426</b>	<b>1,028,401</b>	<b>651,720</b>	<b>665,458</b>	<b>206,761</b>
<b>Real estate</b> .....	<b>312,972</b>	<b>170,082</b>	<b>66,701,967</b>	<b>44,104,413</b>	<b>40,874,205</b>	<b>13,782,978</b>	<b>7,378,381</b>	<b>5,711,295</b>	<b>4,591,117</b>	<b>1,355,386</b>
Real estate operators and lessors of buildings .....	143,478	86,223	24,175,326	16,614,711	12,688,594	3,990,288	3,363,029	1,922,348	2,551,184	749,952
Lessors of mining, oil, and similar property .....	1,797	1,198	845,284	590,282	424,703	221,774	218,562	39,111	198,058	74,416
Lessors of railroad property, and of real property, not elsewhere classified .....	5,395	2,774	818,750	247,404	544,736	399,744	72,167	70,375	61,997	17,674
Condominium management and cooperative housing associations .....	14,604	7,316	3,421,101	1,460,994	2,093,851	155,670	105,124	236,853	55,422	12,570
Subdividers and developers .....	38,962	17,079	11,672,224	7,085,438	4,456,072	2,484,345	1,606,198	1,741,958	695,983	219,043
Other real estate .....	108,736	55,472	25,769,281	18,105,583	20,666,250	6,531,157	2,013,301	1,700,649	1,028,474	281,731
Holding and other investment companies, except bank holding companies .....	46,927	28,192	69,363,292	52,277,427	25,895,326	17,642,932	32,687,982	2,020,300	2,120,167	723,298
Regulated investment companies .....	2,111	1,610	32,841,962	31,134,213	44,074	—	28,654,360	33,714	755	155
Real estate investment trusts .....	531	122	1,381,421	1,211,634	5,399	—	483,206	21,712	*3,313	697
Small business investment companies .....	3,719	1,501	384,482	287,745	173,533	—	88,874	100,884	40,548	10,908
Other holding and investment companies, except bank holding companies .....	40,566	24,959	34,755,427	19,643,634	25,672,319	17,642,932	3,461,540	1,863,991	2,075,551	711,538
<b>Services</b> .....	<b>848,394</b>	<b>481,888</b>	<b>416,462,427</b>	<b>292,353,707</b>	<b>392,064,594</b>	<b>143,277,759</b>	<b>16,959,225</b>	<b>10,956,298</b>	<b>11,810,154</b>	<b>3,779,735</b>
Hotels and other lodging places .....	18,577	9,934	26,306,396	16,806,199	24,157,288	11,502,484	1,204,009	716,685	918,832	305,108
Personal services .....	53,778	26,022	16,987,354	12,346,446	16,369,963	6,042,823	805,029	317,243	606,365	199,819
Business services .....	242,950	134,470	129,015,478	93,952,499	120,080,462	56,494,692	5,831,987	4,386,858	3,988,499	1,392,189
Advertising .....	22,968	13,063	21,457,910	17,237,134	20,833,638	12,321,357	737,574	292,250	557,847	201,956
Business services, except advertising .....	219,981	121,406	107,557,568	76,715,365	99,246,824	44,173,335	5,094,413	4,094,608	3,430,652	1,190,233
Auto repair, miscellaneous repair services .....	80,033	45,634	37,348,702	24,492,728	34,923,852	17,778,928	1,139,204	845,794	761,486	225,029
Auto repair and services .....	48,530	28,706	26,900,806	17,205,777	24,687,550	12,154,072	775,633	607,838	533,768	163,973
Miscellaneous repair services .....	31,502	16,928	10,447,896	7,286,951	10,236,302	5,624,856	363,570	237,956	227,718	61,056
Amusement and recreation services .....	62,546	27,607	40,609,057	24,634,673	36,811,479	15,285,394	1,751,050	1,641,644	1,160,728	427,493
Motion picture production, distribution, and services .....	10,719	5,039	14,075,864	7,859,910	12,480,897	6,915,394	431,188	352,159	305,366	121,059
Motion picture theaters .....	2,969	1,377	4,646,546	3,777,134	4,280,101	1,586,984	288,309	61,319	222,836	83,015
Amusement and recreation services, except motion pictures .....	48,857	21,191	21,886,646	12,997,629	20,050,481	6,783,017	1,031,554	1,228,166	632,526	223,419
Other services .....	390,511	236,221	166,195,441	120,121,162	159,721,550	36,173,437	6,227,947	3,048,074	4,374,244	1,185,098
Offices of physicians, including osteopathic physicians .....	115,431	78,640	45,668,560	34,220,207	44,388,436	4,076,432	1,271,254	386,664	1,083,978	204,437
Offices of dentists .....	40,451	26,021	12,288,251	8,641,588	12,091,619	1,977,207	338,261	121,774	280,262	47,181
Offices of other health practitioners .....	13,691	7,308	2,186,421	1,398,462	2,163,133	461,368	126,829	44,252	92,085	15,116
Nursing and personal care facilities .....	8,357	6,220	13,160,402	9,488,577	12,747,648					

## RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, and Depreciation Deduction, by Minor Industry—Continued

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

Minor industry	Foreign tax credit	Investment credit	ESOP credit	Research activities credit	Total income tax after credits <sup>1</sup>	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
						All returns	Returns with net income			
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
<b>Total returns of active corporations .....</b>	<b>19,951,165</b>	<b>16,145,173</b>	<b>909,880</b>	<b>1,277,474</b>	<b>51,862,218</b>	<b>128,298,545</b>	<b>119,197,255</b>	<b>10,201,084,144</b>	<b>2,730,371,698</b>	<b>241,491,819</b>
<b>Agriculture, forestry, and fishing .....</b>	<b>2,751</b>	<b>108,056</b>	<b>287</b>	<b>2,117</b>	<b>313,537</b>	<b>172,301</b>	<b>151,132</b>	<b>50,292,891</b>	<b>31,018,845</b>	<b>3,259,862</b>
Agricultural production .....	*2,680	65,705	39	1,923	234,938	131,458	121,774	41,754,645	25,017,301	2,621,946
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping .....	71	22,351	247	*194	78,599	40,843	29,358	8,538,246	6,001,544	637,915
<b>Mining .....</b>	<b>1,052,992</b>	<b>309,713</b>	<b>7,239</b>	<b>3,505</b>	<b>722,353</b>	<b>2,710,318</b>	<b>2,120,253</b>	<b>194,417,434</b>	<b>85,786,722</b>	<b>7,785,767</b>
Metal mining .....	2,967	3,533	310	—	25,179	145,295	55,936	11,690,836	6,117,807	369,833
Iron ores .....	707	—	—	—	175	29,244	**	3,105,967	2,277,083	83,735
Copper, lead and zinc, gold and silver ores .....	68	2,864	310	—	17,690	83,661	**	7,138,975	2,822,686	212,967
Other metal mining .....	2,192	*669	—	—	*7,315	32,390	30,090	1,445,894	1,018,038	73,132
Coal mining .....	468	16,721	164	7	115,200	194,946	154,559	16,471,663	10,995,033	1,014,200
Oil and gas extraction .....	1,046,888	258,564	6,440	3,229	489,336	2,227,847	1,813,764	157,597,554	60,221,151	5,806,356
Crude petroleum, natural gas, and natural gas liquids .....	800,698	201,247	377	*1,048	318,161	1,255,098	1,162,514	108,761,588	30,575,914	2,370,726
Oil and gas field services .....	246,190	57,317	6,063	*2,181	171,174	972,749	651,250	48,835,966	29,645,236	3,435,630
Nonmetallic minerals, except fuels .....	*2,670	30,894	326	269	92,638	142,229	95,994	8,657,381	8,452,732	595,378
Dimension, crushed, and broken stone; sand and gravel .....	*2,226	22,973	326	9	53,713	59,770	55,468	5,090,646	4,777,967	423,513
Other nonmetallic minerals, except fuels .....	444	7,921	—	259	38,925	82,459	*40,526	3,566,735	3,674,765	171,865
<b>Construction .....</b>	<b>119,295</b>	<b>310,818</b>	<b>*2,633</b>	<b>3,589</b>	<b>1,393,041</b>	<b>846,579</b>	<b>709,544</b>	<b>161,365,795</b>	<b>57,711,143</b>	<b>6,281,119</b>
General building contractors and operative builders .....	27,455	106,072	*200	1,283	590,025	471,946	399,171	90,642,006	19,337,155	1,958,365
General building contractors .....	27,455	100,800	*200	1,283	553,966	455,393	392,684	82,121,071	18,003,971	1,850,712
Operative builders .....	—	5,271	—	—	36,059	16,553	6,487	8,520,934	1,333,184	107,654
Heavy construction contractors .....	88,623	99,600	2,371	*1,982	327,692	249,590	209,662	27,019,913	19,142,000	1,799,174
Special trade contractors .....	3,217	105,147	*62	325	475,323	125,043	100,710	43,703,876	19,231,988	2,523,580
Plumbing, heating, and air conditioning .....	795	20,113	—	55	99,836	18,616	14,427	10,486,062	3,279,515	435,016
Electrical work .....	38	13,871	9	*11	111,375	23,562	22,387	8,249,105	2,725,841	372,529
Other special trade contractors and contractors not allocable .....	*2,384	71,163	*53	258	264,112	82,865	63,895	24,968,709	13,226,632	1,716,035
<b>Manufacturing .....</b>	<b>18,439,314</b>	<b>6,394,980</b>	<b>501,397</b>	<b>1,023,564</b>	<b>24,960,640</b>	<b>43,295,901</b>	<b>44,609,540</b>	<b>2,232,987,922</b>	<b>1,051,143,904</b>	<b>99,416,356</b>
Food and kindred products .....	832,530	652,754	37,271	35,133	2,580,742	3,724,464	3,490,321	169,124,505	78,572,338	8,502,000
Meat products .....	32,359	70,094	962	702	193,055	344,090	325,655	20,180,462	9,891,538	957,813
Dairy products .....	169,715	89,475	6,493	10,292	452,424	622,476	621,539	22,899,604	10,289,879	1,198,438
Preserved fruits and vegetables .....	*63,944	53,382	2,693	2,461	241,182	218,131	208,333	12,750,332	5,392,461	553,436
Grain mill products .....	134,444	90,361	9,040	7,831	428,181	667,862	655,819	20,647,530	11,953,178	1,262,057
Bakery products .....	*58,377	33,918	*2,591	2,192	198,074	327,620	321,449	10,755,922	4,886,900	513,607
Sugar and confectionery products .....	27,592	66,357	527	5,766	226,015	143,038	142,700	8,687,679	4,794,310	397,461
Malt liquors and malt .....	1,034	59,451	6,333	1,111	185,587	139,433	139,326	8,628,638	6,947,540	699,234
Alcoholic beverages, except malt liquors and malt .....	2,683	16,392	24	741	94,833	203,644	199,498	18,382,759	2,943,497	221,135
Bottled soft drinks, and flavorings .....	259,839	99,623	1,482	*1,020	279,533	735,487	579,949	22,344,822	10,077,379	1,351,902
Other food and kindred products .....	82,542	73,702	7,128	3,017	281,858	322,682	296,054	23,846,756	11,395,655	1,346,916
Tobacco manufactures .....	89,014	139,079	8,676	6,200	981,723	1,452,599	1,452,599	53,092,384	11,878,474	1,246,630
Textile mill products .....	15,330	91,178	4,855	3,704	550,470	290,427	242,770	25,327,602	16,456,798	1,397,997
Weaving mills and textile finishing .....	4,216	30,178	1,470	*746	162,274	126,891	83,831	8,940,875	7,194,962	570,597
Knitting mills .....	*126	13,665	463	*552	145,377	25,094	25,017	3,103,723	1,704,157	153,563
Other textile mill products .....	10,987	47,735	2,922	2,406	242,819	138,443	133,922	13,293,004	7,557,679	673,837
Apparel and other textile finishing .....	25,015	47,294	2,933	2,435	843,343	332,296	330,005	24,394,823	6,604,715	633,594
Men's and boys' clothing .....	17,633	16,562	2,446	1,064	331,207	177,303	177,280	8,520,737	2,284,815	178,038
Women's and children's clothing .....	6,825	13,693	105	956	331,330	102,536	100,987	8,617,010	2,037,639	213,290
Other apparel and accessories .....	132	5,265	127	*175	64,891	13,191	13,008	2,782,290	757,625	80,588
Miscellaneous fabricated textile products, textile products, not elsewhere classified .....	*424	11,774	255	*241	115,916	39,266	38,729	4,474,786	1,524,636	161,678
Lumber and wood products .....	55,097	136,521	6,114	1,762	354,165	571,779	565,512	46,991,905	29,939,844	2,475,615
Logging, sawmills, and planing mills .....	46,793	66,545	3,380	*246	136,785	306,962	305,874	21,134,296	14,062,663	1,080,524
Millwork, plywood, and related products .....	3,823	50,961	2,158	810	133,663	166,132	161,212	16,561,299	11,625,842	1,033,301
Other wood products, including wood buildings and mobile homes .....	*4,481	19,015	576	*706	83,717	98,686	98,426	9,276,310	4,251,338	361,791
Furniture and fixtures .....	1,902	40,550	1,488	2,128	450,230	123,008	112,755	12,271,930	5,698,694	530,000
Paper and allied products .....	268,220	245,405	14,314	23,420	706,969	1,444,504	1,093,554	57,347,375	43,441,695	3,290,304
Pulp, paper, and board mills .....	127,411	156,605	5,112	4,962	178,051	800,778	474,531	38,821,532	31,847,234	2,130,792
Other paper products .....	140,809	88,800	9,202	18,458	528,918	643,726	619,023	18,255,843	11,594,461	1,159,512
Printing and publishing .....	63,443	322,503	12,624	8,577	1,979,876	1,515,200	1,487,251	66,189,957	33,373,605	4,120,109
Newspapers .....	22,797	131,943	3,029	1,458	1,040,999	656,195	641,834	26,989,529	13,599,493	1,528,024
Periodicals .....	16,689	46,152	2,068	878	143,028	384,962	381,144	9,001,921	3,633,604	441,827
Books, greeting cards, and miscellaneous publishing .....	22,156	49,692	2,987	3,776	413,220	284,554	278,233	12,401,569	3,921,179	681,304
Commercial and other printing and printing trade services .....	1,801	94,715	4,560	2,466	382,629	189,490	186,040	17,796,938	12,219,329	1,468,954
Chemicals and allied products .....	2,207,283	569,820	71,389	156,702	2,630,920	6,998,199	6,364,119	227,946,283	122,286,212	10,463,203
Industrial chemicals, plastics materials, and synthetics .....	1,294,527	273,229	37,772	47,086	537,191	2,837,666	2,292,040	130,640,431	81,581,397	6,650,803
Drugs .....	569,269	139,421	14,790	73,950	930,643	3,677,464	2,606,205	45,017,064	16,068,326	1,493,694
Soap, cleaners, and toilet goods .....	224,241	98,423	14,467	21,982	711,603	1,021,729	1,013,083	25,643,910	10,433,075	1,093,105
Paints and allied products .....	6,679	13,257	2,803	3,549	171,799	89,193	88,673	4,876,137	2,438,279	218,009
Agriculture and other chemical products .....	92,567	45,490	1,557	10,135	279,683	372,147	364,117	21,768,742	11,765,135	1,007,592
Petroleum (including integrated) and coal products .....	8,724,979	1,285,965	57,859	41,824	3,750,553	10,629,052	9,928,839	490,737,068	223,101,948	18,552,361
Petroleum refining (including integrated) .....	8,724,970	1,281,210	57,859	41,822	3,721,763	10,528,110	9,894,253	484,868,923	220,042,742	18,223,028
Petroleum and coal products, not elsewhere classified .....	*9	4,755	—	2	28,790	100,942	34,586	5,868,145	3,059,205	329,333
Rubber and miscellaneous plastics products .....	107,477	126,677	7,743	19,791	520,422	378,919	336,470	31,376,098	20,636,928	1,559,895
Rubber products; plastics footwear, hose and belting .....	105,364	73,551	7,405	15,758	282,972	324,344	284,121	20,130,263	13,412,526	795,382
Miscellaneous plastics products .....	2,113	53,125	338	4,033	237,450	54,575	52,349	11,245,835	7,224,402	764,513
Leather and leather products .....	1,569	11,248	1,113	1,280	211,050	162,005	132,487	7,116,311	1,832,037	190,132
Footwear, except rubber .....	1,430	9,229	1,113	831	182,030	120,405	120,302	5,398,673	1,302,671	136,084
Leather and leather products, not elsewhere classified .....	1									

## RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, and Depreciation Deduction, by Minor Industry—Continued

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

Minor industry	Foreign tax credit	Investment credit	ESOP credit	Research activities credit	Total income tax after credits <sup>1</sup>	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
						All returns	Returns with net income			
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
<b>Manufacturing—Continued</b>										
Stone, clay, and glass products.....	128,122	130,679	10,977	10,452	487,037	647,064	512,262	44,301,846	31,579,798	2,625,144
Glass products.....	90,194	52,549	6,639	4,798	124,847	299,628	246,259	16,934,912	11,420,085	949,734
Cement, hydraulic.....	117	9,326	77	66	20,746	87,668	25,279	7,300,129	5,320,173	342,678
Concrete, gypsum, and plaster products.....	3,548	31,319	1,195	*417	209,456	113,626	102,523	11,260,227	8,691,407	778,882
Other nonmetallic mineral products.....	34,263	37,485	3,065	5,172	131,987	146,142	138,202	8,806,578	6,148,133	553,850
Primary metal industries.....	91,886	51,349	1,394	2,932	303,014	1,146,053	450,403	157,414,431	88,279,773	5,525,454
Ferrous metal industries; miscellaneous primary metal products.....	28,322	25,486	1,044	2,106	181,101	725,537	173,810	84,882,741	59,480,468	3,618,473
Nonferrous metal industries.....	63,564	25,862	349	826	121,912	420,515	276,593	72,531,690	28,799,305	1,906,981
Fabricated metal products.....	305,766	194,259	7,563	23,149	1,507,920	1,329,526	1,112,310	99,781,267	47,116,589	4,488,135
Metal cans and shipping containers.....	149,550	9,044	897	296	54,954	229,232	123,910	18,572,648	6,341,317	421,041
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	45,085	23,936	3,219	3,621	243,791	292,187	284,665	10,961,917	5,921,428	570,310
Plumbing and heating, except electric and warm air.....	8,591	10,137	—	1,897	141,208	45,616	45,590	4,216,988	1,704,044	180,537
Fabricated structural metal products.....	63,150	35,662	2,501	3,314	281,422	213,737	172,551	22,575,655	10,860,845	1,053,684
Metal forgings and stampings.....	916	23,653	246	1,920	150,506	45,635	38,807	7,971,830	4,877,991	455,213
Coating, engraving, and allied services.....	18	10,819	—	*809	52,999	13,528	8,663	3,386,304	2,206,690	230,417
Ordnance and accessories, except vehicles and guided missiles.....	1	1,586	—	191	*23,334	*13,128	*11,830	674,687	270,698	26,142
Miscellaneous fabricated metal products.....	38,455	79,421	699	11,101	559,707	476,462	426,293	31,421,239	14,933,576	1,550,792
Machinery, except electrical.....	2,208,876	387,038	60,304	223,651	2,209,966	4,281,498	3,261,651	191,639,443	82,237,174	9,266,350
Farm machinery.....	634	6,637	123	1,025	47,559	95,251	19,109	12,197,676	3,989,223	382,643
Construction and related machinery.....	55,464	13,019	557	2,746	141,089	544,581	95,569	31,114,277	16,179,508	1,830,361
Metalworking machinery.....	6,103	28,057	455	2,509	128,215	125,857	72,312	11,404,329	6,542,981	644,607
Special industry machinery.....	33,395	21,029	*163	10,844	140,457	95,412	59,164	15,055,513	5,301,344	513,150
General industrial machinery.....	35,379	28,775	5,351	5,040	132,168	220,539	186,366	16,081,762	7,279,931	695,729
Office, computing, and accounting machines.....	2,067,239	252,664	50,218	196,296	1,381,105	3,052,195	2,704,044	91,758,238	36,726,651	4,538,918
Other machinery, except electrical.....	10,662	36,857	3,438	5,190	239,373	147,663	125,086	14,027,738	6,217,535	660,941
Electrical and electronic equipment.....	549,767	380,936	36,339	159,290	2,077,094	3,956,656	3,848,514	211,376,152	78,676,445	9,284,478
Household appliances.....	37,706	18,528	3,357	1,814	302,936	251,106	178,939	10,780,141	3,709,212	308,204
Radio, television, and communication equipment.....	43,672	71,316	7,481	38,642	237,473	898,732	896,773	66,412,287	17,099,440	2,128,796
Electronic components and accessories.....	190,823	187,259	20,789	94,342	1,020,081	568,716	550,050	63,835,454	22,499,070	2,692,047
Other electrical equipment.....	277,566	103,833	4,711	24,492	516,604	2,238,101	2,222,753	70,348,270	35,368,722	4,155,432
Motor vehicles and equipment.....	257,219	948,422	107,463	132,412	1,177,523	1,388,741	1,332,205	170,460,743	64,053,781	7,911,198
Transportation equipment, except motor vehicles.....	145,774	333,160	22,018	71,896	664,061	1,106,365	950,320	72,989,921	33,884,490	3,618,162
Aircraft, guided missiles and parts.....	144,605	304,632	21,669	69,990	455,143	1,007,586	876,642	61,050,235	28,085,618	3,136,456
Ship and boat building and repairing.....	*1,125	19,041	—	*629	57,734	58,164	47,931	7,020,529	2,716,203	253,925
Other transportation equipment, except motor vehicles.....	44	9,487	349	1,277	151,184	40,616	25,747	4,919,157	3,082,669	227,780
Instruments and related products.....	344,524	248,344	25,558	89,606	513,762	1,454,966	1,420,787	42,178,990	20,720,128	2,488,771
Scientific instruments and measuring devices; watches and clocks.....	123,010	48,294	7,612	42,170	241,026	237,623	219,100	13,816,446	5,923,195	681,290
Optical, medical, and ophthalmic goods.....	146,115	57,737	4,322	25,626	177,294	508,970	494,140	16,826,378	5,560,575	632,468
Photographic equipment and supplies.....	73,400	142,313	13,624	*21,810	95,443	708,372	707,547	11,536,166	9,236,358	1,175,013
Miscellaneous manufacturing and manufacturing not allocable.....	15,523	51,398	3,401	7,220	459,800	362,582	285,710	30,918,886	10,772,439	1,246,824
Transportation and public utilities.....	220,579	5,490,444	253,272	151,196	5,429,973	24,540,824	21,001,951	998,870,785	901,873,974	56,161,802
Transportation.....	35,915	804,496	10,833	3,623	1,535,295	2,373,158	2,061,169	227,557,980	176,992,991	-14,749,239
Railroad transportation.....	501	299,773	2,144	432	159,831	1,157,167	949,672	95,625,155	72,408,797	4,971,798
Local and interurban passenger transit.....	4	16,756	—	—	35,161	16,164	16,131	2,911,967	2,573,705	335,382
Trucking and warehousing.....	*7,828	187,804	3,726	568	706,723	415,733	408,426	33,745,319	27,048,761	3,300,798
Water transportation.....	18,176	22,338	116	9	65,392	218,036	205,972	18,617,564	13,783,597	1,191,701
Transportation by air.....	*6,346	200,473	4,598	2,341	64,742	155,359	108,885	49,980,361	42,441,334	3,277,313
Pipelines, except natural gas.....	*2,132	51,387	249	15	427,512	340,241	338,994	12,776,707	8,653,052	628,000
Transportation services, not elsewhere classified.....	*929	25,965	—	*259	75,935	70,458	33,089	13,900,907	10,083,745	1,044,247
Communication.....	124,007	2,047,099	176,115	132,639	983,230	7,549,802	7,404,099	268,877,366	246,818,958	21,676,985
Telephone, telegraph, and other communication services.....	78,410	1,964,091	171,405	131,719	525,861	7,076,561	6,956,974	242,403,272	235,491,360	20,096,667
Radio and television broadcasting.....	45,597	83,009	4,710	*920	457,369	473,241	447,125	26,474,094	11,327,598	1,580,317
Electric, gas, and sanitary services.....	60,656	2,638,849	66,324	14,934	2,911,447	14,617,864	11,536,682	502,455,440	478,062,024	19,735,578
Electric services.....	1,449	1,425,049	27,710	7,872	817,288	6,772,238	5,509,402	233,858,102	232,895,194	8,882,972
Gas production and distribution.....	40,712	49,766	11,947	3,166	966,195	2,889,576	2,258,589	126,813,049	96,598,062	5,308,983
Combination utility services.....	13,198	655,910	25,077	2,858	953,929	4,807,825	3,620,511	131,595,928	138,818,824	8,487,931
Water supply and other sanitary services.....	5,297	59,924	1,589	1,039	174,035	148,225	148,181	10,168,362	9,749,945	695,693
Wholesale and retail trade.....	309,038	1,605,589	98,341	24,051	10,653,391	12,722,120	12,119,518	804,242,963	246,664,835	27,667,908
Wholesale trade.....	212,565	556,485	6,039	14,909	4,765,106	8,045,861	7,679,746	405,275,827	93,284,476	10,783,071
Groceries and related products.....	*334	75,414	1,884	457	442,537	227,378	22,200	29,491,879	11,269,952	1,202,692
Machinery, equipment, and supplies.....	7,919	118,879	495	4,079	574,819	2,085,065	2,021,967	64,284,591	15,627,044	2,100,793
Miscellaneous wholesale trade.....	204,312	362,193	3,661	10,372	3,747,749	5,733,418	5,435,579	311,499,358	66,387,480	7,479,586
Motor vehicles and automotive equipment.....	20,569	44,631	—	*185	938,405	1,068,349	1,061,378	26,474,079	5,612,013	655,923
Furniture and home furnishings.....	—	7,098	—	*524	67,250	16,005	7,798	3,896,629	800,299	102,234
Lumber and construction materials.....	488	23,581	55	42	194,911	65,072	63,654	10,958,031	3,161,031	343,926
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	787	6,170	—	*504	99,721	180,140	180,050	5,523,705	738,752	92,834
Metals and minerals, except petroleum and scrap.....	26,624	32,294	1,760	1,127	198,842	357,536	353,342	63,801,888	4,730,861	537,168
Electrical goods.....	*891	26,629	*454	747	364,019	1,153,755	1,150,245	24,715,066	3,617,477	468,694
Hardware, plumbing, and heating equipment and supplies.....	*73	15,754	91	*134	186,652	177,222	95,929	12,052,277	2,560,688	298,349
Other durable goods.....	3,998	42,308	*84	2,287	367,433	515,625	465,039	31,868,521	6,757,410	750,524
Paper and paper products.....	*372	12,163	30	*321	104,281	72,998	71,761	5,899,561	1,467,585	169,796
Drugs, drug proprietaries, and druggists' sundries.....	558	20,165	523	398	105,812	169,233	168,186	7,032,848	1,338,338	186,192
Apparel, piece goods, and notions.....	*1,754	10,636	202	*731	228,746	59,732	58,871	11,324,865	1,287,180	187,924
Farm-product raw materials.....	5,298	20,346	28	*253	97,029	367,419	350,272	26,774,027	8,700,535	906,339
Chemicals and allied products.....	*9,032	7,086	—	137	75,112	773,881	773,669	9,626,139	1,459,839	166,426
Petroleum and petroleum products.....	129,269	42,101	416	*140</td						

## RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Depreciable Assets, and Depreciation Deduction, by Minor Industry—Continued

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

Minor industry	Foreign tax credit	Investment credit	ESOP credit	Research activities credit	Total income tax, after credits <sup>1</sup>	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
						All returns	Returns with net income			
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
<b>Wholesale and retail trade—Continued</b>										
Retail trade .....	96,270	1,046,946	92,302	9,142	5,872,877	4,665,739	4,429,606	397,570,118	152,980,277	16,837,129
Building materials, garden supplies, and mobile home dealers .....	*2	44,991	1,130	*342	455,993	90,716	88,090	25,090,634	8,288,124	868,100
Building materials dealers .....	*2	30,524	1,108	178	365,339	79,825	77,593	16,523,837	5,787,280	565,291
Hardware stores .....	—	6,614	21	—	64,008	8,751	8,746	4,550,549	1,255,114	152,395
Garden supplies and mobile home dealers .....	—	7,843	—	*165	26,645	2,139	1,750	4,016,248	1,245,730	150,414
General merchandise stores .....	37,648	294,582	52,424	4,203	1,307,650	2,032,371	1,963,129	122,088,639	32,012,410	3,265,411
Food stores .....	41,042	237,323	29,907	479	768,729	700,964	688,584	48,719,219	30,654,228	3,062,715
Grocery stores .....	41,042	225,362	29,382	373	709,635	607,778	595,448	44,765,651	27,776,024	2,745,526
Other food stores .....	—	11,961	526	106	59,095	93,186	93,136	3,953,569	2,878,204	317,189
Automotive dealers and service stations .....	*1,291	138,063	*211	*255	692,973	590,132	575,301	62,366,645	19,683,496	2,846,745
Motor vehicle dealers .....	*1,290	99,791	—	17	485,909	529,729	521,133	45,399,995	12,528,788	1,946,092
Gasoline service stations .....	(*)	16,892	—	55	70,701	19,759	17,870	6,906,333	3,641,444	417,447
Other automotive dealers .....	—	21,379	*211	*183	136,364	40,644	36,298	10,060,318	3,513,264	483,206
Apparel and accessory stores .....	*2,884	53,169	1,803	258	691,156	431,045	427,916	23,614,996	6,835,151	737,419
Furniture and home furnishings stores .....	*1,981	21,752	74	*869	375,265	36,084	34,718	16,186,122	3,917,845	441,695
Eating and drinking places .....	7,855	122,236	2,341	572	572,721	364,122	291,764	40,644,874	30,051,557	3,086,432
Miscellaneous retail stores .....	3,568	134,630	4,412	2,165	1,008,399	420,305	360,105	58,858,990	21,537,467	2,528,613
Drug stores and proprietary stores .....	2,354	42,486	3,573	671	418,663	199,938	188,156	12,144,161	4,897,266	520,264
Liquor stores .....	1	3,022	—	—	24,035	7,714	7,711	2,624,625	1,053,535	113,133
Other retail stores .....	1,213	89,322	*839	1,494	565,671	212,652	164,237	44,090,204	15,586,676	1,895,216
Wholesale and retail trade not allocable .....	*203	2,157	—	—	15,409	10,520	10,165	1,397,017	400,082	47,707
<b>Finance, Insurance, and real estate .....</b>	<b>1,681,888</b>	<b>1,069,559</b>	<b>28,759</b>	<b>29,889</b>	<b>5,696,723</b>	<b>41,592,101</b>	<b>36,590,290</b>	<b>5,487,225,439</b>	<b>193,098,007</b>	<b>19,653,889</b>
Banking .....	1,245,565	628,251	11,507	19,266	1,402,965	6,071,907	4,840,132	2,752,806,484	54,385,204	7,462,295
Mutual savings banks .....	76	7,772	72	49	59,757	5,548	—	204,645,682	2,622,292	168,386
Bank holding companies .....	1,210,934	555,204	11,227	19,091	786,969	5,139,054	4,234,166	2,117,066,123	41,581,396	6,157,391
Banks, except mutual savings banks and bank holding companies .....	34,555	65,275	209	125	556,239	927,305	605,966	431,094,679	10,181,516	1,136,519
Credit agencies other than banks .....	144,947	44,080	158	59	467,598	620,273	469,487	977,329,262	17,904,627	1,816,838
Savings and loan associations .....	3	17,430	17	30	243,379	235,636	138,588	789,059,604	13,147,016	836,795
Personal credit institutions .....	*141,243	10,562	141	—	54,638	128,171	122,525	33,500,982	1,181,012	306,881
Business credit institutions .....	*1	5,910	—	8	24,046	29,424	21,256	20,316,806	832,181	217,152
Other credit agencies; finance not allocable .....	*3,700	10,178	—	21	145,534	227,042	187,118	134,451,869	2,744,417	456,011
Security, commodity brokers and services .....	23,428	126,267	12,653	1,514	608,082	313,667	255,190	194,713,711	3,281,390	1,049,654
Security brokers, dealers, and flotation companies .....	23,415	116,744	12,653	1,006	511,188	248,834	191,476	183,052,101	2,495,071	948,583
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services .....	*13	9,523	—	*508	96,893	64,832	63,714	11,661,609	786,319	101,071
Insurance .....	187,322	135,645	3,464	6,529	1,162,298	3,314,330	1,928,768	936,713,238	17,511,692	3,022,506
Life insurance .....	55,886	77,508	2,731	2,752	803,389	1,081,365	652,707	551,751,018	5,707,510	1,574,486
Mutual insurance, except life or marine and certain fire or flood insurance companies .....	*7,363	15,023	33	479	168,946	*156	—	71,969,039	1,154,513	330,123
Other insurance companies .....	124,073	43,115	*701	3,297	189,962	2,232,808	1,276,061	312,993,182	10,649,669	1,117,896
Insurance agents, brokers, and service .....	*29,038	22,359	24	*294	154,038	260,737	198,980	24,530,861	3,640,042	649,111
Real estate .....	2,745	76,360	63	*407	1,267,606	2,257,391	1,895,980	182,809,751	80,372,853	4,365,511
Real estate operators and lessors of buildings .....	2,332	33,570	—	*71	712,831	1,690,632	1,441,213	73,305,477	51,517,184	2,660,062
Lessors of mining, oil, and similar property .....	54	1,003	63	221	73,071	114,951	114,951	1,954,702	707,313	34,280
Lessors of railroad property, and of real property, not elsewhere classified .....	*321	899	—	—	16,455	14,529	13,056	2,081,806	972,513	85,388
Condominium management and cooperative housing associations .....	—	2,093	—	—	10,380	*237	—	10,612,951	9,184,275	271,779
Subdividers and developers .....	30	10,283	—	—	207,061	201,245	170,839	53,171,379	7,669,029	444,301
Other real estate .....	*8	28,513	—	*116	247,810	235,796	155,921	41,683,436	10,322,538	869,701
Holding and other investment companies, except bank holding companies .....	48,842	36,598	*890	1,820	634,135	28,753,796	27,001,875	418,322,132	16,002,200	1,287,974
Regulated investment companies .....	—	*30	—	—	125	26,577,593	25,147,023	312,079,201	19,827	1,758
Real estate investment trusts .....	—	7	—	—	689	457,301	453,749	9,802,889	3,798,523	121,214
Small business investment companies .....	—	1,298	—	—	9,573	30,370	24,849	2,274,885	181,777	19,055
Other holding and investment companies, except bank holding companies .....	48,842	35,262	*890	1,820	623,748	1,688,532	1,376,254	94,165,156	12,002,073	1,145,946
<b>Services .....</b>	<b>123,164</b>	<b>853,089</b>	<b>17,952</b>	<b>39,491</b>	<b>2,673,706</b>	<b>2,407,362</b>	<b>1,884,408</b>	<b>269,797,251</b>	<b>162,395,320</b>	<b>21,194,161</b>
Hotels and other lodging places .....	*4,857	46,630	*2,433	34	288,964	391,833	289,456	27,083,021	19,934,592	1,473,475
Personal services .....	6,240	41,164	8	*213	151,056	97,821	81,687	9,860,066	7,388,550	862,849
Business services .....	70,277	294,088	5,553	31,763	961,343	734,388	620,389	91,643,621	45,302,751	6,792,395
Advertising .....	35,229	21,914	278	98	143,040	72,165	63,544	9,635,007	2,879,289	395,067
Business services, except advertising .....	35,048	272,175	5,276	31,665	818,302	662,224	556,845	82,008,614	42,423,462	6,397,329
Auto repair; miscellaneous repair services .....	*250	85,798	1,453	*193	133,588	164,718	76,236	24,597,776	21,990,552	3,734,240
Auto repair and services .....	*250	73,094	1,453	*193	48,038	85,550	5,814	3,117	20,291,824	19,400,371
Miscellaneous repair services .....	—	12,704	—	*193	48,038	—	3,119	4,305,953	2,590,181	331,973
Amusement and recreation services .....	26,602	103,627	*46	*253	293,811	295,825	173,924	41,839,636	23,593,528	3,095,453
Motion picture production, distribution, and services .....	24,474	54,460	—	135	41,676	149,072	91,490	18,008,810	2,901,710	1,035,466
Motion picture theaters .....	24	12,839	—	29	69,451	41,767	26,935	3,201,631	2,421,119	206,755
Amusement and recreation services, except motion pictures .....	*2,103	36,328	*46	*88	182,683	104,986	55,498	20,629,395	18,270,699	1,853,232
Offices of physicians, including osteopathic physicians .....	14,938	281,762	8,458	7,035	844,844	722,775	642,716	74,773,132	44,185,348	5,235,749
Offices of dentists .....	—	61,389	—	*203	140,172	94,053	89,409	9,422,041	6,442,568	998,370
Offices of other health practitioners .....	—	15,681	—	—	30,076	16,684	16,595	2,718,863	2,580,815	347,070
Nursing and personal care facilities .....	*167	14,808	235	13	9,811	5,029	*4,969	720,714	473,227	81,283
Hospitals .....	*5,046	65,825	5,753	*731	144,005	227,577	*225,732	14,821,326	9,202,539	822,675
Medical laboratories .....	—	4,668	—	*56	9,565	*3,721	*3,505	1,123,141	685,244	82,900
Other medical services .....	177	16,269	230	388	83,704	40,077	35,336	5,360,915	2,357,020	294,771
Legal services .....	—	23,512	—	*82	59,472	58,335	27,804	3,934,782	2,308,752	357,710
Educational services .....	*1,479	14,416	*193	*186	39,638	15,542	11,882	2,862,084	1,620,589	220,040
Social services .....	—	1,371	—	—	*1,858	400	400	628,890	389,580	35,559
Membership organizations .....	—	2,656	—	*145	17,233	*3,465	*3,062	1,855,391	1,013,406	83,949
Architectural and engineering services .....	6,308	27,680	2,016	3,688	117,829	98,703	73,574	8,638,031	3,715,174	537,410
Accounting, auditing, and bookkeeping services .....	—	8,016	—	*251	21,905	*7,343	*7,155	1,940,671	1,020,066	156,104
Miscellaneous services (including veterinarians), not elsewhere classified .....	1,762	21,398	31	1,291	96,212	64,418	62,124	10,153,274	5,188,554	703,417
<b>Nature of business not allocable .....</b>	<b>2,145</b>	<b>2,925</b>	<b>—</b>	<b>71</b>	<b>18,854</b>	<b>11,040</b>	<b>10,619</b>	<b>1,883,664</b>	<b>678,947</b>	<b>70,955</b>

## RETURNS OF ACTIVE CORPORATIONS

Table 2—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry

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

Item	All industries	Major industry				
		Agriculture, forestry, and fishing	Mining			
			Total	Metal mining	Coal mining	Oil and gas extraction
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns, total.....</b>	<b>2,999,071</b>	<b>92,125</b>	<b>37,066</b>	<b>1,426</b>	<b>3,447</b>	<b>28,984</b>
<b>Total assets.....</b>	<b>10,201,084,144</b>	<b>50,292,891</b>	<b>194,417,434</b>	<b>11,690,836</b>	<b>16,471,663</b>	<b>157,597,554</b>
Cash.....	590,386,817	3,082,182	6,297,748	260,526	916,669	4,554,096
Notes and accounts receivable.....	2,677,367,962	4,436,459	23,054,887	778,362	2,398,208	18,680,750
Less: Allowance for bad debts.....	51,162,613	45,890	518,664	32,517	45,715	23,676
Inventories.....	599,445,162	4,760,167	6,876,023	914,461	763,150	4,390,822
Investments in Government obligations.....	685,146,228	273,145	1,236,670	39,884	258,105	902,326
Other current assets.....	433,594,597	1,769,303	6,398,423	650,211	853,609	4,631,500
Loans to stockholders.....	47,836,294	1,376,624	2,147,309	*75,808	97,653	1,901,786
Mortgage and real estate loans.....	982,415,018	805,369	669,102	11,290	850	637,371
Other investments.....	1,788,295,351	4,001,984	63,823,281	3,827,258	2,138,486	57,317,335
Depreciable assets.....	2,730,371,698	31,018,845	85,788,722	6,117,807	10,995,033	60,221,151
Less: Accumulated depreciation.....	1,024,756,282	16,495,352	34,486,173	2,591,834	5,289,937	22,370,159
Depletable assets.....	107,958,232	533,636	26,088,309	857,088	1,844,162	22,876,591
Less: Accumulated depletion.....	32,682,172	108,695	9,075,923	173,158	273,190	8,482,663
Land.....	119,350,378	12,444,670	2,501,590	75,133	490,562	1,559,358
Intangible assets (amortizable).....	87,852,590	141,985	3,997,010	181,737	296,330	3,495,387
Less: Accumulated amortization.....	25,062,592	58,277	1,177,133	43,717	61,088	1,066,752
Other assets.....	474,727,482	2,356,734	10,798,255	742,494	1,088,777	8,765,411
<b>Total liabilities.....</b>	<b>10,201,084,144</b>	<b>50,292,891</b>	<b>194,417,434</b>	<b>11,690,836</b>	<b>16,471,663</b>	<b>157,597,554</b>
Accounts payable.....	671,495,438	2,361,750	15,005,720	614,757	1,198,574	12,554,428
Mortgages, notes, and bonds payable in less than one year.....	759,536,076	9,789,485	12,296,074	561,666	1,384,880	9,862,298
Other current liabilities.....	3,513,512,193	1,933,413	10,018,545	526,667	1,160,255	7,920,163
Loans from stockholders.....	131,025,956	4,087,195	5,367,003	706,917	265,924	4,280,400
Mortgages, notes, and bonds payable in one year or more.....	1,323,209,421	16,424,895	49,379,766	2,302,452	4,192,852	40,726,104
Other liabilities.....	1,156,873,507	2,136,821	16,747,871	885,279	1,840,107	13,344,046
Capital stock.....	787,278,549	7,755,901	10,154,486	962,565	474,948	8,232,255
Paid-in or capital surplus.....	873,620,667	4,074,853	50,378,705	3,172,897	3,067,605	43,543,561
Retained earnings, appropriated.....	52,538,370	348,466	278,984	23,703	*36,486	156,017
Retained earnings, unappropriated.....	1,221,793,087	2,044,567	26,437,261	1,993,838	2,967,363	18,345,767
Less: Cost of treasury stock.....	289,799,122	664,454	1,646,979	59,905	117,330	1,369,486
<b>Total receipts.....</b>	<b>7,135,494,059</b>	<b>59,208,642</b>	<b>132,419,750</b>	<b>5,069,634</b>	<b>15,668,837</b>	<b>103,636,735</b>
Business receipts.....	6,334,602,711	55,114,507	122,510,903	4,713,764	14,826,261	95,453,534
Interest.....	494,603,803	560,624	2,426,664	130,421	229,433	1,852,803
Interest on Government obligations:						
State and local.....	16,667,263	19,880	47,606	(1)	1,519	42,108
Nonqualifying interest and dividends.....	2,044,206	96,874	55,603	*187	10,334	38,770
Rents.....	69,580,411	409,643	498,293	13,281	101,691	330,800
Royalties.....	13,876,095	156,284	1,134,659	6,993	30,314	1,062,424
Net short-term capital gain reduced by net long-term capital loss.....	5,048,854	21,479	87,304	*336	773	85,481
Net long-term capital gain reduced by net short-term capital loss.....	33,924,549	606,756	1,058,117	43,913	141,369	827,685
Net gain, noncapital assets.....	26,134,711	266,604	785,234	28,531	33,622	687,893
Dividends received from domestic corporations.....	19,696,776	66,467	278,808	29,637	50,362	193,197
Dividends received from foreign corporations.....	13,892,070	19,109	423,066	15,335	1,323	399,245
Other receipts.....	105,422,613	1,870,415	3,113,492	87,236	241,837	2,662,794
<b>Total deductions.....</b>	<b>6,945,457,358</b>	<b>59,386,796</b>	<b>134,305,739</b>	<b>5,439,160</b>	<b>15,715,170</b>	<b>105,159,196</b>
Cost of sales and operations.....	4,308,238,989	38,308,491	85,540,564	3,277,704	10,532,219	66,957,010
Compensation of officers.....	141,193,212	1,478,873	1,457,451	42,413	148,659	1,127,598
Repairs.....	74,652,495	1,001,950	844,236	38,025	183,309	432,370
Bad debts.....	30,543,184	92,153	578,838	8,265	35,849	514,996
Rent paid on business property.....	104,717,965	1,362,774	1,405,115	57,998	216,875	1,032,946
Taxes paid.....	173,420,116	1,250,305	4,027,150	259,322	750,903	2,783,594
Interest paid.....	475,060,444	2,866,689	6,763,864	352,789	527,104	5,470,561
Contributions or gifts.....	3,626,605	18,584	54,163	852	9,257	36,916
Amortization.....	4,309,952	14,079	50,952	3,119	9,906	36,518
Depreciation.....	241,491,819	3,259,862	7,785,767	369,833	1,014,200	5,806,356
Depletion.....	7,574,216	21,991	1,966,230	214,898	361,457	1,195,137
Advertising.....	72,393,870	198,502	135,390	2,571	5,566	96,807
Pension, profit-sharing, stock bonus, and annuity plans.....	54,355,062	133,627	851,414	43,146	83,650	669,412
Employee benefit programs.....	59,115,141	202,179	844,195	38,822	304,246	417,004
Net loss, noncapital assets.....	7,615,697	68,144	270,788	3,314	27,586	237,546
Other deductions.....	1,187,148,601	9,108,595	21,729,621	726,090	1,504,385	18,344,425
Total receipts less total deductions.....	190,036,702	-178,154	-1,885,989	-369,526	-46,333	-1,522,461
Constructive taxable income from related foreign corporations.....	14,944,490	*1,506	347,497	18,243	*322	327,428
Net income (less deficit).....	188,313,928	-196,528	-1,586,098	-351,283	-47,530	-1,237,141
Income subject to tax.....	218,686,396	1,466,894	4,623,476	46,776	256,363	4,049,479
Income tax, total.....	92,218,567	430,119	2,100,692	32,074	132,660	1,808,795
Regular and alternative tax.....						
Tax from recomputing prior-year investment credit.....	90,461,858	418,574	1,981,002	20,542	104,585	1,744,519
Additional tax for tax preferences.....	1,175,071	10,718	36,118	1,437	3,102	28,073
Foreign tax credit.....	1,583,007	561,505	819	80,267	*10,094	24,973
Investment credit.....	16,145,173	108,056	309,713	3,533	16,721	258,564
Jobs credit.....	449,224	3,371	1,120	84	*10	658
Nonconventional source fuel credit.....	33,012	—	3,681	—	—	3,681
Alcohol fuel credit.....	7,178	—	90	—	90	—
Research activities credit.....	1,277,474	2,117	3,505	—	7	3,229
Employee stock ownership credit.....	909,880	287	7,239	310	164	6,440
Distributions to stockholders:						
Cash and property except in own stock.....	128,298,545	172,301	2,710,318	145,295	194,946	2,227,847
Corporation's own stock.....	4,810,283	*9,887	32,761	12,444	13,413	6,885

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

Table 2—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued								
	Construction				Manufacturing				
	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
<b>Number of returns, total</b>	<b>283,519</b>	<b>113,039</b>	<b>17,207</b>	<b>153,273</b>	<b>261,927</b>	<b>16,224</b>	<b>114</b>	<b>4,460</b>	<b>16,614</b>
<b>Total assets</b>	<b>161,365,795</b>	<b>90,642,006</b>	<b>27,019,913</b>	<b>43,703,876</b>	<b>2,232,987,922</b>	<b>169,124,505</b>	<b>53,092,384</b>	<b>25,337,602</b>	<b>24,394,823</b>
Cash	15,251,451	7,094,566	2,614,115	5,542,770	62,612,454	5,265,652	105,636	1,205,891	1,898,442
Notes and accounts receivable	40,301,899	18,842,394	6,446,558	15,012,946	493,944,309	31,436,449	13,033,191	6,067,664	6,805,002
Less: Allowance for bad debts	350,990	85,329	55,514	210,147	10,036,018	581,877	60,152	106,141	155,910
Inventories	24,107,031	17,337,184	1,282,557	5,487,290	270,385,611	24,141,706	6,203,734	5,493,094	8,075,447
Investments in Government obligations	1,387,262	666,960	398,598	321,704	23,522,007	1,495,922	405	149,225	116,890
Other current assets	15,666,196	9,742,285	2,228,630	3,695,280	85,401,378	8,233,370	2,275,045	769,158	1,168,616
Loans to stockholders	2,929,617	1,375,134	396,096	1,158,387	13,542,204	1,919,161	*297,956	179,260	115,504
Mortgage and real estate loans	4,373,275	4,009,338	136,335	227,602	12,285,642	527,862	4,678	34,638	19,399
Other investments	13,778,917	7,037,056	4,425,207	2,316,654	435,581,708	41,012,462	17,442,238	3,050,570	2,141,082
Depreciable assets	57,711,143	19,337,155	19,142,000	19,231,988	78,572,338	11,878,474	16,456,798	6,604,715	
Less: Accumulated depreciation	32,007,343	8,765,410	11,744,466	11,497,467	466,732,873	34,051,793	2,261,882	9,331,551	3,246,939
Depletable assets	1,390,151	1,225,305	116,265	48,582	64,335,609	178,586	446,349	*254,858	21
Less: Accumulated depletion	329,665	280,829	33,512	15,324	18,423,647	53,088	—	*95,084	1
Land	5,301,085	3,581,389	819,847	899,849	28,923,229	2,722,017	460,882	219,104	171,850
Intangible assets (amortizable)	932,166	650,084	79,848	202,234	48,851,590	2,784,105	*634,760	118,166	137,327
Less: Accumulated amortization	188,380	95,616	22,362	70,403	14,977,751	333,518	*132,052	40,452	42,195
Other assets	11,111,982	8,970,338	789,712	1,351,931	152,428,567	5,855,053	2,763,121	912,605	585,571
<b>Total liabilities</b>	<b>161,365,795</b>	<b>90,642,006</b>	<b>27,019,913</b>	<b>43,703,876</b>	<b>2,232,987,922</b>	<b>169,124,505</b>	<b>53,092,384</b>	<b>25,337,602</b>	<b>24,394,823</b>
Accounts payable	28,132,206	14,909,844	4,352,751	8,869,612	251,855,433	20,379,524	2,306,625	2,963,820	4,187,354
Mortgages, notes, and bonds payable in less than one year	21,171,559	13,919,415	2,631,814	4,620,331	164,542,534	13,954,032	2,774,893	2,033,351	2,649,345
Other current liabilities	22,071,244	11,435,570	3,228,891	7,406,782	206,646,379	15,000,506	12,854,136	2,030,038	2,614,096
Loans from stockholders	5,683,533	3,348,976	567,205	1,767,353	29,066,471	1,467,290	841,795	495,808	532,860
Mortgages, notes, and bonds payable in one year or more	30,985,665	21,644,441	4,447,228	4,893,997	378,514,253	30,655,470	8,589,628	4,293,073	2,922,067
Other liabilities	11,780,904	7,537,412	1,521,303	2,722,189	249,254,110	9,618,608	2,131,515	969,183	447,241
Capital stock	7,390,565	3,222,917	1,692,330	2,475,318	119,072,436	8,587,316	1,894,207	1,508,881	1,425,090
Paid-in or capital surplus	8,277,457	4,568,330	2,149,273	1,559,853	286,802,353	26,548,444	11,728,920	2,015,688	1,938,425
Retained earnings, appropriated	430,642	159,759	55,023	215,861	7,704,602	1,127,303	1,120	32,554	37,048
Retained earnings, unappropriated	28,240,020	10,925,057	6,929,220	10,385,743	563,302,433	44,643,493	10,210,680	9,405,910	8,118,049
Less: Cost of treasury stock	2,798,002	1,029,716	555,124	1,213,162	23,773,082	2,857,479	241,135	410,705	476,752
<b>Total receipts</b>	<b>2,907,998,843</b>	<b>133,639,102</b>	<b>47,151,746</b>	<b>110,007,996</b>	<b>2,552,830,718</b>	<b>305,287,689</b>	<b>37,071,909</b>	<b>41,772,966</b>	<b>52,605,527</b>
Business receipts	280,896,210	127,571,190	45,069,842	108,255,178	2,418,344,305	296,793,175	35,294,817	40,979,642	51,689,134
Interest	2,517,679	1,639,255	415,501	462,924	36,718,602	1,951,600	679,670	232,553	218,213
Interest on Government obligations:									
State and local	61,622	31,158	15,422	15,042	959,117	61,584	2,890	1,926	6,486
Nonqualifying interest and dividends	183,255	107,284	24,772	51,199	280,315	40,074	—	10,269	22,898
Rents	1,468,999	934,605	315,560	218,834	25,443,310	1,375,624	166,539	53,702	78,472
Royalties	42,554	12,266	11,738	18,550	8,966,791	505,232	203,039	16,712	105,988
Net short-term capital gain reduced by net long-term capital loss	46,639	29,681	6,439	10,519	304,821	38,791	59	2,123	748
Net long-term capital gain reduced by net short-term capital loss	853,317	590,307	118,670	144,340	8,441,523	551,147	60,451	56,765	25,485
Net gain, noncapital assets	1,681,278	1,316,793	183,011	181,474	3,799,868	474,585	17,529	70,505	51,334
Dividends received from domestic corporations	152,284	73,611	47,958	30,715	9,324,793	467,356	214,245	66,176	20,838
Dividends received from foreign corporations	128,029	56,474	*64,174	7,381	11,845,039	687,043	62,545	20,980	31,173
Other receipts	2,766,977	1,276,477	878,659	611,840	28,382,233	2,341,479	370,124	261,613	354,760
<b>Total deductions</b>	<b>288,574,577</b>	<b>132,774,719</b>	<b>46,650,150</b>	<b>109,149,708</b>	<b>2,469,257,725</b>	<b>297,008,837</b>	<b>34,309,086</b>	<b>40,346,192</b>	<b>50,298,465</b>
Cost of sales and operations	221,189,268	108,086,567	35,434,026	77,688,675	1,678,378,729	217,381,214	20,396,263	30,908,702	36,395,567
Compensation of officers	10,065,456	3,612,534	1,052,246	5,400,675	23,226,924	1,952,155	108,798	562,873	1,335,350
Repairs	1,444,384	386,272	466,090	592,023	28,078,475	2,319,187	265,573	325,830	143,654
Bad debts	560,589	173,028	79,693	307,867	6,789,621	447,572	41,002	98,192	113,860
Rent paid on business property	2,323,347	721,719	418,439	1,183,189	26,360,128	2,262,200	264,843	317,219	647,815
Taxes paid	6,159,770	1,906,491	999,443	3,253,836	73,277,514	6,338,336	1,399,701	1,018,786	1,283,599
Interest paid	4,861,075	2,879,963	841,467	1,139,646	73,973,082	5,607,188	1,593,516	790,679	740,928
Contributions or gifts	100,946	49,908	16,209	34,828	1,834,632	187,474	45,850	37,481	40,828
Amortization	44,428	13,869	11,703	18,856	1,525,038	88,636	31,852	13,708	20,404
Depreciation	6,281,119	1,958,365	1,799,174	2,523,580	99,416,356	850,200	1,246,630	1,397,997	633,594
Depletion	89,061	34,200	49,940	4,921	4,516,140	11,263	37,169	*8,372	*26
Advertising	867,988	411,206	43,433	413,349	34,813,318	9,863,798	2,567,200	240,632	682,801
Pension, profit-sharing, stock bonus, and annuity plans	1,501,469	539,624	265,418	696,427	23,897,552	1,413,313	286,207	273,279	290,589
Employee benefit programs	1,641,857	374,294	303,616	963,947	31,443,904	2,468,811	496,732	322,391	399,105
Net loss, noncapital assets	94,964	50,152	14,486	30,326	1,241,994	55,261	*22,417	19,139	14,184
Other deductions	31,348,857	11,576,526	4,854,767	14,917,564	360,484,320	38,110,429	5,505,331	4,010,912	7,566,161
Total receipts less total deductions	2,224,266	864,383	501,595	858,288	83,572,992	8,278,852	2,762,824	1,426,773	2,307,063
Constructive taxable income from related foreign corporations	102,920	*34,645	61,614	6,661	12,717,089	873,088	88,029	20,105	19,724
Net income (less deficit)	2,265,564	867,870	547,787	849,907	95,330,965	9,090,356	2,847,962	1,444,953	2,320,301
Income subject to tax	5,504,045	2,163,412	1,271,122	2,069,511	113,609,854	9,433,733	2,717,864	1,516,031	2,282,347
Income tax, total	1,859,927	736,576	522,770	600,581	50,950,876	4,241,966	1,246,563	675,911	988,915
Regular and alternative tax	1,796,404	700,675	508,167	587,563	50,177,278	4,180,971	1,239,272	666,370	983,964
Tax from recomputing prior-year investment credit	51,022	25,968	12,447	12,607	520,366	50,944	7,291	8,939	4,577
Additional tax for tax preferences	11,673	9,724	1,559	39	252,966	10,009	—	602	*371
Foreign tax credit	119,295	27,455	88,623	3,217	16,439,314	832,530	89,014	15,330	25,015
U.S. possessions tax credit	700	126	68	505	1,459,496	80,048	14,999	2,686	56,260
Investment credit	310,818	106,072	99,600	105,147	6,394,980	652,754	139,079	91,578	47,294
Jobs credit	29,850	11,414	2,434	16,002	145,992	19,557	6,872	7,288	11,634
Nonconventional source fuel credit	—	—	—	—	21,278	*2,631	—	—	—
Alcohol fuel credit	—	—	—	—	3,979	*1,300	—	—	—
Research activities credit	3,589	1,283	*1,982	325	1,023,564	35,133	6,200	3,704	2,435
Employee stock ownership credit	*2,633	*200	2,371	*62	501,397	37,271	8,676	4,855	2,933
Distributions to stockholders:									
Cash and property except in own stock	846,579	471,946	249,590	125,043	43,295,901	3,724,464	1,452,599	290,427	332,296
Corporation's own stock	106,621	55,093	*37,704	*13,823	1,460,492	122,692	12,586	*1,527	*79,380

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

Table 2—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued								
	Manufacturing—Continued								
	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>Number of returns, total</b>	15,235	7,782	2,998	37,637	10,226	2,475	10,381	2,113	9,485
<b>Total assets</b>	<b>46,991,905</b>	<b>12,271,930</b>	<b>57,347,375</b>	<b>66,189,957</b>	<b>227,946,283</b>	<b>490,737,068</b>	<b>31,376,098</b>	<b>7,116,311</b>	<b>44,301,846</b>
Cash	1,352,859	658,459	1,367,084	3,511,841	4,576,109	4,412,511	1,418,785	448,939	1,563,007
Notes and accounts receivable	7,004,455	3,209,033	8,441,124	14,251,855	38,581,742	64,676,401	7,757,738	1,975,596	8,014,974
Less: Allowance for bad debts	124,002	85,138	223,471	839,120	925,658	733,886	207,681	42,105	236,099
Inventories	6,681,943	3,334,574	7,075,191	5,432,870	26,843,486	18,169,632	5,255,676	2,156,190	5,523,961
Investments in Government obligations	229,294	83,953	268,329	1,051,480	829,147	2,440,456	163,749	24,088	280,784
Other current assets	1,579,370	462,234	1,413,232	3,559,325	7,284,382	11,884,779	726,042	249,158	1,420,263
Loans to stockholders	188,230	91,555	36,976	882,576	2,033,696	1,896,638	180,525	14,522	131,873
Mortgage and real estate loans	1,797,855	16,690	147,966	166,031	49,424	99,429	23,736	*1,437	66,940
Other investments	5,816,434	769,175	7,114,411	9,855,231	62,874,082	110,704,402	4,496,033	1,043,840	7,955,143
Depreciable assets	29,939,844	5,696,694	43,441,695	33,373,605	122,286,212	223,101,948	20,636,928	1,832,037	31,579,798
Less: Accumulated depreciation	14,683,507	2,654,005	18,005,344	14,726,659	54,975,736	80,608,041	10,519,293	826,913	15,020,424
Depletable assets	4,087,012	*3,846	2,426,427	255,077	2,579,180	45,325,455	*16,696	149	1,046,695
Less: Accumulated depletion	158,538	*598	408,899	*44,141	874,050	14,844,856	*9,139	—	222,386
Land	912,040	216,351	1,419,007	1,118,788	3,087,624	8,561,267	292,466	56,444	934,972
Intangible assets (amortizable)	81,101	71,056	301,610	2,933,372	3,823,968	28,490,657	149,368	36,385	287,875
Less: Accumulated amortization	22,073	15,798	61,485	577,932	874,867	10,673,537	31,317	10,901	99,466
Other assets	2,309,588	411,848	2,573,522	5,985,757	10,947,543	77,833,811	1,025,786	157,446	1,073,938
<b>Total liabilities</b>	<b>46,991,905</b>	<b>12,271,930</b>	<b>57,347,375</b>	<b>66,189,957</b>	<b>227,946,283</b>	<b>490,737,068</b>	<b>31,376,098</b>	<b>7,116,311</b>	<b>44,301,846</b>
Accounts payable	3,904,220	1,554,075	4,723,152	6,212,552	24,210,861	51,483,744	4,256,055	886,151	4,314,983
Mortgages, notes, and bonds payable in less than one year									
Other current liabilities	4,057,345	974,812	2,164,367	2,980,361	12,155,019	13,241,519	1,659,876	1,026,153	2,325,374
Loans from stockholders	4,420,384	1,328,056	4,489,994	7,500,388	18,569,902	23,651,592	3,594,335	621,452	3,323,670
Mortgages, notes, and bonds payable in one year or more	639,130	233,685	132,562	1,655,252	4,304,878	2,604,057	530,010	75,907	490,880
Other liabilities	2,297,063	432,548	4,017,663	6,151,902	16,761,243	114,828,913	1,650,324	144,680	2,987,776
Capital stock	3,036,247	847,802	4,255,811	2,777,910	14,692,924	15,835,334	1,687,356	567,811	2,915,354
Paid-in or capital surplus	5,723,203	1,041,309	6,396,176	5,050,937	44,260,674	67,023,140	3,747,930	797,867	6,210,230
Retained earnings, appropriated	105,554	59,042	153,259	96,214	235,827	445,857	110,809	*49,649	-217,114
Retained earnings, unappropriated	11,912,862	4,043,890	18,578,857	21,795,600	60,308,129	147,717,343	9,752,406	2,133,168	12,953,686
Less: Cost of treasury stock	421,349	208,885	626,138	1,241,995	1,741,860	6,195,297	610,852	167,477	675,645
<b>Total receipts</b>	<b>60,646,137</b>	<b>23,689,505</b>	<b>69,613,583</b>	<b>93,783,323</b>	<b>236,326,760</b>	<b>511,125,157</b>	<b>49,450,201</b>	<b>12,697,202</b>	<b>50,701,846</b>
Business receipts	57,906,442	23,199,249	66,611,890	90,265,174	223,960,319	487,355,319	48,308,961	12,474,593	48,519,073
Interest	719,944	118,437	597,184	860,996	2,674,044	6,802,320	253,310	84,401	508,758
Interest on Government obligations:									
State and local	1,779	2,215	5,479	27,860	22,601	125,343	2,142	5,687	8,860
Nonqualifying interest and dividends	16,861	2,876	3,440	27,546	9,077	*3,870	16,558	3,885	8,340
Rents	229,937	40,762	138,635	545,065	982,706	2,459,088	142,123	10,852	164,297
Royalties	47,414	14,518	241,275	228,509	1,159,717	1,857,676	52,075	6,131	129,095
Net short-term capital gain reduced by net long-term capital loss	3,173	1,552	5,359	18,135	17,336	43,565	1,161	*624	1,882
Net long-term capital gain reduced by net short-term capital loss	1,008,096	18,550	885,842	440,141	1,370,999	540,652	57,039	15,025	386,865
Net gain, noncapital assets	97,602	50,925	226,316	163,728	320,573	524,077	76,204	2,410	119,337
Dividends received from domestic corporations	82,396	20,224	186,485	163,159	1,132,155	476,633	91,969	13,286	106,217
Dividends received from foreign corporations	82,478	*732	330,473	71,337	1,893,007	4,874,363	147,972	78	176,467
Other receipts	450,014	219,465	381,203	971,674	2,784,225	6,062,250	300,690	80,230	572,656
<b>Total deductions</b>	<b>59,274,007</b>	<b>22,635,795</b>	<b>67,083,758</b>	<b>88,622,241</b>	<b>225,834,002</b>	<b>486,489,560</b>	<b>47,808,619</b>	<b>12,166,030</b>	<b>49,575,932</b>
Cost of sales and operations	43,008,364	15,912,102	45,826,791	45,936,509	140,230,991	367,064,347	33,029,167	8,478,469	32,775,737
Compensation of officers	867,187	577,653	550,411	2,541,753	1,467,876	499,744	908,673	207,621	696,657
Repairs	1,104,431	96,811	1,659,813	608,952	3,736,420	5,657,121	554,730	38,282	995,509
Bad debts	157,086	91,517	108,699	632,557	547,793	579,538	156,045	30,284	177,297
Rent paid on business property	629,673	279,721	694,864	1,432,891	2,871,941	3,849,670	513,473	311,125	606,754
Taxes paid	1,392,699	630,130	1,542,884	2,786,343	4,638,607	23,207,440	1,105,444	293,183	1,363,580
Interest paid	1,635,151	336,911	1,640,662	2,042,997	6,399,445	12,316,505	836,959	250,787	1,350,596
Contributions or gifts	29,393	18,356	62,941	155,545	237,101	269,028	27,622	12,033	39,098
Amortization	19,546	8,639	17,676	192,225	166,014	265,252	168,212	2,992	17,402
Depreciation	2,475,615	530,000	3,290,304	4,120,109	10,463,203	18,552,361	1,559,895	190,132	2,625,144
Depletion	682,628	*272	352,232	39,744	397,829	2,085,220	2,922	28	104,028
Advertising	247,065	327,610	672,997	1,261,215	7,007,170	1,118,013	508,482	258,921	315,750
Pension, profit-sharing, stock bonus, and annuity plans	250,083	164,539	547,067	999,801	2,440,044	2,070,570	415,986	83,694	531,060
Employee benefit programs	584,173	227,247	825,731	1,127,440	2,690,075	2,042,874	732,927	74,604	746,805
Net loss, noncapital assets	40,209	7,734	8,662	43,054	277,807	66,234	15,832	7,551	16,517
Other deductions	5,850,705	3,426,554	9,282,024	24,701,107	42,261,685	46,845,644	7,422,243	1,926,327	7,214,000
Total receipts less total deductions	1,372,130	1,053,710	2,529,825	5,161,082	10,492,758	24,635,597	1,641,582	531,172	1,125,914
Constructive taxable income from related foreign corporations	68,144	1,038	269,505	48,800	2,392,931	4,950,391	88,838	5,968	112,323
Net income (less deficit)	1,438,496	1,052,533	2,793,851	5,182,022	12,863,088	29,460,645	1,728,278	531,453	1,229,378
Income subject to tax	1,590,120	1,159,319	2,888,132	5,609,016	14,012,905	30,162,049	1,859,635	546,997	1,789,874
Income tax, total									
Regular and alternative tax	562,650	503,957	1,264,555	2,399,166	6,298,988	13,906,764	804,281	241,455	773,655
Tax from recomputing prior-year investment credit	534,260	500,646	1,210,228	2,377,521	6,176,820	13,788,751	795,468	240,557	748,173
Additional tax for tax preferences	20,098	58	21,955	1,823	72,248	35,516	1,118	58	8,042
Foreign tax credit	55,097	1,902	268,220	63,443	2,207,283	8,724,979	107,477	1,569	128,122
U.S. possessions tax credit	47	303	3,844	4,812	656,771	25,504	12,926	*12,986	1,911
Investment credit	136,521	40,550	245,405	322,503	569,820	1,285,865	126,677	11,246	130,679
Jobs credit	8,916	7,165	2,383	7,333	4,930	3,015	8,917	2,209	4,172
Nonconventional source fuel credit	27	192	—	—	750	17,057	114	—	306
Alcohol fuel credit	—	—	—	—	400	9	—	—	—
Research activities credit	1,762	2,128	23,420	8,577	156,702	41,824	19,791	1,280	10,452
Employee stock ownership credit	6,114	1,488	14,314	12,624	71,389	57,859	7,743	1,113	10,977
Distributions to stockholders:									
Cash and property except in own stock	571,779	123,008	1,444,504	1,515,200	6,998,199	10,629,052	378,919	162,005	647,064
Corporation's own stock	*49,096	7,618	*4,632	165,591	202,054	256,058	*29,266	44,627	*23,833

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

Table 2—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued							
	Manufacturing—Continued							
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>Number of returns, total</b>	<b>4,799</b>	<b>43,206</b>	<b>24,922</b>	<b>18,248</b>	<b>2,972</b>	<b>4,659</b>	<b>7,065</b>	<b>20,312</b>
<b>Total assets</b>	<b>157,414,431</b>	<b>99,781,267</b>	<b>191,639,443</b>	<b>211,376,152</b>	<b>170,460,743</b>	<b>72,989,921</b>	<b>42,178,990</b>	<b>30,918,886</b>
Cash	2,764,409	5,201,516	6,325,799	9,439,901	3,311,596	4,033,400	1,924,621	2,025,994
Notes and accounts receivable	26,437,810	20,292,012	50,625,415	46,207,522	89,187,305	12,929,950	10,963,133	8,045,938
Less: Allowance for bad debts	569,984	526,378	1,360,410	1,508,004	1,168,065	138,455	161,641	281,842
Inventories	16,733,561	17,487,589	33,580,456	31,807,101	13,707,237	18,620,718	8,061,197	6,000,246
Investments in Government obligations	1,082,618	930,775	6,062,706	1,766,533	5,232,284	58,167	953,196	282,005
Other current assets	4,613,512	4,592,459	10,381,580	15,883,238	3,334,780	1,860,621	2,368,247	1,341,967
Loans to stockholders	2,347,259	528,850	902,911	1,018,174	445,375	41,030	149,765	139,368
Mortgage and real estate loans	7,130,990	814,438	137,176	259,779	782,366	30,317	37,403	136,988
Other investments	31,547,873	19,092,291	34,574,692	34,721,514	20,764,135	12,402,243	4,007,924	4,395,933
Depreciable assets	88,279,773	47,116,589	82,237,174	78,676,445	64,053,781	33,884,490	20,720,128	10,772,439
Less: Accumulated depreciation	42,925,801	22,983,251	39,001,880	36,426,819	35,683,936	14,904,872	9,287,699	4,606,527
Depletable assets	5,273,307	345,000	597,483	1,340,925	*18,876	*109,707	*5,693	*24,469
Less: Accumulated depletion	1,114,747	117,292	137,018	313,702	*6,491	*12,941	*3,402	*7,274
Land	2,097,893	1,289,736	1,398,118	1,561,597	825,154	588,219	611,736	377,965
Intangible assets (amortizable)	1,659,611	1,144,920	1,578,763	2,079,769	363,607	1,056,235	670,046	448,891
Less: Accumulated amortization	327,752	224,682	477,565	548,273	119,369	117,177	156,730	90,611
Other assets	12,384,099	4,796,696	4,214,044	7,409,454	5,412,107	2,548,269	1,315,374	1,912,936
<b>Total liabilities</b>	<b>157,414,431</b>	<b>99,781,267</b>	<b>191,639,443</b>	<b>211,376,152</b>	<b>170,460,743</b>	<b>72,989,921</b>	<b>42,178,990</b>	<b>30,918,886</b>
Accounts payable	14,755,012	11,918,614	23,015,295	28,089,503	21,408,844	12,872,413	4,903,744	3,508,890
Mortgages, notes, and bonds payable in less than one year	13,063,680	6,408,567	13,127,136	20,909,617	38,611,068	3,739,718	2,628,493	4,057,806
Other current liabilities	17,882,536	9,848,343	22,086,852	23,251,747	14,298,003	11,794,452	4,718,946	2,756,951
Loans from stockholders	3,619,113	1,508,126	4,434,802	2,156,378	1,342,465	777,735	498,651	725,285
Mortgages, notes, and bonds payable in one year or more	35,380,333	17,349,676	38,106,100	28,966,937	39,956,445	12,418,967	4,723,805	6,102,433
Other liabilities	19,450,209	10,107,739	9,639,867	29,404,474	9,066,279	6,028,488	1,728,299	1,390,096
Capital stock	10,985,479	5,948,185	14,724,812	11,553,479	5,764,478	4,886,323	2,970,807	2,206,830
Paid-in or capital surplus	18,448,898	11,453,591	23,445,335	22,805,037	11,731,761	6,298,695	5,825,813	4,301,280
Retained earnings, appropriated	505,039	504,153	348,923	1,123,240	1,791,226	*141,610	435,278	179,780
Retained earnings, unappropriated	24,200,245	26,784,733	44,024,389	44,274,245	26,644,409	15,653,806	14,055,285	6,091,248
Less: Cost of treasury stock	886,112	2,050,459	1,314,070	1,158,505	154,234	1,622,286	310,132	401,714
<b>Total receipts</b>	<b>134,975,973</b>	<b>125,032,339</b>	<b>179,634,132</b>	<b>207,754,342</b>	<b>171,175,636</b>	<b>98,614,704</b>	<b>50,721,267</b>	<b>40,150,520</b>
Business receipts	127,150,503	120,325,175	151,642,648	193,065,826	162,379,575	93,748,372	47,936,967	38,737,451
Interest	4,080,906	1,412,764	3,849,307	4,367,291	4,994,787	1,256,586	507,473	548,059
Interest on Government obligations:								
State and local	33,913	54,378	306,175	237,730	33,161	2,900	12,594	3,414
Nonqualifying interest and dividends	5,255	38,617	23,272	15,128	4,277	5,467	8,720	13,885
Rents	451,522	724,621	13,361,152	2,307,947	1,194,630	519,581	373,525	122,530
Royalties	140,402	141,391	2,855,367	693,294	79,529	215,822	208,450	85,156
Net short-term capital gain reduced by net long-term capital loss	52,669	14,907	39,301	41,881	4,025	2,959	9,264	5,306
Net long-term capital gain reduced by net short-term capital loss	719,185	395,434	337,775	955,811	148,380	204,037	167,038	96,804
Net gain, noncapital assets	377,424	188,063	271,316	281,603	239,635	160,109	30,459	56,137
Dividends received from domestic corporations	332,535	290,216	1,142,389	2,089,917	658,678	1,177,395	517,490	75,034
Dividends received from foreign corporations	204,481	417,625	1,471,897	573,146	275,812	115,610	370,295	37,527
Other receipts	1,427,179	1,029,148	4,333,534	3,124,767	1,163,146	1,205,866	578,992	369,217
<b>Total deductions</b>	<b>140,379,672</b>	<b>122,068,857</b>	<b>174,183,721</b>	<b>200,712,975</b>	<b>166,184,801</b>	<b>95,781,343</b>	<b>48,495,031</b>	<b>39,998,800</b>
Cost of sales and operations	99,831,322	83,515,066	95,175,513	126,408,358	114,620,597	68,041,384	27,688,185	25,464,083
Compensation of officers	697,134	3,373,084	2,326,202	1,978,392	386,312	568,338	634,905	985,809
Repairs	4,307,124	865,953	1,204,285	1,163,386	1,183,889	79,887	810,183	232,471
Bad debts	464,130	438,766	784,641	848,563	596,414	136,653	111,490	227,502
Rent paid on business property	1,374,978	1,425,225	2,529,162	2,459,468	1,794,799	1,001,468	575,507	517,332
Taxes paid	3,842,775	3,308,986	5,155,950	5,108,410	4,200,260	2,374,102	1,245,718	1,040,580
Interest paid	6,686,647	3,101,293	7,154,881	7,529,775	9,291,313	2,246,351	1,111,315	1,309,182
Contributions or gifts	18,370	64,827	136,925	143,075	144,837	68,839	74,009	21,000
Amortization	45,779	79,387	130,882	202,097	45,039	50,012	36,118	73,167
Depreciation	5,525,454	4,488,135	9,266,350	9,284,478	7,911,198	3,618,162	2,488,771	1,246,824
Depletion	576,924	41,725	33,596	104,169	5,691	25,392	*2,851	4,058
Advertising	427,572	969,549	1,497,228	2,668,938	1,639,631	338,915	1,262,503	937,330
Pension, profit-sharing, stock bonus, and annuity plans	1,860,827	1,103,111	2,196,449	2,474,268	4,211,089	1,437,228	572,464	275,875
Employee benefit programs	2,211,669	1,772,629	3,025,276	3,785,972	4,951,253	1,482,328	921,880	553,982
Net loss, noncapital assets	213,863	80,596	175,051	93,133	4,312	31,459	26,094	22,685
Other deductions	12,295,103	17,440,505	43,391,331	36,454,493	15,198,168	13,561,840	10,933,039	7,086,720
Total receipts less total deductions	-5,403,698	2,963,483	5,450,410	7,041,367	4,990,834	2,833,361	2,226,236	151,720
Constructive taxable income from related foreign corporations	86,746	295,003	1,990,990	595,046	265,016	163,542	344,724	37,137
Net income (less deficit)	-5,350,866	3,204,107	7,135,225	7,398,683	5,222,690	2,994,003	2,558,366	185,442
Income subject to tax	942,514	4,965,441	11,271,315	8,035,522	5,677,983	2,760,892	2,983,308	1,404,858
Income tax, total	455,470	2,069,425	5,126,663	3,581,341	2,631,835	1,246,987	1,346,852	583,277
Regular and alternative tax	422,477	2,044,051	5,035,382	3,512,816	2,594,872	1,225,307	1,325,136	576,244
Tax from recomputing prior-year investment credit	18,247	22,145	77,029	39,810	35,380	10,585	15,625	5,753
Additional tax for tax preferences	14,723	3,217	14,451	28,897	1,581	11,095	6,091	1,214
Foreign tax credit	91,886	305,766	2,208,876	549,767	257,219	145,774	344,524	15,523
U.S. possessions tax credit	2,102	19,559	29,053	363,890	1,756	4,200	123,003	42,837
Investment credit	51,349	194,259	387,038	380,936	948,422	333,160	248,344	51,398
Jobs credit	2,794	11,165	7,475	12,281	7,040	5,878	2,002	2,947
Nonconventional source fuel credit	—	1	34	16	—	—	—	149
Alcohol fuel credit	—	23	466	*1,728	—	—	52	2
Research activities credit	2,932	23,149	223,651	159,290	132,412	71,896	89,606	7,220
Employee stock ownership credit	1,394	7,563	60,304	36,339	107,463	22,018	25,558	3,401
Distributions to stockholders:								
Cash and property except in own stock	1,146,053	1,329,526	4,281,498	3,956,656	1,388,741	1,106,365	1,454,966	362,582
Corporation's own stock	5,627	103,461	126,302	83,875	71,099	*8,063	*10,614	*52,490

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

Table 2—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued								
	Transportation and public utilities				Wholesale and retail trade				
	Total		Transportation	Communication	Electric, gas, and sanitary services	Total		Groceries and related products	Machinery, equipment, and supplies
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
<b>Number of returns, total</b>	<b>122,567</b>	<b>96,014</b>	<b>13,549</b>	<b>13,004</b>	<b>851,785</b>	<b>283,602</b>	<b>23,089</b>	<b>51,180</b>	<b>209,332</b>
<b>Total assets</b>	<b>998,870,785</b>	<b>227,557,980</b>	<b>268,877,366</b>	<b>502,435,440</b>	<b>804,242,963</b>	<b>405,275,827</b>	<b>29,491,879</b>	<b>64,284,591</b>	<b>311,499,358</b>
Cash	10,311,003	2,534,422	4,147,105	48,460,707	23,135,083	2,011,375	3,683,604	17,440,105	
Notes and accounts receivable	92,982,207	31,741,269	21,509,703	39,731,234	199,559,579	118,512,557	8,845,142	18,628,211	91,039,204
Less: Allowance for bad debts	1,490,125	647,828	377,951	464,346	4,246,340	2,508,176	207,048	466,896	1,834,232
Inventories	30,052,453	5,884,579	6,600,222	17,567,652	237,519,820	115,852,340	7,637,362	18,713,620	89,601,359
Investments in Government obligations	11,719,239	3,001,708	6,214,390	2,503,142	19,888,940	12,720,978	137,574	135,210	12,448,195
Other current assets	31,219,819	10,238,706	7,906,361	13,074,752	27,377,299	15,816,407	871,843	3,431,549	11,513,014
Loans to stockholders	2,304,770	1,146,174	700,162	458,433	9,632,893	4,743,255	315,674	467,795	3,959,786
Mortgage and real estate loans	1,187,640	781,273	121,352	285,015	6,761,262	1,791,112	165,019	131,770	1,494,322
Other investments	102,098,191	37,370,689	25,578,206	39,149,296	74,771,694	44,437,334	1,912,862	8,170,142	34,354,330
Depreciable assets	901,873,974	176,892,991	246,818,958	478,062,024	246,664,835	93,284,476	11,269,652	15,627,044	66,387,480
Less: Accumulated depreciation	239,053,023	61,937,662	59,295,760	117,801,600	108,473,188	42,539,532	5,089,784	7,204,844	30,244,904
Depletable assets	9,360,365	764,995	*6,347	8,589,024	3,476,196	3,186,791	*63,744	52,635	3,070,413
Less: Accumulated depletion	3,014,106	233,686	*2,569	2,777,851	1,250,518	1,187,736	*12,813	16,039	1,158,884
Land	6,286,091	2,688,110	899,743	2,698,238	15,838,187	5,465,892	487,229	689,513	4,289,150
Intangible assets (amortizable)	7,846,227	3,777,923	3,035,492	1,032,812	7,287,783	2,770,361	289,538	320,043	2,160,780
Less: Accumulated amortization	2,035,303	1,318,465	345,329	281,510	2,129,390	753,167	115,705	86,038	551,424
Other assets	30,521,837	6,996,199	7,063,619	16,462,020	23,103,212	10,447,851	909,915	2,007,271	7,530,665
<b>Total liabilities</b>	<b>998,870,785</b>	<b>227,557,980</b>	<b>268,877,366</b>	<b>502,435,440</b>	<b>804,242,963</b>	<b>405,275,827</b>	<b>29,491,879</b>	<b>64,284,591</b>	<b>311,499,358</b>
Accounts payable	61,365,901	20,240,249	13,139,431	27,986,221	137,334,160	79,971,248	7,682,978	11,644,325	60,643,946
Mortgages, notes, and bonds payable in less than one year	43,732,773	12,509,770	7,280,091	23,942,912	141,785,806	82,022,194	3,090,094	10,470,064	68,462,036
Other current liabilities	88,991,362	25,073,674	36,234,921	27,682,766	83,818,826	36,091,732	2,368,646	4,558,203	29,164,882
Loans from stockholders	7,031,383	3,337,818	2,610,432	1,083,134	27,166,790	11,278,935	842,480	1,561,483	8,874,972
Mortgages, notes, and bonds payable in one year or more	306,356,849	58,287,655	75,567,307	172,501,888	119,681,889	47,655,618	4,595,335	8,241,168	34,819,116
Other liabilities	97,108,384	22,739,049	20,461,515	53,907,820	28,583,104	10,888,852	988,204	2,027,775	7,872,874
Capital stock	156,415,831	15,792,018	50,266,492	90,357,322	45,457,731	22,218,200	1,650,407	3,058,347	17,509,446
Paid-in or capital surplus	90,782,693	30,737,442	17,878,658	42,166,593	45,416,426	21,347,928	1,397,792	3,725,184	16,224,852
Retained earnings, appropriated	2,344,521	485,394	420,061	1,439,067	2,316,186	1,232,236	80,745	185,338	966,153
Retained earnings, unappropriated	148,357,620	40,982,258	45,719,350	61,656,012	182,008,900	97,343,342	7,252,591	19,788,459	70,302,293
Less: Cost of treasury stock	3,616,534	2,627,347	700,892	288,295	9,976,852	4,774,358	457,393	975,754	3,341,211
<b>Total receipts</b>	<b>657,421,487</b>	<b>235,696,387</b>	<b>140,697,444</b>	<b>281,027,656</b>	<b>2,119,444,862</b>	<b>1,078,473,578</b>	<b>154,751,083</b>	<b>103,507,108</b>	<b>820,215,387</b>
Business receipts	627,836,585	219,761,291	135,829,885	272,245,409	2,071,264,407	1,056,170,334	152,796,919	99,186,778	804,186,636
Interest	9,239,377	3,594,950	1,542,224	4,102,202	14,335,987	8,118,954	390,676	1,433,582	6,294,695
Interest on Government obligations:									
State and local	186,005	68,981	6,332	110,692	186,813	95,749	2,846	15,043	77,860
Nonqualifying interest and dividends	65,696	43,431	17,205	5,080	526,712	236,357	19,280	33,272	183,804
Rents	4,534,240	2,795,084	1,015,296	723,860	7,758,951	2,470,867	275,195	924,978	1,270,694
Royalties	439,491	226,659	121,540	91,292	628,117	223,869	27,069	72,126	124,674
Net short-term capital gain reduced by net long-term capital loss	140,361	55,651	76,197	8,513	189,179	83,525	5,359	13,979	64,187
Net long-term capital gain reduced by net short-term capital loss	2,932,536	1,564,379	457,428	920,729	2,543,395	1,084,011	52,601	154,766	876,644
Net gain, noncapital assets	1,800,324	1,303,175	309,077	188,073	1,632,946	681,803	31,804	147,971	502,029
Dividends received from domestic corporations	697,483	242,883	277,358	177,242	1,238,091	827,434	32,863	84,032	710,539
Dividends received from foreign corporations	141,478	39,571	49,888	52,019	353,620	242,649	*2,702	6,965	232,982
Other receipts	9,407,912	6,010,333	985,014	2,402,565	18,766,555	8,238,027	1,113,768	1,433,615	5,690,643
<b>Total deductions</b>	<b>638,194,372</b>	<b>233,515,861</b>	<b>134,608,087</b>	<b>270,070,424</b>	<b>2,084,482,953</b>	<b>1,059,412,612</b>	<b>153,352,285</b>	<b>100,162,590</b>	<b>805,897,737</b>
Cost of sales and operations	339,191,696	122,013,699	45,234,348	171,943,649	1,626,952,423	890,819,871	133,049,906	73,561,778	684,208,187
Compensation of officers	4,751,661	3,213,640	745,120	792,900	32,055,921	15,227,024	1,541,256	2,596,533	11,089,236
Repairs	28,279,445	4,370,141	15,969,275	7,940,029	7,525,688	2,521,423	457,630	322,916	1,740,878
Bad debts	3,095,332	623,156	1,469,212	1,002,864	4,854,098	2,673,785	208,709	514,271	1,950,806
Rent paid on business property	14,014,000	9,438,753	2,853,511	1,721,737	30,965,219	7,242,852	972,067	1,031,280	5,239,505
Taxes paid	28,250,600	7,541,110	6,957,652	13,751,837	29,346,330	10,980,266	1,143,729	1,326,367	8,510,170
Interest paid	36,787,550	7,052,347	8,306,553	21,428,650	27,598,584	13,221,576	908,743	2,150,501	10,162,332
Contributions or gifts	440,128	136,491	188,181	115,455	558,166	22,504	21,167	34,713	166,624
Amortization	578,282	172,065	214,269	191,948	592,223	184,821	14,563	24,841	145,417
Depreciation	56,161,802	14,749,239	21,676,985	19,735,578	27,667,908	10,783,071	1,202,692	2,100,793	7,479,586
Depletion	578,104	133,740	3,358	441,006	181,789	135,615	3,027	6,344	126,244
Advertising	3,128,800	1,463,348	1,430,049	235,403	22,195,260	5,194,551	519,184	625,084	4,050,283
Pension, profit-sharing, stock bonus, and annuity plans	8,149,874	2,316,035	3,560,278	2,273,561	5,929,933	2,816,616	363,289	414,144	2,039,183
Employee benefit programs	7,497,579	2,851,572	3,034,897	1,611,111	8,027,297	2,851,712	437,209	509,368	1,905,134
Net loss, noncapital assets	1,044,145	104,762	383,394	555,989	570,417	302,877	17,304	29,516	256,057
Other deductions	106,245,374	57,335,765	22,581,004	26,328,605	259,461,700	94,234,050	12,491,811	14,914,141	66,828,097
Total receipts less total deductions	19,227,115	2,180,526	6,089,357	10,957,232	34,961,910	19,060,966	1,398,798	3,344,517	14,317,651
Constructive taxable income from related foreign corporations	451,204	111,709	176,878	162,617	517,774	345,474	4,047	9,072	332,355
Net income (less deficit)	19,492,314	2,223,253	6,259,904	11,009,157	35,292,870	19,310,692	1,399,999	3,336,547	14,572,145
Income subject to tax	25,612,414	5,954,014	7,093,314	12,565,086	33,503,250	14,488,651	1,333,449	1,895,744	11,259,459
Income tax, total	11,621,625	2,400,481	3,520,678	5,700,466	12,910,870	5,625,841	531,847	708,220	4,385,574
Regular and alternative tax	11,302,039	2,329,859	3,353,424	5,618,757	12,729,896	5,548,961	525,214	687,743	4,336,004
Tax from recomputing prior-year investment credit	247,197	27,905	164,186	55,105	153,185	65,663	6,373	19,832	39,459
Additional tax for tax preferences	66,479	36,807	3,068	26,604	26,943	10,752	256	643	9,852
Foreign tax credit	220,579	35,915	124,007	60,656	309,038	212,565	*334	7,919	204,312
U.S. possessions tax credit	54,498	—	54,498	—	54,236	51,144	8,374	131	42,640
Investment credit	5,490,444	804,496	2,047,099	2,638,849	1,605,589	556,485	75,414	118,879	362,193
Jobs credit	17,529	9,936	2,780	4,813	164,500	17,810	2,846	1,792	13,172
Nonconventional source fuel credit	3,808	383	1	3,424	58	41	—	—	41
Alcohol fuel credit	326	—	307	19	*1,666	*1,541	—	107	*1,434
Research activities credit	151,196	3,623	132,639	14,934	24,051	14,909	457	4,079	10,372
Employee stock ownership credit	253,272	10,833	176,115	66,324	98,341	6,039</			

## RETURNS OF ACTIVE CORPORATIONS

Table 2—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued										
	Wholesale and retail trade—Continued									Wholesale and retail trade not allocable	
	Retail trade										
	Total	Building materials, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores		
(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)		
<b>Number of returns, total .....</b>	<b>565,673</b>	<b>43,139</b>	<b>11,353</b>	<b>49,468</b>	<b>84,369</b>	<b>43,429</b>	<b>35,281</b>	<b>115,996</b>	<b>182,639</b>	<b>2,510</b>	
<b>Total assets .....</b>	<b>397,570,118</b>	<b>25,090,634</b>	<b>122,088,639</b>	<b>48,719,219</b>	<b>62,366,645</b>	<b>23,614,996</b>	<b>16,186,122</b>	<b>40,644,874</b>	<b>58,858,990</b>	<b>1,397,017</b>	
Cash .....	25,244,277	2,107,155	3,272,330	3,394,002	4,528,751	2,040,809	1,441,189	2,948,322	5,511,718	81,347	
Notes and accounts receivable .....	80,628,327	5,384,730	42,927,652	4,332,659	9,009,033	3,261,366	3,966,144	2,509,462	9,237,281	418,695	
Less: Allowance for bad debts .....	1,728,788	200,585	663,942	36,584	212,125	83,307	146,972	51,205	334,069	9,376	
Inventories .....	121,234,933	9,918,853	25,421,301	13,760,247	30,740,982	9,098,997	6,499,046	2,013,814	23,780,693	332,547	
Investments in Government obligations .....	7,167,961	50,422	6,257,757	348,175	47,980	11,950	58,221	92,325	193,452		
Other current assets .....	11,456,794	581,499	2,329,370	1,612,263	1,827,254	1,170,393	500,299	1,596,666	1,839,050	104,099	
Loans to stockholders .....	4,867,504	244,697	443,923	306,808	757,374	892,132	231,686	1,024,337	966,546	22,134	
Mortgage and real estate loans .....	4,935,672	266,796	3,727,349	134,921	190,042	44,551	65,448	297,191	209,374	*34,479	
Other investments .....	30,197,189	1,174,419	12,851,803	3,478,376	1,885,472	1,914,022	855,421	5,320,996	2,716,680	137,171	
Depreciable assets .....	152,980,277	8,288,212	32,012,410	30,654,228	19,683,496	6,835,151	3,917,845	30,051,557	21,537,467	400,082	
Less: Accumulated depreciation .....	65,731,031	4,141,603	11,537,606	13,312,250	9,424,565	3,178,813	1,866,920	11,962,977	10,306,297	202,625	
Depletable assets .....	282,434	29,180	*459	88,836	92,689	*1,829	*14,611	29,123	25,707	6,971	
Less: Accumulated depletion .....	61,116	*4,835	*423	*5,967	30,003	*234	*3,421	*5,474	10,759	1,665	
Land .....	10,350,461	807,311	1,882,694	1,687,364	1,744,713	256,478	250,851	2,598,543	1,122,507	21,824	
Intangible assets (amortizable) .....	4,501,593	86,268	679,010	738,621	315,060	249,275	73,533	1,412,109	947,717	15,830	
Less: Accumulated amortization .....	1,372,838	37,506	101,577	228,330	112,766	87,181	21,252	466,785	317,442	3,385	
Other assets .....	16,484,525	535,708	2,586,128	1,765,852	1,323,276	1,078,876	350,393	3,236,871	1,739,366	38,890	
<b>Total liabilities .....</b>	<b>397,570,118</b>	<b>25,090,634</b>	<b>122,088,639</b>	<b>48,719,219</b>	<b>62,366,645</b>	<b>23,614,996</b>	<b>16,186,122</b>	<b>40,644,874</b>	<b>58,858,990</b>	<b>1,397,017</b>	
Accounts payable .....	57,052,994	3,842,546	11,673,035	11,182,607	6,718,235	4,284,320	2,952,494	4,105,018	12,294,737	309,917	
Mortgages, notes, and bonds payable in less than one year .....	59,608,891	3,210,374	18,664,364	1,892,839	23,470,602	1,436,236	1,745,962	3,031,344	6,157,170	154,720	
Other current liabilities .....	47,637,180	1,897,077	24,461,812	4,546,810	4,877,022	2,024,532	1,638,317	3,264,324	4,927,285	89,914	
Loans from stockholders .....	16,484,525	1,145,972	94,595	1,252,216	2,578,390	978,288	1,013,607	4,129,466	4,436,991	54,330	
Mortgages, notes, and bonds payable in one year or more .....	71,708,368	3,868,982	22,552,584	10,759,678	8,472,114	3,425,458	2,165,949	11,243,322	9,220,281	317,903	
Other liabilities .....	17,557,932	1,931,144	7,049,119	1,936,120	1,173,905	695,666	768,397	2,467,797	1,535,763	136,320	
Capital stock .....	23,153,747	1,929,962	3,873,206	2,788,177	4,193,756	1,888,564	1,248,451	2,782,891	4,448,741	85,783	
Paid-in or capital surplus .....	24,011,185	1,209,621	6,630,970	3,227,324	1,685,134	2,026,097	593,846	4,833,576	3,804,618	57,413	
Retained earnings, appropriated .....	1,072,828	73,733	143,912	111,450	143,108	46,180	250,664	63,010	240,772	*11,123	
Retained earnings, unappropriated .....	84,456,151	6,503,246	26,459,387	11,690,376	10,189,358	7,141,568	4,144,543	5,564,341	12,763,332	209,407	
Less: Cost of treasury stock .....	5,172,680	522,023	368,343	668,379	1,134,979	331,934	336,107	840,214	970,701	29,813	
<b>Total receipts .....</b>	<b>1,037,357,126</b>	<b>58,365,826</b>	<b>150,281,310</b>	<b>227,839,754</b>	<b>275,246,462</b>	<b>50,197,666</b>	<b>34,047,996</b>	<b>81,186,687</b>	<b>160,211,426</b>	<b>3,614,159</b>	
Business receipts .....	1,011,565,783	56,879,388	142,240,935	224,566,956	270,893,778	49,060,555	33,004,397	77,704,752	157,215,023	3,528,290	
Interest .....	6,202,094	367,213	2,887,315	440,066	903,557	341,419	245,324	389,074	628,126	14,940	
Interest on Government obligations:											
State and local .....	91,064	12,101	5,652	8,028	13,110	13,878	4,076	10,682	23,538	*1	
Nonqualifying interest and dividends .....	289,865	19,726	4,746	25,358	111,964	15,983	20,558	32,168	59,361	*491	
Rents .....	5,276,975	262,836	1,692,729	539,873	802,435	133,907	171,022	1,145,484	528,690	11,109	
Royalties .....	404,247	5,596	19,665	18,212	4,528	13,551	*20,366	264,674	57,655	(*)	
Net short-term capital gain reduced by net long-term capital loss .....	103,852	3,664	5,662	38,974	10,157	9,160	2,994	12,603	20,639	*1,801	
Net long-term capital gain reduced by net short-term capital loss .....	1,441,396	83,228	373,191	344,969	137,569	45,642	70,155	195,118	191,525	17,978	
Net gain, noncapital assets .....	948,767	61,418	175,266	129,939	237,099	14,880	19,116	131,958	179,092	2,375	
Dividends received from domestic corporations .....	406,281	12,421	203,797	43,519	12,025	52,074	36,008	20,779	25,657	*4,376	
Dividends received from foreign corporations .....	108,557	*24	35,265	*58,828	4,074	*601	*1,002	2,055	6,707	*2,415	
Other receipts .....	10,518,245	658,210	2,617,086	1,625,032	2,116,166	496,017	452,979	1,277,341	1,275,414	30,363	
<b>Total deductions .....</b>	<b>1,021,476,516</b>	<b>57,322,703</b>	<b>146,449,119</b>	<b>225,414,467</b>	<b>272,766,749</b>	<b>48,522,847</b>	<b>32,981,922</b>	<b>80,041,426</b>	<b>157,977,282</b>	<b>3,593,825</b>	
Cost of sales and operations .....	733,490,899	41,486,420	91,126,719	173,773,252	231,957,805	29,183,035	21,012,053	34,775,498	110,176,018	2,641,653	
Compensation of officers .....	16,720,787	1,541,091	596,960	1,475,440	3,639,407	1,290,394	1,208,194	2,462,066	4,507,234	108,109	
Repairs .....	4,995,937	281,253	769,599	1,223,308	647,662	167,836	124,522	1,135,495	646,262	8,328	
Bad debts .....	2,169,683	276,810	587,207	147,728	319,022	121,388	164,919	136,769	415,839	10,630	
Rent paid on business property .....	23,658,469	870,320	3,839,988	3,450,562	2,398,147	3,029,045	1,108,297	4,583,293	4,378,818	63,898	
Taxes paid .....	18,322,170	1,094,146	3,557,217	2,969,555	2,844,274	1,135,537	694,189	3,139,976	2,887,276	43,894	
Interest paid .....	14,325,398	960,973	5,209,506	1,207,993	2,474,594	697,769	435,292	1,613,833	1,725,438	51,610	
Contributions or gifts .....	334,910	23,037	115,193	43,055	39,275	29,065	16,758	20,947	47,580	752	
Amortization .....	405,727	10,197	48,745	32,123	35,739	30,451	10,433	127,732	110,307	1,675	
Depreciation .....	16,837,129	868,100	3,265,411	3,062,715	2,846,745	737,419	441,695	3,086,432	2,528,613	47,707	
Depletion .....	46,173	6,395	*1,678	3,337	14,072	*2,774	*437	10,375	7,105	*1	
Advertising .....	16,975,223	819,329	4,011,649	2,928,038	2,323,249	1,225,564	1,303,472	1,990,431	2,773,491	25,485	
Pension, profit-sharing, stock bonus, and annuity plans .....	3,079,790	215,885	910,150	650,893	287,129	194,501	105,835	218,799	514,597	15,528	
Employee benefit programs .....	5,159,155	231,680	765,644	1,836,845	858,552	245,775	130,618	407,486	682,556	16,430	
Net loss, noncapital assets .....	264,455	19,971	29,509	41,954	22,098	19,379	7,226	62,346	61,973	*3,086	
Other deductions .....	164,672,611	8,617,095	31,613,942	32,967,671	22,058,881	10,412,914	6,217,983	26,269,949	26,514,176	555,039	
Total receipts less total deductions .....	15,880,610	1,043,124	3,812,191	2,425,286	2,479,712	1,674,818	1,066,074	1,145,261	2,234,144	20,334	
Constructive taxable income from related foreign corporations .....											
Net income (less deficit) .....	15,959,755	1,031,023	3,902,553	2,455,950	2,468,638	1,661,581	1,078,406	1,140,547	2,221,056	22,424	
Income subject to tax .....	18,955,709	1,428,396	3,885,701	2,662,320	2,545,837	1,918,868	1,115,671	2,032,104	3,366,812	58,889	
Income tax, total .....	7,267,261	505,346	1,727,481	1,109,901	843,465	755,855	401,997	757,659	1,165,557	17,968	
Regular and alternative tax .....	7,163,509	501,500	1,694,066	1,096,940	824,245	752,193	399,225	745,060	1,150,281	17,426	
Tax from recomputing prior-year investment credit .....	87,225	3,454	22,016	12,019	18,011	2,500	2,526	11,911	14,799	296	
Additional tax for tax preferences .....	15,946	*392	11,399	922	907	1,138	*129	647	412	246	
Foreign tax credit .....	96,270	*2	37,648	41,042	*1,291	*2,884	*1,981	7,855	3,568	*203	
U.S. possessions tax credit .....	3,092	—	—	2,708	—	9	—	352	23	—	
Investment credit .....	1,046,946	44,991	294,582	237,923	138,063	53,169	21,752	122,236	134,830	2,157	
Jobs credit .....	146,490	2,887	30,974								

## Corporation Returns/1983

## RETURNS OF ACTIVE CORPORATIONS

Table 2—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued							
	Finance, insurance, and real estate							
	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
<b>Number of returns, total .....</b>	<b>479,656</b>	<b>13,408</b>	<b>30,871</b>	<b>11,889</b>	<b>9,138</b>	<b>54,450</b>	<b>312,872</b>	<b>46,927</b>
<b>Total assets .....</b>	<b>5,487,225,439</b>	<b>2,752,806,484</b>	<b>977,329,262</b>	<b>194,713,711</b>	<b>936,713,238</b>	<b>24,530,861</b>	<b>182,809,751</b>	<b>418,322,132</b>
Cash .....	410,284,773	326,018,720	32,997,268	3,905,810	16,435,298	4,049,026	11,469,743	15,408,907
Notes and accounts receivable .....	1,779,121,497	1,461,085,145	142,943,300	74,452,440	50,098,589	6,164,040	18,737,506	25,640,477
Less: Allowance for bad debts .....	32,649,703	18,498,296	12,410,536	167,780	780,865	78,144	459,786	254,297
Inventories .....	12,064,445	83,084	1,259,157	257,580	2,245,129	44,636	5,308,145	2,866,713
Investments in Government obligations .....	624,896,451	368,364,896	53,199,163	16,147,667	131,271,019	2,488,100	1,906,983	51,518,623
Other current assets .....	246,652,358	86,550,219	17,983,652	46,320,870	61,472,260	1,279,109	11,585,583	21,460,665
Loans to stockholders .....	9,616,753	1,434,731	1,715,837	212,307	840,454	509,188	3,075,594	1,828,641
Mortgage and real estate loans .....	954,104,812	184,566,709	619,757,827	485,554	128,616,503	133,939	12,574,736	7,989,743
Other investments .....	1,069,566,564	187,085,168	71,985,213	47,894,533	457,793,450	5,065,618	29,604,408	270,138,175
Depreciable assets .....	193,098,007	54,385,204	17,904,627	3,281,390	17,511,692	3,640,042	80,372,853	16,002,200
Less: Accumulated depreciation .....	59,433,980	15,966,519	5,323,431	999,468	3,250,261	1,632,756	27,465,911	4,795,635
Depletable assets .....	2,417,069	71,329	434,199	49,769	*35,777	*8,889	582,148	1,234,957
Less: Accumulated depletion .....	391,069	3,400	66,950	12,776	*4,217	*4,303	114,540	184,882
Land .....	38,786,531	4,775,396	3,353,258	124,280	1,199,688	187,472	26,059,439	3,146,998
Intangible assets (amortizable) .....	11,839,442	2,985,452	3,428,194	291,439	1,871,185	959,094	1,163,252	1,140,825
Less: Accumulated amortization .....	1,747,887	409,396	214,314	81,612	216,450	222,339	367,955	235,822
Other assets .....	228,999,378	110,278,042	28,382,998	2,551,710	71,633,965	1,939,249	8,777,553	5,435,841
<b>Total liabilities .....</b>	<b>5,487,225,439</b>	<b>2,752,806,484</b>	<b>977,329,262</b>	<b>194,713,711</b>	<b>936,713,238</b>	<b>24,520,861</b>	<b>182,809,751</b>	<b>418,322,132</b>
Accounts payable .....	150,749,370	28,788,770	10,238,209	68,890,111	19,347,160	7,383,703	6,287,279	9,814,138
Mortgages, notes, and bonds payable in less than one year .....	334,750,320	161,230,893	103,467,312	18,444,415	17,192,400	1,348,650	22,976,587	10,090,063
Other current liabilities .....	3,070,320,005	2,168,489,707	660,064,860	81,089,071	126,908,542	5,021,366	10,305,842	18,440,617
Loans from stockholders .....	38,745,498	16,982,387	3,011,283	712,688	2,583,126	356,195	11,681,998	3,417,820
Mortgages, notes, and bonds payable in one year or more .....	343,429,407	90,352,437	126,706,353	5,017,330	19,879,092	2,668,422	74,150,117	24,655,655
Other liabilities .....	732,424,375	77,543,380	33,834,897	8,046,399	588,680,367	2,056,326	13,783,222	8,479,784
Capital stock .....	424,784,739	37,939,883	8,525,224	1,794,307	10,508,655	1,237,399	15,337,754	349,441,518
Paid-in capital surplus .....	359,810,916	70,480,103	13,178,999	4,364,349	43,331,509	1,657,633	22,014,729	204,783,594
Retained earnings, appropriated .....	38,391,473	4,554,871	5,844,954	136,293	22,462,593	320,957	703,905	4,367,900
Retained earnings, unappropriated .....	236,018,200	97,957,848	13,143,967	6,464,770	87,338,118	3,197,522	7,859,894	20,056,081
Less: Cost of treasury stock .....	242,198,863	1,513,795	686,796	246,023	1,518,323	717,312	2,291,575	235,225,038
<b>Total receipts .....</b>	<b>902,822,472</b>	<b>314,227,811</b>	<b>108,324,292</b>	<b>35,109,104</b>	<b>287,735,810</b>	<b>21,360,197</b>	<b>66,701,987</b>	<b>69,363,292</b>
Business receipts .....	362,627,365	35,382,170	15,142,252	15,160,903	210,251,393	19,921,116	40,874,205	25,895,326
Interest .....	424,302,770	251,666,326	86,725,349	9,097,834	48,249,064	619,796	3,882,073	24,062,328
Interest on Government obligations:								
State and local .....	15,084,656	8,650,910	181,903	136,637	4,600,048	46,962	80,869	1,387,326
Nonqualifying interest and dividends .....	550,554	—	128,876	56,301	*6,895	42,306	234,400	81,776
Rents .....	23,486,685	5,402,578	1,304,675	577,550	4,082,629	126,819	10,489,776	1,502,658
Royalties .....	905,228	23,897	73,158	38,227	38,485	*3,393	333,247	394,821
Net short-term capital gain reduced by net long-term capital loss .....	4,154,857	179,198	90,174	191,735	1,011,906	18,586	149,816	2,513,442
Net long-term capital gain reduced by net short-term capital loss .....	16,089,126	1,655,222	678,976	259,484	3,417,201	112,949	2,739,666	7,225,627
Net gain, noncapital assets .....	14,919,228	1,383,255	1,190,978	7,592,984	280,417	33,617	4,078,724	359,252
Dividends received from domestic corporations .....	7,260,908	526,467	76,391	227,470	3,869,425	42,353	226,174	2,292,628
Dividends received from foreign corporations .....	770,476	196,249	202,604	34,262	106,566	36,404	1,426	192,965
Other receipts .....	32,670,620	9,161,539	2,528,956	1,735,718	11,821,781	355,886	3,611,589	3,455,142
<b>Total deductions .....</b>	<b>856,678,689</b>	<b>302,699,431</b>	<b>112,464,551</b>	<b>33,133,142</b>	<b>285,095,765</b>	<b>20,965,580</b>	<b>64,955,866</b>	<b>37,364,354</b>
Cost of sales and operations .....	172,818,057	9,843,744	4,322,404	3,593,251	118,346,323	5,286,426	13,782,978	17,642,932
Compensation of officers .....	20,703,462	8,010,612	1,597,967	2,524,045	1,226,599	2,666,251	3,815,056	662,693
Repairs .....	3,751,027	1,393,677	357,566	77,209	204,285	86,099	1,437,641	194,550
Bad debts .....	12,894,781	9,936,824	1,412,370	197,833	605,174	155,200	344,952	242,429
Rent paid on business property .....	12,051,025	4,681,308	968,964	904,153	2,339,394	721,073	1,949,641	486,490
Taxes paid .....	17,201,246	4,460,677	1,073,238	747,580	5,638,578	624,198	3,842,264	814,713
Interest paid .....	310,356,963	197,205,006	81,991,410	8,431,108	8,119,038	518,934	9,533,920	4,557,548
Contributions or gifts .....	416,686	196,545	28,646	29,621	50,710	15,177	64,802	31,184
Amortization .....	835,845	233,807	68,787	31,226	196,981	68,201	139,538	97,306
Depreciation .....	19,653,889	7,462,295	1,816,838	1,049,654	3,022,506	649,111	4,365,511	1,287,974
Depletion .....	182,893	8,765	7,141	3,492	25,399	*1,220	58,818	78,059
Advertising .....	5,685,529	1,781,275	810,599	349,525	1,247,137	191,374	1,006,633	298,987
Pension, profit-sharing, stock bonus, and annuity plans .....	5,195,272	1,829,484	325,469	351,178	1,722,334	311,506	413,425	241,876
Employee benefit programs .....	5,009,797	2,315,312	407,634	240,371	1,087,405	335,110	323,194	300,772
Net loss, noncapital assets .....	3,876,836	851,948	2,515,429	142,063	33,647	8,612	263,531	61,606
Other deductions .....	266,045,382	52,488,154	14,760,089	14,460,836	141,230,577	9,327,089	23,613,922	10,165,035
Total receipts less total deductions .....	46,143,784	11,528,381	-4,140,259	1,975,963	2,640,044	394,617	1,746,101	31,998,938
Constructive taxable income from related foreign corporations .....	655,643	286,112	168,575	11,801	102,202	29,025	*1,855	56,070
Net income (less deficit) .....	31,714,771	3,163,583	-4,153,587	1,851,127	-1,857,802	376,681	1,667,087	30,687,682
Income subject to tax .....	22,469,640	7,889,270	1,663,428	1,852,056	3,688,145	665,458	4,591,117	2,120,167
Income tax, total .....	8,540,701	3,317,280	661,998	775,253	1,500,725	206,761	1,355,386	723,298
Regular and alternative tax .....	8,359,675	3,256,934	645,890	772,521	1,445,440	203,860	1,329,877	705,153
Tax from recomputing prior-year investment credit .....	67,931	24,721	3,223	1,968	19,245	2,451	10,750	5,573
Additional tax for tax preferences .....	105,906	32,936	12,730	764	35,324	*449	12,338	11,365
Foreign tax credit .....	1,681,888	1,245,565	144,947	23,428	187,322	*29,038	2,745	48,842
U.S. possessions tax credit .....	4,487	—	*2,683	1,568	—	—	235	—
Investment credit .....	1,069,559	628,251	44,080	126,267	135,645	22,359	76,360	36,598
Jobs credit .....	24,910	9,495	2,303	1,056	2,283	1,008	7,820	944
Nonconventional source fuel credit .....	3,455	183	9	68	3,183	—	11	1
Alcohol fuel credit .....	*1,031	48	161	616	—	—	*138	68
Research activities credit .....	29,889	19,266	59	1,514	6,529	*294	*407	1,820
Employee stock ownership credit .....	28,759	11,507	158	12,653	3,464	24	63	*890
Distributions to stockholders:								
Cash and property except in own stock .....	41,592,101	6,071,907	620,273	313,667	3,314,330	260,737	2,257,391	28,753,796
Corporation's own stock .....	1,725,984	823,961	70,988	*58,481	157,391	6,545	67,274	541,343

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

Table 2—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued							Nature of business not allocable	
	Services								
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair; miscellaneous repair services	Amusement and recreation services	Other services		
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	
<b>Number of returns, total .....</b>	<b>848,394</b>	<b>18,577</b>	<b>53,778</b>	<b>242,950</b>	<b>80,033</b>	<b>62,546</b>	<b>390,511</b>	<b>22,032</b>	
<b>Total assets .....</b>	<b>269,797,251</b>	<b>27,083,021</b>	<b>9,860,066</b>	<b>91,643,621</b>	<b>24,597,776</b>	<b>41,839,636</b>	<b>74,773,132</b>	<b>1,883,664</b>	
Cash.....	26,954,231	1,730,566	1,157,542	8,958,100	1,840,066	2,376,540	10,891,417	250,740	
Notes and accounts receivable.....	43,566,769	2,014,058	1,356,676	19,994,069	3,765,763	4,649,396	11,786,827	400,336	
Less: Allowance for bad debts.....	1,815,718	118,228	53,600	478,609	112,517	264,809	787,956	9,166	
Inventories.....	13,401,687	488,363	650,360	4,967,744	2,083,208	3,319,252	1,892,760	277,924	
Investments in Government obligations.....	2,216,466	348,299	127,226	741,325	120,431	215,200	663,984	*6,049	
Other current assets.....	19,062,398	852,823	422,305	7,686,317	799,183	5,748,496	3,553,273	47,423	
Loans to stockholders.....	6,256,246	269,926	205,465	1,732,820	330,622	381,770	3,335,643	29,880	
Mortgage and real estate loans.....	2,199,742	519,846	112,035	685,652	123,551	248,430	510,228	28,174	
Other investments.....	34,405,195	4,040,925	970,327	14,550,815	1,128,604	6,322,781	7,391,743	267,816	
Depreciable assets.....	162,395,320	19,934,592	7,388,550	45,302,751	21,990,552	23,593,526	44,185,348	678,947	
Less: Accumulated depreciation.....	67,759,390	6,980,540	3,787,248	20,246,792	9,432,742	10,029,226	17,282,842	332,961	
Depletable assets.....	340,504	*126,408	*7,462	99,632	*21,308	*5,799	79,896	*16,391	
Less: Accumulated depletion.....	86,521	6,143	1,671	40,785	*2,436	*678	34,807	*2,027	
Land.....	9,134,682	2,395,691	393,430	1,361,200	885,926	1,830,184	2,268,251	134,321	
Intangible assets (amortizable).....	6,943,687	354,414	312,852	2,097,615	408,279	1,979,134	1,791,393	12,702	
Less: Accumulated amortization.....	2,742,862	87,682	97,080	630,499	82,314	1,373,535	471,752	5,607	
Other assets.....	15,324,796	1,199,705	695,434	4,862,266	730,292	2,837,373	4,999,726	82,721	
<b>Total liabilities .....</b>	<b>269,797,251</b>	<b>27,083,021</b>	<b>9,860,066</b>	<b>91,643,621</b>	<b>24,597,776</b>	<b>41,839,636</b>	<b>74,773,132</b>	<b>1,883,664</b>	
Accounts payable.....	24,422,967	1,189,582	694,179	11,633,713	2,489,978	3,397,394	5,018,120	267,932	
Mortgages, notes, and bonds payable in less than one year.....	31,273,761	1,767,293	698,435	12,223,819	4,363,270	5,546,911	6,674,034	193,763	
Other current liabilities.....	29,558,081	1,680,233	750,783	11,431,175	1,637,703	4,453,337	9,604,850	154,346	
Loans from stockholders.....	13,043,038	1,266,698	559,003	3,605,568	859,032	2,779,506	3,973,231	185,045	
Mortgages, notes, and bonds payable in one year or more.....	78,072,728	12,349,468	2,215,425	23,763,460	7,630,444	11,047,429	21,066,502	363,969	
Other liabilities.....	18,716,018	1,637,335	771,078	5,935,912	1,401,828	4,291,221	4,678,644	121,919	
Capital stock.....	15,994,263	1,777,025	787,631	5,411,234	1,089,511	2,532,718	4,396,144	252,597	
Paid-in or capital surplus.....	27,941,163	2,590,989	630,638	10,104,264	1,247,893	5,497,332	7,870,047	136,102	
Retained earnings, appropriated.....	703,047	40,711	24,389	258,952	114,078	33,855	230,962	20,449	
Retained earnings, unappropriated.....	35,158,167	3,415,547	3,168,943	8,698,983	4,179,571	2,986,022	12,709,102	225,918	
Less: Cost of treasury stock.....	5,085,982	631,860	440,438	1,423,460	415,531	726,189	1,448,504	38,376	
<b>Total receipts .....</b>	<b>416,462,427</b>	<b>26,306,396</b>	<b>16,987,354</b>	<b>129,015,478</b>	<b>37,348,702</b>	<b>40,609,057</b>	<b>166,195,441</b>	<b>4,084,856</b>	
Business receipts.....	392,064,594	24,157,288	16,369,963	120,080,462	34,923,852	36,811,479	159,721,550	3,943,835	
Interest.....	4,475,162	357,997	149,475	1,735,294	464,671	538,343	1,229,382	26,938	
Interest on Government obligations:									
State and local.....	121,563	21,356	10,390	26,976	31,347	6,470	25,024	—	
Nonqualifying interest and dividends.....	284,233	30,511	9,010	84,964	19,256	54,479	86,013	*962	
Rents.....	5,969,736	494,050	79,194	2,921,976	975,532	633,922	865,062	10,555	
Royalties.....	1,580,841	225,027	84,944	328,245	3,824	831,684	107,116	*2,130	
Net short-term capital gain reduced by net long-term capital loss.....	103,930	4,718	4,015	54,486	1,657	5,753	33,301	*284	
Net long-term capital gain reduced by net short-term capital loss.....	1,369,900	306,308	39,409	423,317	40,642	253,591	306,633	29,890	
Net gain, noncapital assets.....	1,242,907	116,343	28,218	432,405	331,087	154,532	180,322	6,322	
Dividends received from domestic corporations.....	671,628	32,185	25,398	354,271	14,763	139,297	105,713	6,314	
Dividends received from foreign corporations.....	208,767	*2,433	*4,988	132,220	4,929	43,585	20,611	2,486	
Other receipts.....	8,369,167	558,179	182,350	2,440,861	537,144	1,135,922	3,514,711	55,141	
<b>Total deductions .....</b>	<b>410,486,562</b>	<b>25,798,803</b>	<b>16,496,212</b>	<b>127,609,490</b>	<b>37,025,132</b>	<b>40,534,837</b>	<b>163,022,288</b>	<b>4,089,944</b>	
Cost of sales and operations.....	143,277,759	11,502,484	6,042,823	56,494,692	17,778,928	15,285,394	36,173,437	2,582,002	
Compensation of officers.....	47,246,212	424,983	1,230,116	8,487,704	1,898,163	1,700,576	33,504,669	207,252	
Repairs.....	3,710,277	510,384	232,808	841,055	536,968	534,554	1,054,508	17,012	
Bad debts.....	1,668,786	109,283	83,538	558,805	150,791	198,424	567,944	8,987	
Rent paid on business property.....	16,159,195	1,039,225	767,040	4,699,332	1,265,210	1,516,993	6,871,396	77,162	
Taxes paid.....	13,831,376	1,115,761	728,171	3,771,588	1,222,873	1,446,369	5,546,613	75,825	
Interest paid.....	11,798,141	1,480,602	312,599	3,689,073	1,753,490	1,642,962	2,919,416	54,496	
Contributions or gifts.....	201,994	13,605	11,068	51,675	12,664	20,599	92,382	1,308	
Amortization.....	667,617	35,398	32,981	225,803	16,167	203,989	151,279	1,488	
Depreciation.....	21,194,161	1,473,475	862,849	6,792,395	3,734,240	3,095,453	5,235,749	70,955	
Depletion.....	37,832	3,350	*248	11,836	*684	2,271	19,443	*177	
Advertising.....	5,324,570	537,697	385,683	1,608,396	427,311	1,397,946	967,536	44,513	
Pension, profit-sharing, stock bonus, and annuity plans.....	8,663,861	63,106	107,803	1,331,312	158,358	294,155	6,709,127	32,059	
Employee benefit programs.....	4,431,761	242,990	130,723	1,190,632	258,063	335,035	2,274,319	16,571	
Net loss, noncapital assets.....	444,368	43,408	11,842	203,432	24,530	69,727	91,429	*4,040	
Other deductions.....	131,828,653	7,203,051	5,555,920	37,651,759	7,784,692	12,790,190	60,843,042	896,098	
Total receipts less total deductions.....	5,975,865	507,592	491,142	1,405,988	323,570	74,419	3,173,153	-5,088	
Constructive taxable income from related foreign corporations.....	148,626	1,087	7,035	66,117	1,187	*41,457	31,744	2,231	
Net income (less deficit).....	6,002,928	487,323	487,786	1,445,129	293,410	109,406	3,179,873	-2,857	
Income subject to tax.....	11,810,154	918,832	606,365	3,988,499	761,486	1,160,728	4,374,244	86,669	
Income tax, total.....	3,779,735	350,108	199,819	1,392,189	225,029	427,493	1,185,098	24,021	
Regular and alternative tax.....	3,673,446	341,679	195,616	1,349,235	216,878	419,161	1,150,876	23,542	
Tax from recomputing prior-year investment credit.....	88,274	6,129	2,954	40,520	7,635	6,214	24,821	260	
Additional tax for tax preferences.....	16,234	2,285	*84	1,861	515	2,111	9,378	*217	
Foreign tax credit.....	123,164	4,857	6,240	70,277	*250	26,602	14,938	2,145	
U.S. possessions tax credit.....	9,588	103	—	4,174	51	—	5,261	—	
Investment credit.....	853,089	46,630	41,164	294,088	65,798	103,627	281,782	2,925	
Jobs credit.....	61,926	7,063	1,138	24,991	3,697	3,091	21,946	26	
Nonconventional source fuel credit.....	*733	—	(1)	—	—	—	733	—	
Alcohol fuel credit.....	*86	23	—	—	—	*63	—	—	
Research activities credit.....	39,491	34	*213	31,763	*193	*253	7,035	71	
Employee stock ownership credit.....	17,952	*2,433	8	5,553	1,453	*46	8,458	—	
Distributions to stockholders:									
Cash and property except in own stock.....	2,407,362	391,833	97,821	734,388	164,718	295,825	722,775	11,040	
Corporation's own stock.....	189,514	15,727	*2,340	42,803	*51,519	*15,347	61,778	*252	

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

<sup>a</sup>Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry

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

Item	All industries	Major industry					
		Agriculture, forestry, and fishing	Mining				
			Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetallic minerals, except fuels
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
<b>Number of returns with net income .....</b>	<b>1,676,288</b>	<b>47,636</b>	<b>15,526</b>	<b>183</b>	<b>1,229</b>	<b>11,897</b>	<b>2,116</b>
<b>Total assets .....</b>	<b>7,257,268,928</b>	<b>28,248,426</b>	<b>119,221,819</b>	<b>2,403,067</b>	<b>9,718,632</b>	<b>102,357,362</b>	<b>4,742,758</b>
Cash .....	463,094,326	2,279,263	4,209,428	119,059	760,485	2,886,550	443,333
Notes and accounts receivable .....	2,088,518,356	2,695,329	11,522,105	121,566	1,415,837	9,185,409	799,294
Less: Allowance for bad debts .....	32,994,200	34,819	167,146	767	35,195	115,794	15,391
Inventories .....	453,339,115	2,814,286	4,017,236	263,760	454,718	2,845,713	453,046
Investments in Government obligations .....	457,884,913	195,334	1,145,252	37,401	249,884	836,400	21,568
Other current assets .....	303,290,872	964,133	3,888,149	330,373	539,907	2,836,541	181,328
Loans to stockholders .....	32,256,617	778,494	1,457,351	*24,219	63,530	1,303,723	65,878
Mortgage and real estate loans .....	453,944,187	478,174	125,604	2,346	692	109,156	13,409
Other investments .....	1,274,287,304	2,482,667	48,384,657	155,282	928,165	46,939,340	361,871
Depreciable assets .....	2,003,751,888	16,534,408	48,760,329	2,402,175	6,346,333	35,700,059	4,311,762
Less: Accumulated depreciation .....	756,524,943	9,107,600	20,167,149	1,368,564	3,037,574	13,294,841	2,466,171
Depletable assets .....	79,269,696	147,259	12,808,802	173,262	1,136,273	11,225,194	274,072
Less: Accumulated depletion .....	24,530,977	17,557	4,851,220	59,341	205,046	4,515,552	71,281
Land .....	73,792,810	6,741,086	1,519,198	14,555	319,464	936,456	248,723
Intangible assets (amortizable) .....	62,756,408	82,415	2,536,842	*17,093	155,348	2,360,109	4,292
Less: Accumulated amortization .....	19,199,465	36,963	833,418	*1,776	40,815	788,463	2,363
Other assets .....	344,332,024	1,252,519	4,865,799	172,425	666,626	3,907,360	119,388
<b>Total liabilities .....</b>	<b>7,257,268,928</b>	<b>28,248,426</b>	<b>119,221,819</b>	<b>2,403,067</b>	<b>9,718,632</b>	<b>102,357,362</b>	<b>4,742,758</b>
Accounts payable .....	505,452,504	1,329,343	6,467,472	142,291	457,617	5,502,056	365,507
Mortgages, notes, and bonds payable in less than one year .....	550,497,429	4,351,790	4,564,595	139,487	925,458	3,256,872	242,778
Other current liabilities .....	2,346,991,454	1,186,530	5,356,523	131,560	823,640	4,131,390	269,933
Loans from stockholders .....	69,681,884	1,339,524	1,721,018	*69,457	66,831	1,553,140	31,591
Mortgages, notes, and bonds payable in one year or more .....	877,328,617	6,944,056	26,762,179	450,723	2,440,511	23,146,710	724,235
Other liabilities .....	737,905,077	1,111,500	10,344,130	223,595	1,322,800	8,516,578	281,157
Capital stock .....	629,750,756	4,301,856	6,202,614	169,684	172,932	5,678,283	181,715
Paid-in or capital surplus .....	635,292,481	1,494,494	30,808,022	561,556	1,036,030	28,912,823	297,612
Retained earnings, appropriated .....	33,286,900	286,956	224,405	16,937	*28,158	140,934	38,377
Retained earnings, unappropriated .....	1,129,616,632	6,280,525	27,921,831	533,714	2,534,863	22,456,348	2,396,905
Less: Cost of treasury stock .....	258,534,804	378,148	1,150,970	35,935	90,209	937,772	67,053
<b>Total receipts .....</b>	<b>5,437,650,190</b>	<b>37,584,329</b>	<b>73,533,271</b>	<b>1,935,116</b>	<b>9,337,372</b>	<b>56,708,401</b>	<b>5,552,382</b>
Business receipts .....	4,867,164,498	34,759,877	67,269,362	1,857,501	8,743,864	51,365,363	5,302,634
Interest .....	341,680,091	382,133	1,509,390	33,676	171,608	1,255,768	48,119
Interest on Government obligations:							
State and local .....	9,977,520	19,028	41,603	(1)	1,142	39,304	1,156
Nonqualifying interest and dividends .....	1,629,817	64,234	39,228	—	8,322	25,079	5,826
Rents .....	51,366,130	240,520	319,445	1,846	85,734	195,118	36,746
Royalties .....	10,829,155	135,541	457,772	2,673	16,337	424,611	14,151
Net short-term capital gain reduced by net long-term capital loss .....	4,139,032	18,954	72,396	3	*258	71,477	658
Net long-term capital gain reduced by net short-term capital loss .....	27,672,106	460,760	763,438	9,008	86,412	651,167	16,852
Net gain, noncapital assets .....	20,032,991	169,771	487,303	1,484	20,945	443,645	21,229
Dividends received from domestic corporations .....	15,221,935	50,470	170,940	434	29,099	138,104	3,303
Dividends received from foreign corporations .....	13,099,170	18,531	340,314	1,360	238	331,553	7,163
Other receipts .....	74,837,748	1,264,510	2,062,082	27,131	173,212	1,767,192	94,546
<b>Total deductions .....</b>	<b>5,144,808,244</b>	<b>35,066,926</b>	<b>67,841,558</b>	<b>1,838,327</b>	<b>8,880,546</b>	<b>51,910,068</b>	<b>5,212,617</b>
Cost of sales and operations .....	3,266,341,875	23,154,654	43,851,703	1,086,555	5,862,849	33,545,607	3,356,693
Compensation of officers .....	104,782,726	993,891	791,006	15,258	93,681	578,682	103,384
Repairs .....	57,755,505	564,381	460,021	*2,639	94,939	218,582	143,862
Bad debts .....	19,115,850	40,629	163,756	337	17,651	132,882	12,886
Rent paid on business property .....	73,366,087	805,654	770,560	15,581	150,805	550,186	53,998
Taxes paid .....	135,093,298	770,352	2,660,409	172,115	486,537	1,840,552	161,206
Interest paid .....	314,398,801	1,247,961	3,098,351	56,272	296,681	2,636,319	109,080
Contributions or gifts .....	3,555,047	18,360	50,922	852	9,257	33,674	7,139
Amortization .....	2,571,875	5,945	19,632	*781	2,485	16,074	292
Depreciation .....	177,675,668	1,722,688	3,814,498	108,656	542,913	2,766,961	395,969
Depletion .....	5,673,654	11,321	1,370,711	140,245	289,791	827,046	113,629
Advertising .....	57,202,133	134,984	72,695	*433	3,172	42,058	27,032
Pension, profit-sharing, stock bonus, and annuity plans .....	43,282,942	105,082	395,700	17,942	47,012	293,274	37,473
Employee benefit programs .....	44,766,623	132,496	446,617	15,788	162,260	214,635	53,934
Net loss, noncapital assets .....	2,062,915	14,954	42,316	494	568	40,200	1,054
Other deductions .....	837,163,252	5,343,573	9,832,661	204,382	819,944	8,173,336	634,998
Total receipts less total deductions .....	292,841,947	2,517,403	5,691,713	96,789	456,826	4,798,333	339,765
Constructive taxable income from related foreign corporations .....	14,067,719	*1,454	279,232	1,934	*258	275,765	1,275
Net income .....	296,932,146	2,499,829	5,929,343	98,722	455,942	5,034,795	339,884
Income subject to tax .....	218,576,861	1,466,894	4,623,476	46,776	256,363	4,049,479	270,858
Income tax, total .....	91,923,789	427,791	2,078,746	29,130	128,758	1,798,710	122,148
Regular and alternative tax .....	90,420,095	418,574	1,981,002	20,542	104,585	1,744,519	111,356
Tax from recomputing prior-year investment credit .....	980,616	8,475	26,186	1,088	1,935	19,805	3,358
Additional tax for tax preferences .....	512,032	736	68,958	7,500	22,238	32,076	7,144
Foreign tax credit .....	19,938,538	2,751	1,052,992	2,967	468	1,046,888	2,670
U.S. possessions tax credit .....	1,583,007	—	—	—	—	—	—
Investment credit .....	16,129,689	108,056	309,713	3,533	16,721	258,564	30,894
Jobs credit .....	449,130	3,371	1,120	84	*10	656	368
Nonconventional source fuel credit .....	33,012	—	3,681	—	—	3,681	—
Alcohol fuel credit .....	7,178	—	90	—	90	—	—
Research activities credit .....	1,275,663	2,117	3,505	—	7	3,229	269
Employee stock ownership credit .....	909,800	287	7,239	310	164	6,440	326
Distributions to stockholders:							
Cash and property except in own stock .....	113,298,558	151,132	2,120,253	55,936	154,559	1,813,764	95,994
Corporation's own stock .....	3,784,982	*9,153	25,807	6,691	12,525	6,591	—

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## Corporation Returns/1983

## RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued								
	Construction				Manufacturing				
	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
<b>Number of returns with net income .....</b>	<b>150,138</b>	<b>55,461</b>	<b>9,867</b>	<b>84,810</b>	<b>152,304</b>	<b>10,717</b>	<b>52</b>	<b>2,812</b>	<b>8,839</b>
<b>Total assets .....</b>	<b>101,098,615</b>	<b>54,831,300</b>	<b>17,073,064</b>	<b>29,194,251</b>	<b>1,790,653,448</b>	<b>143,681,548</b>	<b>52,953,470</b>	<b>18,980,018</b>	<b>21,462,056</b>
Cash .....	11,354,989	5,195,230	1,774,638	4,385,121	51,241,302	4,654,280	98,912	1,031,671	1,740,398
Notes and accounts receivable .....	26,061,251	12,118,819	3,888,830	10,052,601	402,734,709	23,971,605	13,013,964	4,794,299	6,116,061
Less: Allowance for bad debts .....	221,878	50,991	29,591	141,297	7,323,788	483,753	58,109	79,606	137,055
Inventories .....	13,874,934	9,516,145	669,515	3,689,274	205,615,603	20,413,647	6,143,511	4,333,489	7,094,120
Investments in Government obligations .....	1,085,015	498,381	340,951	245,682	19,093,017	1,364,718	405	133,719	105,778
Other current assets .....	9,132,378	5,690,714	1,271,273	2,170,391	67,942,231	7,393,074	2,270,922	580,486	989,686
Loans to stockholders .....	1,820,855	799,688	286,914	734,253	9,538,283	1,845,722	296,648	161,121	86,904
Mortgage and real estate loans .....	1,439,772	1,221,375	72,545	145,851	4,681,772	475,954	4,578	14,086	18,970
Other investments .....	9,591,371	4,315,360	3,590,722	1,685,289	364,530,740	38,458,884	17,421,886	1,591,423	2,002,919
Depreciable assets .....	33,853,705	11,970,694	10,501,927	11,381,085	806,643,450	64,791,678	11,805,099	12,284,010	5,442,594
Less: Accumulated depreciation .....	18,237,274	5,225,421	6,256,630	6,755,223	358,741,724	28,278,898	2,212,796	6,918,296	2,659,052
Depletable assets .....	1,213,093	1,109,695	82,047	21,350	55,486,467	171,126	446,349	*254,657	21
Less: Accumulated depletion .....	245,673	218,552	23,525	*3,596	16,523,982	*51,939	—	*95,084	1
Land .....	2,908,746	1,850,989	502,496	555,261	21,207,347	2,064,648	458,846	121,889	129,584
Intangible assets (amortizable) .....	706,350	565,334	32,032	108,984	41,890,816	2,218,460	634,223	106,462	82,567
Less: Accumulated amortization .....	117,057	67,603	11,640	37,814	13,402,642	283,049	131,862	36,915	32,747
Other assets .....	6,878,039	5,541,443	380,558	956,038	136,040,323	4,955,392	2,760,894	702,607	481,308
<b>Total liabilities .....</b>	<b>101,098,615</b>	<b>54,831,300</b>	<b>17,073,064</b>	<b>29,194,251</b>	<b>1,790,653,448</b>	<b>143,681,548</b>	<b>52,953,470</b>	<b>18,980,018</b>	<b>21,462,056</b>
Accounts payable .....	17,520,881	9,352,034	2,616,988	5,551,859	198,119,050	14,514,340	2,287,850	2,335,019	3,652,530
Mortgages, notes, and bonds payable in less than one year .....	9,999,004	6,812,865	1,116,204	2,069,935	126,503,099	10,807,360	2,752,436	1,478,724	2,045,291
Other current liabilities .....	14,187,262	7,064,347	2,093,506	5,029,409	158,958,525	12,602,368	12,839,055	1,626,083	2,259,607
Loans from stockholders .....	2,727,620	1,586,219	250,705	890,695	16,665,323	1,019,050	841,795	395,327	275,085
Mortgages, notes, and bonds payable in one year or more .....	17,004,786	12,147,581	2,212,968	2,644,237	264,069,235	24,345,110	8,536,371	2,587,257	2,209,168
Other liabilities .....	7,537,842	4,827,555	868,821	1,841,466	213,262,618	8,765,720	2,128,678	657,915	400,163
Capital stock .....	4,156,372	1,693,269	986,969	1,476,134	83,128,735	6,989,471	1,872,647	1,101,256	1,136,992
Paid-in or capital surplus .....	4,135,033	1,944,957	1,461,337	728,739	223,373,722	24,269,427	11,713,471	1,209,562	1,763,021
Retained earnings, appropriated .....	295,220	117,592	54,810	122,818	6,122,775	898,084	1,120	24,043	33,073
Retained earnings, unappropriated .....	25,548,605	9,995,991	5,778,131	9,774,483	520,648,273	42,121,884	10,202,170	7,877,303	8,086,052
Less: Cost of treasury stock .....	2,014,009	711,111	367,374	935,524	21,197,908	2,651,265	222,123	312,471	398,925
<b>Total receipts .....</b>	<b>201,710,934</b>	<b>95,393,100</b>	<b>31,247,556</b>	<b>75,070,278</b>	<b>2,078,332,528</b>	<b>254,823,652</b>	<b>36,587,857</b>	<b>33,261,257</b>	<b>46,545,949</b>
Business receipts .....	195,019,814	91,395,956	29,802,314	73,821,544	1,969,589,119	247,660,293	34,815,503	32,745,827	45,714,207
Interest .....	1,480,347	845,531	279,386	355,430	29,253,934	1,652,142	679,252	144,390	205,195
Interest on Government obligations:									
State and local .....	46,729	26,851	9,828	10,049	683,616	60,371	2,890	1,774	6,440
Nonqualifying interest and dividends .....	145,790	84,959	18,782	42,049	259,184	37,665	—	10,268	22,769
Rents .....	940,356	623,193	177,769	139,395	21,225,744	1,110,164	166,539	34,039	61,111
Royalties .....	20,664	4,278	9,784	6,602	7,834,582	412,248	203,039	14,771	100,847
Net short-term capital gain reduced by net long-term capital loss .....	34,948	23,252	3,152	8,544	241,023	38,337	59	*1,357	748
Net long-term capital gain reduced by net short-term capital loss .....	662,693	465,435	75,858	121,400	6,716,287	503,544	60,451	25,829	24,149
Net gain, noncapital assets .....	1,149,218	938,428	106,630	104,160	2,696,310	453,367	17,081	51,679	45,603
Dividends received from domestic corporations .....	132,725	64,665	40,440	27,619	7,802,336	440,846	214,006	38,326	19,487
Dividends received from foreign corporations .....	124,442	55,818	*61,404	7,220	11,313,833	681,957	62,545	18,996	30,330
Other receipts .....	1,953,208	864,733	662,209	426,266	20,716,561	1,772,718	366,491	174,001	315,062
<b>Total deductions .....</b>	<b>193,761,699</b>	<b>92,012,336</b>	<b>29,675,627</b>	<b>72,073,735</b>	<b>1,965,365,673</b>	<b>245,201,056</b>	<b>33,815,032</b>	<b>31,542,992</b>	<b>43,786,660</b>
Cost of sales and operations .....	152,317,683	77,568,682	23,074,663	51,674,338	1,340,504,484	179,460,687	19,982,371	24,215,285	31,983,483
Compensation of officers .....	6,885,467	2,498,507	662,971	3,723,989	17,952,592	1,617,176	98,633	472,578	1,139,924
Repairs .....	857,811	228,404	255,820	373,587	20,450,065	1,985,401	264,949	229,374	121,051
Bad debts .....	292,063	71,836	38,186	182,040	4,654,369	264,552	38,935	77,991	93,602
Rent paid on business property .....	1,435,282	413,088	275,506	746,688	19,937,342	1,838,453	262,923	248,645	511,863
Taxes paid .....	3,999,869	1,247,687	587,286	2,164,896	61,212,488	5,466,870	1,387,461	797,236	1,064,243
Interest paid .....	2,396,544	1,423,270	385,434	587,839	54,713,113	4,232,801	1,583,569	500,694	587,397
Contributions or gifts .....	97,240	48,003	16,177	33,060	1,821,973	187,236	45,850	37,045	40,808
Amortization .....	20,716	5,740	2,969	12,007	1,005,910	65,873	31,829	12,255	16,343
Depreciation .....	3,772,943	1,262,306	1,000,405	1,510,233	78,772,480	6,908,948	1,243,495	1,069,074	521,321
Depletion .....	45,472	29,342	13,947	2,184	3,498,757	10,952	37,169	*8,233	*16
Advertising .....	525,688	229,218	26,634	269,837	29,908,494	8,545,300	2,565,886	183,779	599,876
Pension, profit-sharing, stock bonus, and annuity plans .....	1,145,044	399,723	201,896	543,424	19,498,974	1,265,012	283,819	211,570	274,489
Employee benefit programs .....	1,092,444	238,641	191,627	662,176	24,204,713	2,056,526	495,114	227,624	351,626
Net loss, noncapital assets .....	33,996	16,523	6,397	11,077	618,791	38,194	20,778	4,167	8,919
Other deductions .....	18,843,437	6,331,365	2,935,710	9,576,361	286,620,129	31,257,076	5,472,247	3,247,441	6,471,699
Total receipts less total deductions .....	7,949,236	3,380,764	1,571,929	2,996,543	112,966,855	9,622,595	2,772,825	1,718,266	2,759,289
Constructive taxable income from related foreign corporations .....	87,913	*33,416	47,983	6,513	12,134,251	834,317	88,029	19,592	19,716
Net income .....	7,990,419	3,387,329	1,610,084	2,993,006	124,417,490	10,396,541	2,857,964	1,736,083	2,772,566
Income subject to tax .....	5,499,584	2,158,950	1,271,122	2,069,511	113,608,445	9,433,733	2,717,864	1,516,031	2,282,347
Income tax, total .....	1,836,127	721,141	519,239	595,748	50,841,900	4,236,639	1,246,563	672,891	988,655
Regular and alternative tax .....	1,796,085	700,355	508,167	587,563	50,176,884	4,180,971	1,239,272	666,370	983,964
Tax from recomputing prior-year investment credit .....	28,128	11,037	9,272	7,819	434,628	47,589	7,291	6,069	4,336
Additional tax for tax preferences .....	11,104	9,540	1,202	*362	230,134	8,036	—	451	352
Foreign tax credit .....	119,295	27,455	88,623	3,217	16,439,314	832,530	89,014	15,330	25,015
U.S. possessions tax credit .....	700	126	68	505	1,459,496	80,048	14,999	2,686	56,260
Investment credit .....	310,818	106,072	99,600	105,147	6,394,980	652,754	139,079	91,578	47,294
Jobs credit .....	29,850	11,414	2,434	16,002	145,992	19,557	6,872	7,288	11,634
Nonconventional source fuel credit .....	—	—	—	—	21,278	*2,631	—	—	—
Alcohol fuel credit .....	—	—	—	—	3,979	*1,300	—	—	—
Research activities credit .....	3,589	1,283	*1,982	325	1,023,564	35,133	6,200	3,704	2,435
Employee stock ownership credit .....	*2,633	*200	2,371	*62	501,397	37,271	8,676	4,855	2,933
Distributions to stockholders:									
Cash and property except in own stock .....	709,544	399,171	209,662	100,710	38,710,843	3,490,321	1,452,599	242,770	330,005
Corporation's own stock .....	48,749	*15,329	*19,701	*13,719	1,266,615	120,644	12,586	*1,017	*31,032

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued								
	Manufacturing—Continued								
	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>Number of returns with net income .....</b>	<b>8,776</b>	<b>4,234</b>	<b>2,212</b>	<b>23,357</b>	<b>6,035</b>	<b>1,211</b>	<b>6,370</b>	<b>1,257</b>	<b>5,301</b>
<b>Total assets .....</b>	<b>39,709,855</b>	<b>10,198,084</b>	<b>40,340,484</b>	<b>56,339,742</b>	<b>193,987,742</b>	<b>467,628,023</b>	<b>25,482,749</b>	<b>5,751,591</b>	<b>27,973,647</b>
Cash .....	1,174,620	580,400	1,215,129	3,052,913	3,896,946	4,048,586	1,243,175	402,133	1,212,907
Notes and accounts receivable .....	5,775,289	2,713,141	6,070,281	11,783,111	33,653,819	61,558,418	6,543,049	1,640,370	5,594,306
Less: Allowance for bad debts .....	98,745	67,805	145,889	670,154	816,468	682,006	160,881	29,782	144,219
Inventories .....	5,514,487	2,710,933	5,423,164	4,556,056	22,337,970	16,159,284	4,157,328	1,777,357	3,454,184
Investments in Government obligations .....	216,051	83,349	215,509	1,032,229	742,506	2,438,385	155,898	*23,676	231,999
Other current assets .....	1,324,032	393,566	688,083	3,002,095	6,355,037	10,324,960	584,779	161,728	1,083,895
Loans to stockholders .....	152,910	69,412	27,421	786,811	1,992,589	1,488,343	154,227	8,985	70,893
Mortgage and real estate loans .....	1,770,115	12,366	132,400	159,702	13,103	95,062	6,423	*1,437	34,987
Other investments .....	5,143,558	637,750	5,303,809	8,004,706	56,509,400	108,422,322	3,851,193	822,750	4,883,697
Depreciable assets .....	25,586,682	4,760,586	30,119,793	28,980,517	100,899,410	209,607,849	16,322,694	1,353,333	20,111,819
Less: Accumulated depreciation .....	12,737,839	2,192,433	12,683,779	12,813,199	46,266,874	77,579,221	8,494,963	587,580	10,262,135
Depletable assets .....	3,346,437	*3,846	1,519,657	252,576	2,448,407	44,225,353	*16,696	—	528,791
Less: Accumulated depletion .....	55,239	*598	271,507	*43,460	850,820	14,370,007	*9,139	—	166,902
Land .....	562,733	163,485	468,024	958,636	1,611,347	8,322,644	235,875	35,553	580,474
Intangible assets (amortizable) .....	40,552	44,939	255,199	2,351,170	3,289,541	27,646,921	101,107	25,817	225,794
Less: Accumulated amortization .....	14,201	8,597	50,083	429,190	810,252	10,446,692	20,217	8,295	76,336
Other assets .....	2,008,414	293,922	1,853,274	5,375,221	8,982,081	76,367,823	795,502	124,110	609,493
<b>Total liabilities .....</b>	<b>39,709,855</b>	<b>10,198,084</b>	<b>40,340,484</b>	<b>56,339,742</b>	<b>193,987,742</b>	<b>467,628,023</b>	<b>25,482,749</b>	<b>5,751,591</b>	<b>27,973,647</b>
Accounts payable .....	3,059,185	1,167,904	3,169,294	4,978,759	21,221,802	47,873,730	3,310,061	734,157	3,030,877
Mortgages, notes, and bonds payable in less than one year .....	3,002,793	570,576	1,385,849	1,932,618	9,517,617	11,761,185	1,064,909	777,549	1,148,788
Other current liabilities .....	3,718,265	1,511,306	3,478,743	6,530,432	15,691,956	22,026,218	3,091,565	527,576	2,156,771
Loans from stockholders .....	357,786	108,167	89,546	1,038,684	1,897,193	1,864,892	413,133	31,846	236,784
Mortgages, notes, and bonds payable in one year or more .....	8,475,611	1,455,402	8,886,916	9,883,726	26,129,887	54,541,868	3,570,005	625,331	4,509,812
Other liabilities .....	1,722,738	394,360	2,887,687	4,836,694	13,579,572	113,091,153	1,312,892	113,859	1,494,222
Capital stock .....	2,650,756	647,376	3,056,879	2,122,656	12,050,805	14,479,565	1,098,101	420,933	1,802,515
Paid-in or capital surplus .....	5,014,620	810,651	3,557,649	3,807,648	38,498,438	61,497,889	2,842,719	486,304	3,090,550
Retained earnings, appropriated .....	85,584	44,535	63,429	88,883	229,521	436,234	54,048	*45,381	200,488
Retained earnings, unappropriated .....	11,932,727	4,017,985	14,265,678	22,190,010	56,617,281	146,094,022	9,267,558	2,121,949	10,820,799
Less: Cost of treasury stock .....	310,211	170,178	521,187	1,070,369	1,446,331	6,038,731	542,241	133,295	517,960
<b>Total receipts .....</b>	<b>51,031,880</b>	<b>20,024,686</b>	<b>50,569,413</b>	<b>80,676,619</b>	<b>208,067,138</b>	<b>485,119,824</b>	<b>40,758,420</b>	<b>10,519,565</b>	<b>35,562,028</b>
Business receipts .....	48,706,258	19,613,606	48,400,213	77,671,956	197,284,438	442,360,011	39,776,056	10,349,614	34,168,023
Interest .....	611,323	105,488	367,832	745,618	2,149,685	6,577,180	210,326	61,652	247,830
Interest on Government obligations:									
State and local .....	1,779	2,214	4,548	26,344	20,640	124,919	2,142	*5,668	8,567
Nonqualifying interest and dividends .....	15,820	2,560	3,214	27,155	7,917	*3,372	15,647	3,885	6,765
Rents .....	102,490	33,573	123,011	486,720	900,390	2,386,100	123,168	8,797	125,135
Royalties .....	45,134	14,398	180,218	180,706	976,760	1,823,019	40,263	5,168	89,517
Net short-term capital gain reduced by net long-term capital loss .....	3,110	1,552	2,410	16,730	15,390	*43,401	648	*624	1,286
Net long-term capital gain reduced by net short-term capital loss .....	959,266	16,700	575,647	428,799	1,235,572	497,629	46,724	11,680	189,692
Net gain, noncapital assets .....	69,509	46,799	200,086	106,684	237,978	454,050	65,591	2,115	65,400
Dividends received from domestic corporations .....	78,499	19,638	154,542	154,528	928,508	456,021	78,162	12,108	84,090
Dividends received from foreign corporations .....	82,319	732	305,697	71,176	1,789,889	4,825,924	143,189	78	147,298
Other receipts .....	356,373	167,427	251,995	750,204	2,519,959	5,567,998	25,505	58,177	430,424
<b>Total deductions .....</b>	<b>49,091,295</b>	<b>18,721,482</b>	<b>47,700,302</b>	<b>74,467,373</b>	<b>195,852,219</b>	<b>439,188,683</b>	<b>38,690,400</b>	<b>9,886,461</b>	<b>33,610,091</b>
Cost of sales and operations .....	36,063,062	13,332,266	32,007,156	38,160,565	121,276,967	327,636,260	27,224,963	6,903,661	22,349,343
Compensation of officers .....	667,819	459,256	449,959	2,056,681	1,221,453	386,284	715,402	162,191	518,802
Repairs .....	1,024,067	81,183	1,281,074	538,849	3,055,436	5,317,131	522,963	32,880	720,099
Bad debts .....	108,594	58,962	85,433	458,602	436,976	499,606	106,711	24,374	120,215
Rent paid on business property .....	538,984	222,625	459,290	1,190,814	2,374,418	3,558,590	404,854	261,230	359,961
Taxes paid .....	1,148,386	522,003	1,105,901	2,446,201	4,079,303	22,349,449	680,942	240,911	947,042
Interest paid .....	1,164,322	238,362	1,107,875	1,579,397	4,998,679	11,439,600	604,283	170,342	589,201
Contributions or gifts .....	28,996	18,309	61,800	155,017	231,905	268,967	27,548	12,019	39,070
Amortization .....	16,171	5,091	8,928	142,121	103,272	217,565	15,190	2,380	10,491
Depreciation .....	2,144,768	443,922	2,413,995	3,569,699	8,649,775	17,214,996	1,207,914	151,865	1,699,526
Depletion .....	631,591	*272	174,199	29,449	348,752	1,950,085	2,922	28	67,208
Advertising .....	197,309	254,552	631,471	1,052,819	6,448,980	1,060,113	430,417	231,256	251,082
Pension, profit-sharing, stock bonus, and annuity plans .....	229,417	157,417	455,733	941,282	2,220,833	1,989,738	348,630	55,098	365,679
Employee benefit programs .....	499,761	186,678	595,488	983,047	2,430,489	1,847,099	649,961	59,523	484,620
Net loss, noncapital assets .....	14,234	3,209	6,935	34,648	235,242	41,943	7,900	2,394	5,136
Other deductions .....	4,613,813	2,737,373	6,855,068	21,128,161	37,739,739	43,409,255	5,539,800	1,576,308	5,082,617
Total receipts less total deductions .....	1,940,585	1,303,204	2,869,110	6,209,246	12,214,919	25,930,941	2,068,020	633,104	1,951,937
Constructive taxable income from related foreign corporations .....	68,144	1,038	256,678	46,598	2,223,251	4,912,831	86,424	2,335	96,698
Net income .....	2,006,951	1,302,028	3,121,241	6,229,498	14,417,529	30,718,853	2,152,301	629,771	2,040,668
Income subject to tax .....	1,588,711	1,159,319	2,888,132	5,609,016	14,012,905	30,162,049	1,859,635	546,997	1,789,874
Income tax, total .....	561,921	503,515	1,258,226	2,397,676	6,288,121	13,894,069	803,745	241,269	769,724
Regular and alternative tax .....	533,856	500,646	1,210,228	2,377,521	6,176,820	13,786,751	795,468	240,557	748,173
Tax from recomputing prior-year investment credit .....	7,978	2,824	26,502	18,492	40,376	78,781	7,252	652	14,915
Additional tax for tax preferences .....	20,087	45	21,491	1,661	70,833	28,538	1,025	57	6,636
Foreign tax credit .....	55,097	1,902	268,220	63,443	2,207,283	8,724,979	107,477	1,569	128,122
U.S. possessions tax credit .....	47	303	3,844	4,812	656,771	25,504	12,926	*12,986	1,911
Investment credit .....	136,521	40,550	245,405	322,503	569,820	1,285,965	126,677	11,248	130,679
Jobs credit .....	8,916	7,165	2,383	7,333	4,930	3,015	8,917	2,209	4,172
Nonconventional source fuel credit .....	27	192	—	—	750	17,057	114	—	306
Alcohol fuel credit .....	—	—	—	—	400	9	—	—	—
Research activities credit .....	1,762	2,128	23,420	8,577	156,702	41,824	19,791	1,280	10,452
Employee stock ownership credit .....	6,114	1,468	14,314	12,624	71,389	57,859	7,743	1,113	10,977
Distributions to stockholders:									
Cash and property except in own stock .....	565,512	112,755	1,093,554	1,487,251	6,364,119	9,928,839	336,470	132,487	512,262
Corporation's own stock .....	*29,974	1,781	*4,632	165,591	194,520	247,064	*28,996	44,627	*23,833

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS WITH NET INCOME

Table 3 — Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry — Continued

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

Item	Major industry — Continued							
	Manufacturing — Continued							
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	
<b>Number of returns with net income .....</b>	<b>2,491</b>	<b>26,139</b>	<b>15,365</b>	<b>9,514</b>	<b>1,552</b>	<b>2,225</b>	<b>3,938</b>	<b>9,907</b>
<b>Total assets .....</b>	<b>50,946,638</b>	<b>69,295,649</b>	<b>113,986,052</b>	<b>191,098,293</b>	<b>151,127,101</b>	<b>54,379,189</b>	<b>37,201,289</b>	<b>18,130,229</b>
Cash .....	867,256	4,329,351	4,404,547	7,938,045	2,921,275	3,394,671	1,613,543	1,420,545
Notes and accounts receivable .....	12,107,019	13,508,204	28,498,560	58,706,246	82,022,482	9,409,740	9,791,505	5,463,239
Less: Allowance for bad debts .....	198,917	324,517	568,435	1,307,673	1,031,928	92,688	113,688	111,449
Inventories .....	4,974,819	12,409,120	21,180,799	27,656,744	10,609,210	14,156,445	6,799,738	3,753,198
Investments in Government obligations .....	269,014	849,356	3,202,559	1,725,683	5,220,768	56,190	911,545	113,679
Other current assets .....	1,334,844	3,271,921	7,137,533	14,789,511	1,957,044	1,395,296	2,085,692	618,047
Loans to stockholders .....	44,875	308,746	442,712	943,554	438,784	26,226	119,482	71,918
Mortgage and real estate loans .....	21,423	667,903	99,086	203,738	780,974	*25,786	35,593	107,611
Other investments .....	12,982,103	13,011,361	19,872,973	31,977,279	18,516,016	9,371,391	3,505,955	2,239,543
Depreciable assets .....	16,574,136	31,289,462	48,747,579	71,754,263	56,514,730	24,267,034	18,891,784	6,538,398
Less: Accumulated depreciation .....	8,190,883	15,488,565	22,961,929	33,494,295	32,409,992	10,922,044	8,503,687	3,083,265
Depletable assets .....	190,306	208,928	504,776	1,315,576	*7,616	*25,612	1,791	*17,943
Less: Accumulated depletion .....	74,618	88,510	*124,672	311,599	*5,076	*5	768	*4,038
Land .....	519,614	881,652	809,483	1,397,464	662,085	476,775	541,529	205,008
Intangible assets (amortizable) .....	375,288	660,797	663,712	1,573,294	177,882	726,608	572,548	117,936
Less: Accumulated amortization .....	161,781	134,032	131,997	374,892	30,348	61,896	124,542	34,719
Other assets .....	9,312,140	3,934,471	2,208,765	6,605,355	4,775,580	2,124,058	1,073,278	696,634
<b>Total liabilities .....</b>	<b>50,946,638</b>	<b>69,295,649</b>	<b>113,986,052</b>	<b>191,098,293</b>	<b>151,127,101</b>	<b>54,379,189</b>	<b>37,201,289</b>	<b>18,130,229</b>
Accounts payable .....	2,872,274	7,444,281	15,395,435	25,192,487	19,168,103	10,231,132	4,399,442	2,060,387
Mortgages, notes, and bonds payable in less than one year .....	8,619,365	3,458,094	5,066,687	18,661,207	36,792,923	1,568,091	2,002,872	2,088,163
Other current liabilities .....	3,321,190	7,263,152	11,711,083	20,930,018	12,433,827	9,694,178	4,173,901	1,731,230
Loans from stockholders .....	142,268	532,711	3,783,594	1,808,196	1,233,834	110,627	232,983	251,820
Mortgages, notes, and bonds payable in one year or more .....	8,409,279	9,325,606	18,081,325	25,466,480	31,661,030	9,111,356	3,723,240	2,534,455
Other liabilities .....	6,509,151	7,353,070	5,386,656	28,504,952	8,130,693	3,797,099	1,502,969	692,376
Capital stock .....	1,938,935	3,425,240	9,792,473	7,647,255	3,148,142	4,393,896	2,206,947	1,145,897
Paid-in or capital surplus .....	7,856,590	6,862,489	12,366,143	17,775,872	9,623,553	4,304,907	4,410,744	1,611,475
Retained earnings, appropriated .....	*12,301	392,653	297,507	1,031,506	1,446,313	*138,653	426,475	172,944
Retained earnings, unappropriated .....	11,597,225	24,761,421	33,001,322	45,086,737	27,616,747	12,417,630	14,406,693	6,145,083
Less: Cost of treasury stock .....	331,941	1,523,067	896,174	1,006,417	128,064	1,388,379	284,977	303,602
<b>Total receipts .....</b>	<b>44,739,224</b>	<b>89,943,871</b>	<b>119,199,514</b>	<b>189,887,816</b>	<b>149,944,517</b>	<b>79,370,355</b>	<b>44,963,496</b>	<b>27,735,648</b>
Business receipts .....	41,680,992	86,453,536	99,321,188	175,239,301	142,681,028	75,554,967	42,423,032	26,971,071
Interest .....	1,918,500	1,064,973	2,283,471	4,085,917	4,440,985	1,013,151	444,271	244,750
Interest on Government obligations:								
State and local .....	2,951	49,854	76,348	236,683	32,616	2,164	11,787	2,918
Nonqualifying interest and dividends .....	5,217	35,651	19,284	11,421	4,277	5,459	8,598	12,238
Rents .....	171,087	485,855	10,934,479	2,167,747	955,949	421,063	355,424	72,904
Royalties .....	44,918	93,453	2,491,140	625,475	55,769	198,078	195,094	34,565
Net short-term capital gain reduced by net long-term capital loss .....	35,878	12,533	10,383	39,436	*1,908	*2,954	7,689	4,590
Net long-term capital gain reduced by net short-term capital loss .....	172,508	326,983	270,448	915,435	53,667	178,495	139,474	83,694
Net gain, noncapital assets .....	26,015	139,502	124,929	249,635	132,880	149,027	22,661	35,718
Dividends received from domestic corporations .....	110,265	240,260	554,862	2,006,192	591,449	1,093,570	484,102	42,876
Dividends received from foreign corporations .....	93,549	410,305	1,363,053	540,939	255,225	110,621	364,718	15,281
Other receipts .....	477,343	631,066	1,749,928	2,769,635	738,762	640,805	506,644	215,043
<b>Total deductions .....</b>	<b>43,660,275</b>	<b>84,439,318</b>	<b>109,169,300</b>	<b>179,512,225</b>	<b>143,826,987</b>	<b>74,979,503</b>	<b>42,108,075</b>	<b>26,115,943</b>
Cost of sales and operations .....	33,042,218	57,768,433	59,981,051	114,112,292	98,638,151	54,440,517	24,211,139	17,714,614
Compensation of officers .....	368,166	2,532,316	1,610,034	1,508,044	309,331	413,384	502,129	741,030
Repairs .....	407,935	618,218	590,185	1,070,563	1,042,992	597,739	785,399	182,576
Bad debts .....	145,739	227,804	410,946	709,364	481,253	103,233	92,043	109,436
Rent paid on business property .....	302,386	953,600	1,334,149	2,090,977	1,533,952	728,702	475,155	285,773
Taxes paid .....	793,634	2,476,465	3,423,360	4,663,242	3,821,064	1,810,350	1,098,438	689,987
Interest paid .....	2,158,713	1,745,054	3,918,581	6,834,620	8,177,390	1,654,743	906,518	520,970
Contributions or gifts .....	18,252	64,571	136,749	142,515	144,831	65,568	73,973	20,942
Amortization .....	11,578	31,957	79,001	159,478	28,007	12,732	23,341	12,306
Depreciation .....	1,342,926	3,026,136	5,571,765	8,517,744	7,345,079	2,797,322	2,249,269	682,942
Depletion .....	54,465	30,739	24,999	103,683	*5,570	12,123	*2,831	*3,472
Advertising .....	218,096	688,139	909,023	2,363,738	1,460,429	268,056	1,122,550	425,621
Pension, profit-sharing, stock bonus, and annuity plans .....	417,431	839,208	1,429,444	2,376,889	3,880,205	984,526	539,569	223,985
Employee benefit programs .....	467,721	1,217,833	1,390,437	3,408,690	4,618,056	1,124,055	787,089	323,274
Net loss, noncapital assets .....	8,862	18,830	67,827	51,613	1,775	22,331	13,509	10,244
Other deductions .....	3,902,155	12,199,916	28,291,749	31,398,773	12,338,902	9,944,122	9,225,122	4,188,772
Total receipts less total deductions .....	1,078,948	5,504,553	10,030,214	9,375,591	6,117,529	4,390,853	2,855,421	1,619,704
Constructive taxable income from related foreign corporations .....	52,033	287,335	1,838,788	571,488	243,807	131,541	339,672	13,941
Net income .....	1,128,030	5,742,033	11,792,653	9,710,395	6,328,720	4,520,230	3,183,306	1,630,728
Income subject to tax .....	942,514	4,965,441	11,271,315	8,035,522	5,677,983	2,760,892	2,983,308	1,404,858
Income tax, total .....	445,320	2,062,119	5,093,674	3,578,099	2,629,479	1,246,150	1,343,908	580,136
Regular and alternative tax .....	422,477	2,044,051	5,035,382	3,512,816	2,594,872	1,225,307	1,325,136	576,244
Tax from recomputing prior-year investment credit .....	10,318	15,613	49,009	37,127	33,457	9,869	13,117	3,062
Additional tax for tax preferences .....	12,513	2,444	9,283	28,139	1,148	10,974	5,656	*765
Foreign tax credit .....	91,886	305,766	2,208,876	549,767	257,219	145,774	344,524	15,523
U.S. possessions tax credit .....	2,102	19,559	29,053	363,890	1,756	4,200	123,003	42,837
Investment credit .....	51,349	194,259	387,038	380,936	948,422	333,160	248,344	51,398
Jobs credit .....	2,794	11,185	7,475	12,281	7,040	5,878	2,002	2,947
Nonconventional source fuel credit .....	—	23	466	16	—	—	52	2
Alcohol fuel credit .....	—	—	—	*1,728	—	—	—	149
Research activities credit .....	2,932	23,149	223,651	159,290	132,412	71,896	89,606	7,220
Employee stock ownership credit .....	1,394	7,563	60,304	36,339	107,463	22,018	25,558	3,401
Distributions to stockholders:								
Cash and property except in own stock .....	450,403	1,112,310	3,261,651	3,848,514	1,332,205	950,320	1,420,787	285,710
Corporation's own stock .....	—	85,518	91,838	66,590	63,109	*427	*10,614	*42,221

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## Corporation Returns/1983

## RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued								
	Transportation and public utilities				Wholesale and retail trade				
	Total	Transportation	Communication	Electric, gas, and sanitary services	Total	Wholesale trade		Machinery, equipment, and supplies	Miscellaneous wholesale trade
						Total	Groceries and related products		
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
<b>Number of returns with net income .....</b>	<b>61,588</b>	<b>47,550</b>	<b>7,336</b>	<b>6,702</b>	<b>492,057</b>	<b>173,692</b>	<b>13,406</b>	<b>29,290</b>	<b>130,996</b>
<b>Total assets .....</b>	<b>774,482,627</b>	<b>153,299,510</b>	<b>249,336,602</b>	<b>371,846,515</b>	<b>630,998,012</b>	<b>303,094,090</b>	<b>23,478,327</b>	<b>42,636,576</b>	<b>236,979,187</b>
Cash .....	12,338,270	7,151,216	2,139,967	3,047,087	40,402,180	18,973,968	1,675,860	2,990,632	14,307,475
Notes and accounts receivable .....	72,585,074	22,542,932	19,417,980	30,624,162	162,696,683	91,930,487	6,881,751	13,438,082	71,610,654
Less: Allowance for bad debts .....	918,796	244,077	315,126	359,593	2,892,259	1,568,846	134,403	242,847	1,191,596
Inventories .....	22,999,883	3,853,782	6,307,900	12,888,201	188,860,339	90,284,576	6,204,073	11,901,077	72,189,426
Investments in Government obligations .....	11,002,142	2,509,617	6,214,152	2,278,373	19,451,006	12,424,949	130,024	118,108	12,176,817
Other current assets .....	22,707,272	6,987,720	7,201,824	8,517,729	18,258,686	9,203,521	636,467	1,320,621	7,246,432
Loans to stockholders .....	1,725,866	72,629	57,566	428,674	6,042,719	2,060,988	246,636	279,638	1,534,714
Mortgage and real estate loans .....	433,530	224,907	101,757	106,866	6,006,413	1,051,150	58,902	1,292,112	
Other investments .....	78,184,468	29,064,951	21,513,247	27,606,270	58,648,231	32,725,443	1,665,847	5,959,312	25,100,284
Depreciable assets .....	710,013,841	115,411,128	234,932,110	359,670,603	180,450,726	61,593,509	8,759,002	9,236,864	43,597,643
Less: Accumulated depreciation .....	189,016,059	41,771,965	55,769,043	91,475,052	80,613,949	29,356,083	4,007,106	4,333,245	21,015,732
Depletable assets .....	7,390,965	633,359	4,337	6,753,270	1,148,765	914,412	*1,347	1,390	911,675
Less: Accumulated depletion .....	2,429,140	217,549	1,819	2,209,772	147,701	148,137	—	*599	147,538
Land .....	4,720,790	1,788,880	706,375	2,225,535	12,183,809	3,775,284	394,458	395,097	2,985,729
Intangible assets (amortizable) .....	2,818,369	507,988	1,630,929	679,452	4,675,079	1,445,802	181,535	126,078	1,138,189
Less: Accumulated amortization .....	507,414	174,851	176,557	156,006	1,375,633	388,033	54,601	46,217	287,214
Other assets .....	20,433,563	4,310,844	4,852,003	11,270,716	17,252,919	7,711,100	747,301	1,433,681	5,530,118
<b>Total liabilities.....</b>	<b>774,482,627</b>	<b>153,299,510</b>	<b>249,336,602</b>	<b>371,846,515</b>	<b>630,998,012</b>	<b>303,094,090</b>	<b>23,478,327</b>	<b>42,636,576</b>	<b>236,979,187</b>
Accounts payable .....	45,887,836	13,795,014	11,846,804	20,246,018	103,236,939	57,841,562	6,143,378	7,485,483	44,212,700
Mortgages, notes, and bonds payable in less than one year .....	30,175,738	6,412,217	5,912,481	17,851,040	104,733,317	58,483,602	1,959,339	5,391,903	51,132,360
Other current liabilities .....	72,254,305	15,936,914	34,239,793	22,077,598	70,408,347	28,269,201	1,932,449	3,318,184	23,018,568
Loans from stockholders .....	2,978,206	1,369,279	778,220	830,707	13,521,127	5,305,809	591,203	697,608	4,016,999
Mortgages, notes, and bonds payable in one year or more .....	217,584,305	30,862,587	68,619,761	118,101,958	82,331,597	27,827,936	3,405,553	4,102,596	20,319,786
Other liabilities .....	76,379,137	16,313,238	18,722,743	41,343,156	19,088,227	5,700,811	776,695	735,042	4,189,074
Capital stock .....	126,128,825	9,490,568	49,315,526	67,322,731	31,000,191	14,763,961	1,188,513	1,745,509	11,829,940
Paid-in or capital surplus .....	68,285,104	20,381,544	13,681,793	34,221,767	27,207,445	9,674,187	961,040	1,169,499	7,543,648
Retained earnings, appropriated .....	2,227,862	457,918	418,748	1,351,196	1,708,761	816,792	75,760	161,893	579,139
Retained earnings, unappropriated .....	135,779,257	40,577,702	46,429,365	48,772,190	185,346,768	97,884,571	6,794,173	18,393,968	72,696,431
Less: Cost of treasury stock .....	3,197,947	2,297,470	628,632	271,845	7,584,724	3,474,342	349,775	565,110	2,559,456
<b>Total receipts.....</b>	<b>507,551,270</b>	<b>161,892,997</b>	<b>132,493,708</b>	<b>213,164,565</b>	<b>1,657,074,026</b>	<b>805,793,087</b>	<b>128,267,480</b>	<b>75,757,786</b>	<b>601,767,821</b>
Business receipts .....	485,248,515	150,127,825	128,187,480	206,933,209	1,618,614,857	788,526,970	126,636,750	72,573,653	589,316,567
Interest .....	6,334,994	2,305,985	1,344,852	2,684,156	12,064,661	6,633,577	329,405	1,172,557	5,131,616
Interest on Government obligations:									
State and local .....	179,048	63,062	5,459	110,527	171,451	84,892	2,337	13,237	69,318
Nonqualifying interest and dividends .....	48,224	30,904	13,932	3,388	432,724	206,805	17,467	27,983	161,355
Rents .....	3,396,473	1,861,019	954,480	580,974	6,210,093	1,749,111	228,007	638,940	882,164
Royalties .....	415,499	206,734	120,975	87,789	484,547	156,594	10,138	54,656	91,800
Net short-term capital gain reduced by net long-term capital loss .....	131,875	51,215	73,765	6,894	143,718	61,308	5,334	4,612	51,361
Net long-term capital gain reduced by net short-term capital loss .....	2,425,576	1,281,525	406,121	737,930	2,074,754	813,327	38,649	99,744	674,933
Net gain, noncapital assets .....	1,234,116	823,623	269,237	141,257	1,230,991	510,568	27,081	111,583	371,903
Dividends received from domestic corporations .....	540,236	125,029	275,997	139,210	991,351	599,564	25,359	61,754	512,451
Dividends received from foreign corporations .....	115,114	15,080	48,440	51,593	368,761	237,246	*2,261	6,152	228,832
Other receipts .....	7,481,601	5,000,994	792,970	1,687,637	14,318,099	6,213,127	944,691	992,916	4,275,520
<b>Total deductions.....</b>	<b>479,741,913</b>	<b>154,401,786</b>	<b>125,060,164</b>	<b>200,279,963</b>	<b>1,606,477,320</b>	<b>778,118,904</b>	<b>126,509,290</b>	<b>70,389,457</b>	<b>581,220,156</b>
Cost of sales and operations .....	253,564,520	83,208,553	42,791,715	127,564,253	1,257,422,170	655,647,353	110,439,885	53,076,541	492,130,927
Compensation of officers .....	3,381,963	2,176,932	549,569	655,482	24,961,751	12,081,226	1,115,589	1,951,545	9,014,092
Repairs .....	24,993,008	2,806,676	15,873,331	6,313,001	5,724,939	1,818,178	364,928	202,420	1,250,831
Bad debts .....	2,322,807	300,833	1,363,696	658,279	3,151,058	1,586,501	154,837	247,820	1,183,844
Rent paid on business property .....	8,956,644	5,421,034	2,475,048	1,060,561	23,016,179	5,040,798	783,618	658,406	3,598,773
Taxes paid .....	22,846,705	5,310,532	6,593,942	10,942,232	23,063,398	8,484,443	932,143	912,112	6,640,188
Interest paid .....	26,318,374	3,730,793	7,378,462	15,209,119	19,045,206	8,128,423	654,940	1,084,958	6,388,525
Contributions or gifts .....	438,567	136,355	188,086	114,126	549,242	219,454	97,876	8,987	14,292
Amortization .....	389,094	103,053	104,360	181,682	346,179	20,670	33,666	165,118	
Depreciation .....	44,540,414	9,328,098	20,341,457	14,870,859	20,102,920	7,248,049	946,005	1,284,420	5,017,624
Depletion .....	504,412	130,109	3,197	371,106	88,379	46,605	*1,348	1,913	45,345
Advertising .....	2,245,599	759,308	1,280,550	205,741	17,491,490	3,793,239	345,713	442,887	3,004,639
Pension, profit-sharing, stock bonus, and annuity plans .....	6,968,076	1,678,671	3,498,398	1,791,008	5,244,474	2,425,269	310,266	334,178	1,780,835
Employee benefit programs .....	6,092,494	1,929,442	2,929,117	1,233,935	6,366,216	2,055,847	365,203	336,241	1,354,403
Net loss, noncapital assets .....	472,075	22,178	371,653	78,244	279,149	174,366	8,944	5,614	159,807
Other deductions .....	75,707,139	37,359,220	19,317,583	19,030,336	199,624,571	69,269,277	10,056,223	9,802,445	49,410,609
Total receipts less total deductions .....	27,809,358	7,491,211	7,433,544	12,884,602	50,596,706	27,674,183	1,758,189	5,368,329	20,547,665
Constructive taxable income from related foreign corporations .....	410,039	90,866	176,548	142,625	418,825	254,105	3,885	8,017	242,204
Net income .....	28,040,349	7,519,016	7,604,634	12,916,700	50,844,081	27,843,397	1,759,737	5,363,109	20,720,551
Income subject to tax .....	25,612,414	5,954,014	7,093,314	12,565,086	33,501,617	14,488,651	1,333,449	1,895,744	11,259,459
Income tax, total .....	11,594,520	2,390,061	3,519,937	5,684,522	12,882,375	5,610,525	530,370	703,535	4,376,620
Regular and alternative tax .....	11,302,039	2,329,859	3,353,424	5,618,757	12,729,145	5,548,961	525,214	687,743	4,336,004
Tax from recomputing prior-year investment credit .....	229,901	23,635	163,570	42,695	127,280	52,102	4,943	15,355	31,804
Additional tax for tax preferences .....	62,580	36,567	2,943	23,070	25,115	9,208	*209	435	1,188,423
Foreign tax credit .....	220,579	35,915	124,007	60,656	309,038	212,565	*334	7,919	204,312
U.S. possessions tax credit .....	54,498	—	54,498	—	54,236	51,144	8,374	131	42,640
Investment credit .....	5,490,444	804,496	2,047,099	2,638,849	1,605,589	556,485	75,414	118,879	362,193
Jobs credit .....	17,529	9,936	2,780	4,813	164,500	17,810	2,846	1,792	13,172
Nonconventional source fuel credit .....	3,808	383	1	3,424	58	41	—	—	41
Alcohol fuel credit .....	326	—	307	19	*1,666	*1,541	—	107	*1,434
Research activities credit .....	151,196	3,623	132,639	14,934	24,051	14,909	457		

## RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued									
	Wholesale and retail trade—Continued									
	Retail trade									
Total	Building materials, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores	Wholesale and retail trade not allocable	
(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	
<b>Number of returns with net income .....</b>	<b>316,918</b>	<b>25,823</b>	<b>6,144</b>	<b>26,110</b>	<b>55,109</b>	<b>24,642</b>	<b>22,676</b>	<b>53,434</b>	<b>102,978</b>	<b>1,447</b>
<b>Total assets .....</b>	<b>326,831,774</b>	<b>18,150,377</b>	<b>116,966,121</b>	<b>41,210,518</b>	<b>48,340,767</b>	<b>19,988,943</b>	<b>13,015,344</b>	<b>26,702,278</b>	<b>42,457,426</b>	<b>1,072,148</b>
Cash .....	21,356,136	1,573,674	3,060,950	2,922,240	3,862,902	1,779,982	1,261,489	2,336,688	4,558,274	72,077
Notes and accounts receivable .....	70,484,934	3,925,463	42,099,224	3,773,328	7,102,587	2,783,862	3,059,265	1,359,531	6,381,673	281,263
Less: Allowance for bad debts .....	1,318,387	100,980	647,289	24,374	171,041	75,131	104,551	28,684	166,327	5,027
Inventories .....	98,302,451	7,167,677	23,744,458	11,413,326	24,674,920	7,330,055	5,251,505	1,273,116	17,447,394	263,312
Investments in Government obligations .....	7,026,057	36,500	6,255,996	341,844	40,726	94,708	42,871	90,297	123,114	—
Other current assets .....	8,963,538	451,290	2,156,343	1,355,137	1,315,818	1,065,255	369,461	1,029,648	1,230,585	91,626
Loans to stockholders .....	3,965,364	164,547	378,491	244,813	594,310	835,761	198,375	761,689	787,186	16,367
Mortgage and real estate loans .....	4,496,691	123,904	3,725,423	97,060	145,993	35,579	39,872	173,370	156,089	*8,572
Other investments .....	25,795,854	881,336	12,341,197	3,163,609	1,403,306	1,750,012	3,842,272	1,634,937	126,934	—
Depreciable assets .....	118,543,579	5,926,827	29,653,995	25,713,504	14,059,599	5,707,195	3,090,625	19,119,992	15,271,843	313,637
Less: Accumulated depreciation .....	51,099,794	2,988,024	10,473,287	11,133,453	7,157,911	2,628,476	1,466,899	7,940,291	7,311,453	158,071
Depletable assets .....	234,353	*24,380	*445	88,836	87,109	*1,199	*13,428	*5,180	*13,775	—
Less: Accumulated depletion .....	49,565	*2,817	*409	*5,967	28,549	*234	*3,176	*756	*7,658	—
Land .....	8,391,157	589,138	1,743,098	1,497,686	1,319,614	198,631	213,856	1,931,158	897,975	17,368
Intangible assets (amortizable) .....	3,217,214	57,961	567,645	650,457	192,438	187,381	35,217	953,132	572,983	12,063
Less: Accumulated amortization .....	985,427	25,093	85,876	201,404	72,945	63,770	12,889	312,325	211,124	2,172
Other assets .....	9,507,619	344,605	2,445,780	1,313,875	972,488	996,934	247,709	2,108,261	1,077,968	34,200
<b>Total liabilities .....</b>	<b>326,831,774</b>	<b>18,150,377</b>	<b>116,966,121</b>	<b>41,210,518</b>	<b>48,340,767</b>	<b>19,988,943</b>	<b>13,015,344</b>	<b>26,702,278</b>	<b>42,457,426</b>	<b>1,072,148</b>
Accounts payable .....	45,205,385	2,731,915	10,934,733	9,502,072	4,998,529	3,519,133	2,174,170	2,614,678	8,730,156	189,992
Mortgages, notes, and bonds payable in less than one year .....	46,132,198	1,957,803	17,949,313	1,308,916	17,915,847	902,507	1,197,434	1,640,839	3,259,541	117,517
Other current liabilities .....	42,075,718	1,438,899	23,938,473	3,803,376	3,927,493	1,793,288	1,334,464	1,990,792	3,848,932	63,428
Loans from stockholders .....	8,191,205	616,510	796,092	673,802	1,534,375	494,790	567,694	1,354,428	2,153,513	24,113
Mortgages, notes, and bonds payable in one year or more .....	54,286,183	2,288,110	21,388,495	8,610,824	5,635,697	2,650,020	1,636,780	6,573,229	5,503,029	217,479
Other liabilities .....	13,343,068	432,134	6,786,868	1,531,185	865,066	617,297	555,202	1,642,815	912,502	44,349
Capital stock .....	16,170,270	1,305,817	3,215,623	2,189,887	2,902,674	1,409,826	932,085	1,478,625	2,735,735	65,960
Paid-in or capital surplus .....	17,499,929	838,652	6,285,304	2,457,582	991,222	1,642,925	356,132	2,643,088	2,285,024	33,328
Retained earnings, appropriated .....	880,847	69,729	142,334	53,273	116,373	31,094	245,929	47,565	174,550	*11,123
Retained earnings, unappropriated .....	87,139,463	6,917,637	25,857,098	11,657,039	10,353,784	7,159,692	4,294,766	7,357,727	13,541,719	322,752
Less: Cost of treasury stock .....	4,092,490	446,830	328,211	577,437	900,291	231,628	279,311	641,508	687,274	*17,892
<b>Total receipts .....</b>	<b>848,986,277</b>	<b>44,298,027</b>	<b>140,242,300</b>	<b>190,318,422</b>	<b>226,491,005</b>	<b>42,769,217</b>	<b>28,186,094</b>	<b>54,284,478</b>	<b>122,396,735</b>	<b>2,294,662</b>
Business receipts .....	827,855,608	43,416,722	132,481,225	187,575,438	223,011,339	41,768,124	27,328,965	51,950,902	120,322,893	2,232,279
Interest .....	5,417,802	242,195	2,822,808	380,705	755,659	307,423	199,712	283,028	426,273	13,281
Interest on Government obligations:										
State and local .....	86,558	12,098	5,652	7,308	12,045	12,181	3,744	10,374	23,157	*1
Nonqualifying interest and dividends .....	225,549	12,743	4,579	22,689	90,287	14,784	16,053	22,718	41,696	*370
Rents .....	4,455,825	122,149	1,625,836	455,261	567,759	116,124	132,304	1,051,976	384,416	*5,157
Royalties .....	327,954	2,982	17,791	15,585	3,375	13,551	*17,380	230,144	27,146	—
Net short-term capital gain reduced by net long-term capital loss .....	80,610	2,760	5,076	37,650	8,847	9,132	2,994	2,942	11,209	*1,800
Net long-term capital gain reduced by net short-term capital loss .....	1,243,450	60,246	356,282	314,047	120,401	41,535	66,209	155,582	129,147	*17,978
Net gain, noncapital assets .....	718,072	37,443	173,339	92,923	166,777	13,456	15,427	82,274	136,432	2,352
Dividends received from domestic corporations .....	387,415	11,271	203,646	38,120	11,079	51,318	35,796	13,765	22,421	*4,372
Dividends received from foreign corporations .....	97,121	*24	29,278	*58,826	4,058	540	*1,002	(*3,392)	59,870	*2,415
Other receipts .....	8,090,315	377,395	2,516,787	1,319,869	1,739,378	421,051	366,508	480,774	868,553	14,658
<b>Total deductions .....</b>	<b>826,141,033</b>	<b>42,572,287</b>	<b>136,073,958</b>	<b>187,308,649</b>	<b>223,063,820</b>	<b>40,584,598</b>	<b>26,801,167</b>	<b>51,593,835</b>	<b>118,142,721</b>	<b>2,217,383</b>
Cost of sales and operations .....	600,231,183	31,489,605	84,790,728	144,883,507	190,809,717	24,707,407	17,361,920	23,082,796	83,105,503	1,543,634
Compensation of officers .....	12,800,777	1,182,771	499,294	1,077,301	3,073,014	964,938	953,752	1,599,150	3,450,557	79,747
Repairs .....	3,898,959	193,717	707,033	1,030,482	511,406	134,937	92,022	762,259	467,102	7,802
Bad debts .....	1,557,265	162,876	569,957	99,233	233,782	78,275	115,233	59,745	238,165	7,293
Rent paid on business property .....	17,943,772	580,194	3,325,071	2,770,311	1,836,633	2,514,212	854,409	2,917,827	3,145,114	31,609
Taxes paid .....	14,546,724	802,105	3,320,361	2,445,650	2,283,009	940,923	563,590	1,997,356	2,193,729	32,231
Interest paid .....	10,886,151	508,391	5,011,455	955,532	1,732,437	537,645	308,437	858,520	973,735	30,632
Contributions or gifts .....	329,036	22,663	115,154	42,387	36,745	27,206	16,697	20,836	47,148	752
Amortization .....	246,972	*665	29,423	23,562	21,285	22,850	5,903	78,413	59,870	1,331
Depreciation .....	12,818,426	5/4,438	3,108,135	2,594,545	1,937,407	611,415	341,694	1,898,852	1,746,939	36,444
Depletion .....	39,773	2,809	*1,678	3,323	11,899	*2,673	*437	10,090	6,865	*1
Advertising .....	13,677,026	582,201	3,755,131	1,973,877	1,918,813	1,006,742	1,068,712	1,342,338	2,029,211	21,225
Pension, profit-sharing, stock bonus, and annuity plans .....	2,804,062	187,993	885,568	563,569	260,547	180,702	95,792	177,161	452,711	15,143
Employee benefit programs .....	4,297,736	154,672	703,130	1,607,370	707,719	223,668	103,923	256,850	540,403	12,632
Net loss, noncapital assets .....	104,534	2,913	3,121	36,131	10,657	9,268	3,866	19,138	19,440	*250
Other deductions .....	129,959,639	6,114,075	29,248,699	27,201,867	17,678,751	8,621,737	4,914,779	16,512,504	19,666,228	396,655
Total receipts less total deductions .....	22,845,244	1,725,740	4,168,342	3,009,773	3,427,185	2,184,618	1,384,928	2,690,643	4,254,014	77,279
Constructive taxable income from related foreign corporations .....	162,628	91,650	38,393	2,036	641	16,408	3,776	9,724	*2,091	—
Net income .....	22,921,314	1,713,643	4,254,341	3,040,857	3,417,176	2,173,078	1,397,592	2,684,046	4,240,581	79,370
Income subject to tax .....	18,954,076	1,426,763	3,885,701	2,662,320	2,545,837	1,918,868	1,115,671	2,032,104	3,366,812	58,889
Income tax, total .....	7,254,030	504,160	1,725,601	1,108,876	841,759	755,459	401,533	754,565	1,162,078	17,820
Regular and alternative tax .....	7,162,758	500,749	1,694,066	1,096,940	824,245	752,193	399,225	745,060	1,150,281	17,426
Tax from recomputing prior-year investment credit .....	75,030	3,056	20,148	11,065	16,338	2,109	2,062	8,820	11,433	148
Additional tax for tax preferences .....	15,662	*355	11,387	851	874	1,133	*129	644	288	246
Foreign tax credit .....	96,270	*2	37,648	41,042	*1,291	*2,884	*1,981	7,855	3,568	*203
U.S. possessions tax credit .....	3,092	—	—	2,708	—	9	—	352	23	—
Investment credit .....	1,046,946	44,991	294,582	237,323	138,063	53,169	21,752	122,236	134,830	2,157
Jobs credit .....	146,490	2,887	30,974	29,695	10,548	6,576	2,057	51,582	12,171	*199
Nonconventional source fuel credit .....	17	—	—	17	—	—	—	—	—	—
Alcohol fuel credit .....	*125									

## RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued							
	Finance, insurance, and real estate							
	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
<b>Number of returns with net income</b>	<b>269,267</b>	<b>9,011</b>	<b>17,403</b>	<b>6,925</b>	<b>5,568</b>	<b>32,107</b>	<b>170,062</b>	<b>28,192</b>
<b>Total assets</b>	<b>3,641,858,781</b>	<b>2,105,494,808</b>	<b>428,838,894</b>	<b>162,456,495</b>	<b>494,844,201</b>	<b>14,574,160</b>	<b>90,062,007</b>	<b>345,588,214</b>
Cash	320,844,537	266,224,714	15,411,728	2,726,124	12,091,450	3,012,741	7,949,309	13,428,470
Notes and accounts receivable	1,381,327,400	1,178,926,493	73,203,703	68,313,798	31,679,237	3,628,279	10,276,703	15,299,188
Less: Allowance for bad debts	20,313,270	14,101,147	5,427,886	86,883	401,859	32,509	146,909	116,078
Inventories	6,263,440	8,233	826,567	227,842	1,644,504	21,568	2,568,041	966,686
Investments in Government obligations	404,389,031	262,393,472	22,186,032	13,962,233	68,217,087	1,780,998	1,561,551	34,287,659
Other current assets	168,770,640	73,438,948	8,848,351	28,361,710	33,691,430	670,281	6,024,255	17,735,855
Loans to stockholders	6,497,279	1,347,679	1,118,495	179,963	771,575	304,894	1,843,934	930,740
Mortgage and real estate loans	439,384,393	89,861,555	265,625,426	369,111	71,634,597	105,575	6,481,809	5,306,319
Other investments	688,316,107	124,655,470	33,199,944	44,314,435	221,628,315	2,828,709	14,255,534	247,433,701
Depreciable assets	110,347,628	38,439,014	6,774,280	2,557,710	11,797,557	2,065,459	41,404,466	7,309,142
Less: Accumulated depreciation	37,219,323	10,769,349	2,242,748	819,248	2,380,803	1,008,469	17,753,092	2,245,614
Depletable assets	930,794	60,903	186,624	*19,273	8,398	*5,695	394,736	255,166
Less: Accumulated depletion	122,765	*1,447	*55,816	*6,926	154	*2,048	66,350	80,025
Land	18,836,346	3,272,880	1,278,305	110,461	740,527	108,525	11,579,753	1,745,895
Intangible assets (amortizable)	6,327,666	1,741,178	1,511,339	225,081	1,502,632	331,870	568,898	446,068
Less: Accumulated amortization	1,041,923	262,454	150,261	67,132	164,703	100,793	196,194	100,386
Other assets	148,410,602	90,258,067	6,544,813	2,068,944	42,384,412	853,373	3,315,563	2,985,429
<b>Total liabilities</b>	<b>3,641,858,781</b>	<b>2,105,494,808</b>	<b>428,838,894</b>	<b>162,456,495</b>	<b>494,844,201</b>	<b>14,574,160</b>	<b>90,062,007</b>	<b>345,588,214</b>
Accounts payable	117,005,249	25,275,790	3,650,277	65,082,669	8,182,154	4,378,081	3,563,963	6,872,308
Mortgages, notes, and bonds payable in less than one year	255,960,678	137,984,936	73,364,037	16,566,475	11,891,045	689,644	10,866,685	4,597,857
Other current liabilities	2,004,068,933	1,630,744,460	224,230,129	57,485,542	74,626,136	2,817,640	5,568,922	8,596,103
Loans from stockholders	25,676,516	16,108,907	1,988,101	395,991	2,344,182	189,129	3,779,373	870,835
Mortgages, notes, and bonds payable in one year or more	221,998,954	76,867,943	87,027,332	3,566,573	12,301,294	1,094,763	29,056,805	11,484,244
Other liabilities	400,428,373	59,796,533	13,839,342	7,306,883	305,516,893	981,379	7,039,506	5,947,837
Capital stock	365,770,673	27,600,993	5,023,492	1,551,296	4,676,538	729,081	6,753,968	319,435,305
Paid-in or capital surplus	264,367,110	50,291,323	6,646,415	3,670,946	15,888,868	814,715	8,405,066	178,649,778
Retained earnings, appropriated	21,837,320	2,776,004	1,830,696	130,020	12,220,488	311,674	414,054	4,154,383
Retained earnings, unappropriated	185,436,127	79,242,187	11,464,048	6,901,985	48,037,878	3,131,827	16,314,953	20,343,449
Less: Cost of treasury stock	220,091,151	1,194,272	224,974	201,885	841,274	563,573	1,701,287	215,363,885
<b>Total receipts</b>	<b>586,604,065</b>	<b>240,947,708</b>	<b>50,732,580</b>	<b>29,879,358</b>	<b>153,159,624</b>	<b>13,502,956</b>	<b>44,104,413</b>	<b>52,277,427</b>
Business receipts	217,422,813	27,640,206	9,627,285	14,031,500	113,092,433	12,556,746	27,016,181	13,458,462
Interest	287,773,710	192,713,928	39,527,893	5,889,034	24,627,268	394,742	2,330,379	22,290,466
Interest on Government obligations:								
State and local	8,754,087	5,851,254	80,336	116,468	2,307,127	31,289	68,730	298,884
Nonqualifying interest and dividends	420,085	—	113,517	51,708	*3,979	36,685	157,119	57,076
Rents	15,286,293	4,301,175	597,726	545,049	2,290,150	46,833	6,548,204	957,157
Royalties	727,915	17,278	18,877	31,756	26,427	*3,382	268,878	361,316
Net short-term capital gain reduced by net long-term capital loss	3,424,074	101,963	66,441	152,541	576,146	4,346	114,990	2,407,648
Net long-term capital gain reduced by net short-term capital loss	13,407,293	1,376,370	405,448	249,601	2,077,211	78,434	2,318,683	6,901,546
Net gain, noncapital assets	12,117,834	992,890	740,428	7,008,589	175,510	26,740	2,945,241	228,427
Dividends received from domestic corporations	4,979,843	305,278	52,255	213,954	2,015,644	31,359	188,052	2,173,303
Dividends received from foreign corporations	675,192	182,369	199,605	32,721	58,762	32,741	1,325	167,668
Other receipts	21,614,927	7,464,997	1,302,761	1,556,438	5,908,968	259,659	2,146,631	2,975,473
<b>Total deductions</b>	<b>518,359,880</b>	<b>226,708,332</b>	<b>50,141,360</b>	<b>27,313,063</b>	<b>145,727,439</b>	<b>12,471,713</b>	<b>36,657,327</b>	<b>19,340,638</b>
Cost of sales and operations	94,661,283	7,853,051	3,241,495	3,435,888	60,031,831	2,989,390	8,390,092	8,719,536
Compensation of officers	15,251,378	6,126,850	851,753	2,256,997	741,557	1,875,966	2,802,504	595,750
Repairs	2,366,284	1,039,749	144,023	68,695	134,287	55,121	815,244	109,166
Bad debts	7,553,496	5,845,411	772,356	181,664	461,522	68,659	139,083	84,801
Rent paid on business property	8,016,883	3,579,888	444,021	775,039	1,390,208	439,354	1,105,079	283,294
Taxes paid	10,923,550	3,422,637	524,417	693,053	2,987,025	395,313	2,385,742	515,363
Interest paid	201,237,231	149,535,552	35,727,794	5,190,386	4,804,819	233,100	4,015,531	1,730,049
Contributions or gifts	381,433	188,959	28,525	29,620	36,875	14,790	55,974	26,689
Amortization	389,840	164,653	35,634	22,745	51,349	27,601	54,452	33,406
Depreciation	12,341,980	5,712,383	865,311	888,652	1,701,355	369,385	2,249,849	555,044
Depletion	127,039	7,764	974	3,287	8,618	*53	48,863	57,481
Advertising	3,715,218	1,258,487	315,439	314,941	881,523	115,178	608,133	221,517
Pension, profit-sharing, stock bonus, and annuity plans	3,525,311	1,469,984	177,731	329,465	828,799	249,152	316,006	154,173
Employee benefit programs	3,913,145	1,727,290	167,142	217,635	643,321	195,515	204,558	157,683
Net loss, noncapital assets	473,325	289,623	89,078	15,139	4,750	1,416	48,296	25,024
Other deductions	154,082,485	38,486,051	6,755,677	12,889,856	71,019,598	5,441,720	13,417,922	6,071,662
Total receipts less total deductions	68,244,185	14,239,376	2,591,212	2,566,295	7,432,185	1,031,243	7,447,086	32,936,789
Constructive taxable income from related foreign corporations	623,404	284,428	166,618	11,801	82,007	28,447	*25	50,078
Net income	60,113,503	8,672,550	2,677,495	2,461,628	5,207,066	1,028,401	7,378,381	32,687,982
Income subject to tax	22,367,607	7,868,563	1,661,920	1,852,056	3,608,327	665,458	4,591,117	2,120,167
Income tax, total	8,478,337	3,305,639	659,893	774,885	1,457,929	205,817	1,352,930	721,245
Regular and alternative tax	5,319,377	3,253,858	645,206	772,521	1,408,904	203,860	1,329,877	705,153
Tax from recomputing prior-year investment credit	52,659	19,952	2,408	1,614	14,416	1,516	9,104	3,649
Additional tax for tax preferences	101,457	30,496	12,124	749	34,609	*440	11,798	11,241
Foreign tax credit	1,669,261	1,244,839	144,947	23,428	175,422	*29,038	2,745	48,842
U.S. possessions tax credit	4,487	—	2,683	1,589	—	235	—	—
Investment credit	1,054,075	627,052	44,078	126,267	121,361	22,359	76,360	36,598
Jobs credit	24,816	9,447	2,303	1,056	2,238	1,008	7,820	944
Nonconventional source fuel credit	3,455	183	9	68	3,183	—	11	1
Alcohol fuel credit	*1,031	48	161	616	—	—	*138	68
Research activities credit	28,077	19,266	59	1,514	4,717	*294	*407	1,820
Employee stock ownership credit	28,679	11,486	158	12,653	3,404	24	63	*890
Distributions to stockholders:								
Cash and property except in own stock	36,590,290	4,840,132	469,487	255,190	1,928,768	198,858	1,895,980	27,001,875
Corporation's own stock	1,362,862	637,029	53,051	*57,073	32,071	*1,652	67,247	514,737

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry—Continued

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

Item	Major industry—Continued							Nature of business not allocable	
	Services								
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair, miscellaneous repair services	Amusement and recreation services	Other services		
(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)		
<b>Number of returns with net income.....</b>	<b>481,888</b>	<b>9,934</b>	<b>26,022</b>	<b>134,470</b>	<b>45,634</b>	<b>27,607</b>	<b>238,221</b>	<b>5,885</b>	
<b>Total assets .....</b>	<b>169,625,535</b>	<b>16,432,978</b>	<b>7,363,340</b>	<b>57,670,810</b>	<b>13,187,171</b>	<b>21,155,060</b>	<b>53,816,176</b>	<b>1,081,665</b>	
Cash.....	20,266,108	1,309,609	937,490	6,565,839	1,310,203	1,648,285	8,494,683	158,248	
Notes and accounts receivable.....	28,611,449	1,241,645	1,037,123	13,035,259	2,093,655	2,509,428	8,694,340	284,354	
Less: Allowance for bad debts.....	1,115,394	53,169	48,287	277,398	40,835	60,245	635,460	6,848	
Inventories.....	8,711,404	354,738	514,836	3,231,196	1,445,733	1,976,882	1,188,019	181,990	
Investments in Government obligations.....	1,518,416	199,372	127,218	566,584	*22,723	109,688	492,830	5,700	
Other current assets.....	11,609,294	520,745	298,752	5,884,016	427,785	2,048,192	2,429,804	17,880	
Loans to stockholders.....	4,370,187	194,283	158,873	1,061,470	236,999	287,128	2,431,434	25,581	
Mortgage and real estate loans.....	1,372,335	318,191	89,408	324,137	108,453	197,781	334,366	*22,671	
Other investments.....	24,011,187	3,034,829	753,894	10,301,483	615,978	3,718,147	5,586,857	137,876	
Depreciable assets.....	96,774,720	11,886,608	5,262,775	25,765,699	11,123,843	11,388,040	31,347,754	373,083	
Less: Accumulated depreciation.....	43,231,716	4,582,513	2,688,926	12,812,027	5,037,380	5,687,244	12,423,626	190,149	
Depletable assets.....	143,433	*3,722	*7,462	59,189	*2,388	*445	70,228	*118	
Less: Accumulated depletion.....	52,873	*40	*1,671	17,912	*1,715	*387	31,147	*67	
Land.....	5,645,930	1,385,632	295,101	806,818	445,116	1,072,626	1,640,637	29,559	
Intangible assets (amortizable).....	3,714,152	126,663	187,517	896,291	100,811	1,317,610	1,085,260	4,719	
Less: Accumulated amortization.....	1,881,270	36,170	58,834	329,055	28,560	1,114,993	313,657	3,147	
Other assets.....	9,158,173	528,835	490,609	2,609,221	361,975	1,743,678	3,423,855	40,086	
<b>Total liabilities .....</b>	<b>169,625,535</b>	<b>16,432,978</b>	<b>7,363,340</b>	<b>57,670,810</b>	<b>13,187,171</b>	<b>21,155,060</b>	<b>53,816,176</b>	<b>1,081,665</b>	
Accounts payable.....	15,743,787	644,053	453,801	8,026,361	1,356,175	2,124,604	3,138,793	141,948	
Mortgages, notes, and bonds payable in less than one year.....	14,087,035	953,454	476,594	5,656,969	1,629,350	1,397,857	3,972,811	122,174	
Other current liabilities.....	20,472,740	1,065,348	551,331	8,157,933	979,415	2,579,347	7,139,366	98,289	
Loans from stockholders.....	4,998,013	327,172	174,052	1,429,728	387,814	698,070	1,981,176	54,539	
Mortgages, notes, and bonds payable in one year or more.....	41,123,730	6,417,204	1,495,913	11,350,987	3,361,989	4,981,820	13,515,817	109,774	
Other liabilities.....	9,712,043	865,760	593,062	2,544,083	723,795	1,687,377	3,297,967	41,205	
Capital stock.....	8,931,428	1,048,561	516,033	2,865,234	616,508	1,404,944	2,480,149	130,061	
Paid-in or capital surplus.....	15,569,005	1,525,241	416,761	5,502,523	723,313	2,254,133	5,147,034	52,547	
Retained earnings, appropriated.....	563,730	37,937	22,312	215,843	71,575	27,560	188,502	*19,872	
Retained earnings, unappropriated.....	42,328,763	4,081,574	3,052,530	12,938,306	3,655,405	4,529,534	14,071,413	326,466	
Less: Cost of treasury stock.....	3,904,738	533,326	389,049	1,017,158	318,168	530,185	1,116,852	*15,210	
<b>Total receipts .....</b>	<b>292,353,707</b>	<b>16,806,199</b>	<b>12,346,446</b>	<b>93,952,499</b>	<b>24,492,728</b>	<b>24,634,673</b>	<b>120,121,162</b>	<b>2,906,059</b>	
Business receipts.....	276,431,611	15,349,198	11,863,183	87,668,738	23,480,554	22,611,006	115,458,932	2,808,531	
Interest.....	2,864,692	251,382	119,706	1,143,424	146,229	314,820	889,132	16,230	
Interest on Government obligations:									
State and local.....	81,959	19,362	10,390	19,801	3,555	5,490	23,361	—	
Nonqualifying interest and dividends.....	219,411	19,828	7,825	69,351	17,361	41,343	63,703	*937	
Rents.....	3,741,190	261,213	39,228	2,181,977	242,496	383,789	632,487	6,015	
Royalties.....	751,769	207,859	84,272	195,245	*742	163,382	100,269	*867	
Net short-term capital gain reduced by net long-term capital loss.....	71,998	3,953	3,713	38,830	1,263	3,010	21,230	*45	
Net long-term capital gain reduced by net short-term capital loss.....	1,137,430	245,672	36,352	335,776	23,611	221,825	274,194	23,876	
Net gain, noncapital assets.....	941,182	105,158	19,514	338,118	204,889	122,593	150,912	6,264	
Dividends received from domestic corporations.....	548,148	28,694	23,622	314,735	13,697	74,099	93,300	5,887	
Dividends received from foreign corporations.....	172,478	*363	4,887	125,806	—	*28,444	12,977	2,486	
Other receipts.....	5,391,840	313,518	133,754	1,520,699	358,333	664,872	2,400,665	34,920	
<b>Total deductions .....</b>	<b>275,422,893</b>	<b>15,583,142</b>	<b>11,538,061</b>	<b>88,157,967</b>	<b>23,349,869</b>	<b>22,897,645</b>	<b>113,896,108</b>	<b>2,770,383</b>	
Cost of sales and operations.....	99,035,623	7,173,118	4,343,751	41,838,598	12,283,379	8,689,724	24,707,054	1,829,753	
Compensation of officers.....	34,390,840	310,270	829,264	6,093,244	1,270,268	1,261,726	24,626,069	173,820	
Repairs.....	2,328,879	330,963	163,916	558,471	244,912	325,853	704,765	10,116	
Bad debts.....	931,335	57,269	66,821	282,288	82,010	61,669	381,278	6,337	
Rent paid on business property.....	10,378,496	551,261	454,799	3,025,744	788,670	881,141	4,676,881	49,047	
Taxes paid.....	9,559,990	719,672	520,603	2,702,933	792,235	886,082	3,938,267	56,536	
Interest paid.....	6,321,539	760,551	197,044	2,053,394	670,479	712,994	1,927,076	20,482	
Contributions or gifts.....	196,024	13,594	10,796	5,154	10,702	20,530	88,856	1,286	
Amortization.....	394,531	13,602	18,112	119,187	10,435	147,093	86,102	*27	
Depreciation.....	12,564,183	873,769	614,063	3,998,309	1,707,204	1,636,664	3,734,175	43,561	
Depletion.....	27,437	2,226	*245	9,266	*308	1,716	13,677	*126	
Advertising.....	3,090,991	329,781	263,341	911,957	275,906	698,305	611,702	16,975	
Pension, profit-sharing, stock bonus, and annuity plans.....	6,384,986	39,176	80,219	1,048,850	133,564	220,272	4,862,904	24,296	
Employee benefit programs.....	3,106,267	143,816	94,982	790,686	175,903	185,331	1,715,549	12,231	
Net loss, noncapital assets.....	128,204	6,331	4,883	57,420	9,742	15,936	33,891	*102	
Other deductions.....	86,583,568	4,257,545	3,875,224	24,616,074	4,894,253	7,152,610	41,787,863	525,689	
Total receipts less total deductions.....	16,930,815	1,223,057	808,385	5,794,532	1,142,759	1,737,028	6,225,054	135,676	
Constructive taxable income from related foreign corporations.....	110,370	314	7,035	57,256	—	19,512	26,254	2,231	
Net income.....	16,959,225	1,204,009	805,029	5,831,987	1,139,204	1,751,050	6,227,947	137,906	
Income subject to tax.....	11,810,154	918,832	606,365	3,988,499	761,486	1,160,728	4,374,244	86,669	
Income tax, total.....	3,759,974	349,592	199,662	1,386,020	222,605	425,313	1,176,781	24,020	
Regular and alternative tax.....	3,673,446	341,679	195,618	1,349,235	216,878	419,161	1,150,876	23,542	
Tax from recomputing prior-year investment credit.....	73,099	5,817	2,798	34,620	5,591	4,802	19,471	*260	
Additional tax for tax preferences.....	11,731	2,094	*84	1,656	136	1,343	6,417	*217	
Foreign tax credit.....	123,164	*4,857	6,240	70,277	*250	26,602	14,938	2,145	
U.S. possessions tax credit.....	9,588	103	—	4,174	51	—	5,261	—	
Investment credit.....	853,089	46,630	41,164	294,088	85,798	103,627	281,782	2,925	
Jobs credit.....	61,926	7,063	1,138	24,991	3,697	3,091	21,946	26	
Nonconventional source fuel credit.....	*733	—	(1)	—	—	—	733	—	
Alcohol fuel credit.....	*86	23	—	—	—	*63	—	—	
Research activities credit.....	39,491	34	*213	31,763	*193	*253	7,035	71	
Employee stock ownership credit.....	17,952	*2,433	8	5,553	1,453	*46	8,458	—	
Distributions to stockholders:									
Cash and property except in own stock.....	1,884,408	289,456	81,687	620,389	76,236	173,924	642,716	10,619	
Corporation's own stock.....	175,671	15,727	2,131	40,847	*46,956	*13,924	*56,087	—	

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

\*Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

Table 4.— Balance Sheets, Income Statements, and Selected Other Items by Size of Total Assets

{All figures are estimates based on samples—money amounts are in thousands of dollars}

Item	Total returns of active corporations	Size of total assets				
		Zero assets	\$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>						
Total assets .....	2,999,071	113,437	1,552,099	553,929	312,500	208,260
Cash .....	10,201,084,144	—	53,951,657	89,193,794	110,950,948	145,636,097
Notes and accounts receivable .....	590,386,817	—	10,819,529	14,104,666	14,544,387	16,265,110
Less: Allowance for bad debts .....	2,677,367,962	—	6,501,423	14,354,146	20,727,495	30,027,579
Inventories .....	51,162,613	—	95,628	214,756	333,123	513,741
Investments in Government obligations .....	599,445,162	—	6,452,871	14,105,686	19,476,988	27,905,289
Other current assets .....	685,146,228	—	113,485	306,023	406,717	779,375
Loans to stockholders .....	433,594,597	—	2,353,515	3,746,705	4,746,069	6,207,623
Mortgage and real estate loans .....	47,836,294	—	3,649,065	4,428,651	3,578,979	3,261,529
Other investments .....	882,415,018	—	381,792	1,247,525	1,953,407	2,284,410
Depreciable assets .....	1,798,295,351	—	1,909,987	4,726,543	6,716,887	9,405,660
Less: Accumulated depreciation .....	2,730,371,698	—	41,045,368	52,324,927	59,740,611	72,773,781
1,024,756,282	—	24,293,815	28,893,325	32,190,654	38,362,170	
Depletable assets .....	107,958,232	—	251,325	195,789	381,390	384,445
Less: Accumulated depletion .....	32,682,172	—	99,272	51,308	101,871	110,337
Land .....	119,350,378	—	1,815,011	4,724,819	6,750,324	9,812,952
Intangible assets (amortizable) .....	87,852,590	—	1,075,048	1,316,785	1,292,384	1,470,399
Less: Accumulated amortization .....	25,062,592	—	532,767	588,595	492,838	531,828
Other assets .....	474,727,482	—	2,604,721	3,359,514	3,754,688	4,576,022
<b>Total liabilities</b> .....	10,201,084,144	—	53,951,657	89,193,794	110,950,948	145,636,097
Accounts payable .....	671,495,438	—	8,134,802	12,149,580	16,205,409	21,924,404
Mortgages, notes, and bonds payable in less than one year .....	759,536,076	—	6,715,757	9,584,192	13,657,224	20,109,530
Other current liabilities .....	3,513,512,199	—	6,154,177	7,764,247	8,996,997	12,223,370
Loans from stockholders .....	131,025,956	—	14,225,964	11,932,699	10,543,615	9,575,850
Mortgages, notes, and bonds payable in one year or more .....	1,323,209,421	—	11,475,117	17,098,026	23,159,728	29,185,426
Other liabilities .....	1,156,873,507	—	2,173,829	3,042,841	3,376,758	4,769,551
Capital stock .....	787,278,549	—	11,596,716	11,522,750	11,756,660	12,876,079
Paid-in or capital surplus .....	873,620,667	—	5,299,440	4,297,707	5,086,806	7,562,068
Retained earnings, appropriated .....	52,538,370	—	192,592	360,752	680,561	731,065
Retained earnings, unappropriated .....	1,221,793,087	—	-9,648,015	14,445,850	20,672,101	30,762,320
Less: Cost of treasury stock .....	289,799,122	—	2,368,722	3,004,849	3,184,928	4,083,566
<b>Total receipts</b> .....	7,135,494,059	80,622,795	231,545,566	238,259,127	255,904,043	315,480,271
Business receipts .....	6,334,602,711	57,923,107	224,661,966	230,606,105	247,419,210	304,918,379
Interest .....	494,603,803	17,012,864	889,753	1,089,570	1,362,634	2,068,830
Interest on Government obligations:						
State and local .....	16,667,263	152,700	14,994	30,553	64,223	59,356
Nonqualifying interest and dividends .....	2,044,206	50,339	110,289	146,324	272,494	186,634
Rents .....	69,580,411	1,087,889	1,483,878	1,733,802	1,980,610	2,403,974
Royalties .....	13,876,095	33,704	125,224	276,788	330,488	188,808
Net short-term capital gain reduced by net long-term capital loss .....	5,048,854	34,673	25,211	30,559	39,813	71,001
Net long-term capital gain reduced by net short-term capital loss .....	33,924,549	739,526	389,206	417,182	554,947	663,728
Net gain, noncapital assets .....	26,134,711	1,284,201	538,889	734,468	913,575	1,071,246
Dividends received from domestic corporations .....	19,696,776	157,579	53,206	99,576	115,281	182,911
Dividends received from foreign corporations .....	13,892,070	34,746	*100	5,858	672	11,782
Other receipts .....	105,422,613	2,111,466	3,246,831	3,088,344	2,850,096	3,653,624
<b>Total deductions</b> .....	6,945,457,358	81,604,617	232,079,772	235,485,841	253,505,827	311,749,323
Cost of sales and operations .....	4,308,238,998	40,905,858	103,913,855	128,499,787	158,014,892	209,832,660
Compensation of officers .....	141,193,212	1,449,751	31,278,189	21,528,779	15,245,268	13,551,698
Repairs .....	74,652,495	562,040	1,789,036	1,908,105	1,973,315	2,099,555
Bad debts .....	30,543,184	934,762	500,890	544,515	744,800	993,544
Rent paid on business property .....	104,717,965	1,220,957	9,235,379	6,914,223	5,896,990	5,729,145
Taxes paid .....	173,420,116	1,920,454	6,930,171	6,726,133	6,641,243	7,290,270
Interest paid .....	475,060,444	17,420,217	2,526,779	3,228,739	4,087,199	5,514,569
Contributions or gifts .....	3,626,605	23,279	56,000	77,102	72,300	97,689
Amortization .....	4,309,952	69,864	128,354	149,937	138,940	149,574
Depreciation .....	241,491,819	2,231,104	5,933,673	6,315,077	6,723,253	7,871,941
Depletion .....	7,574,216	127,468	19,764	39,647	41,654	41,101
Advertising .....	72,393,870	520,479	2,339,075	2,156,648	2,343,287	2,576,331
Pension, profit-sharing, stock bonus, and annuity plans .....	54,355,062	249,304	4,290,071	2,784,949	1,779,683	1,784,844
Employee benefit programs .....	59,115,141	502,210	1,419,498	1,280,753	1,316,470	1,649,796
Net loss, noncapital assets .....	7,615,697	289,674	211,924	155,685	119,547	167,291
Other deductions .....	1,187,148,601	13,177,197	61,507,114	53,175,762	48,366,966	52,399,315
Total receipts less total deductions .....	190,036,702	-981,822	-534,226	2,773,286	2,398,217	3,730,948
Constructive taxable income from related foreign corporations .....	14,944,490	9,370	—	—	*1,014	—
Net income (less deficit), total .....	188,313,928	-1,125,152	-549,219	2,742,733	2,333,993	3,672,607
Net income .....	296,932,146	3,666,705	7,868,581	8,280,309	7,839,722	9,377,035
Deficit .....	108,618,218	4,791,858	8,417,800	5,537,576	5,505,729	5,704,428
Income subject to tax .....	218,686,396	2,306,841	3,685,336	5,548,348	5,285,747	6,534,943
Income tax, total .....	92,218,567	923,810	623,150	1,032,070	1,117,514	1,684,789
Regular and alternative tax .....	90,461,858	856,627	605,501	1,008,416	1,089,103	1,634,043
Tax from recomputing prior-year investment credit .....	1,175,071	48,912	16,325	22,028	26,678	47,541
Additional tax for tax preferences .....	561,505	5,993	—	*911	1,654	2,753
Foreign tax credit .....	19,951,165	48,789	*1,333	*2,670	*181	8,627
U.S. possessions tax credit .....	1,583,007	43,846	8	117	345	2,673
Investment credit .....	16,145,173	90,250	158,850	246,988	262,932	363,012
Jobs credit .....	449,224	3,398	14,827	18,124	29,216	33,335
Nonconventional source fuel credit .....	33,012	11	—	—	—	—
Alcohol fuel credit .....	7,178	440	—	—	—	*1,386
Research activities credit .....	1,277,474	4,811	*350	*4,528	3,616	1,843
Employee stock ownership credit .....	909,880	784	*152	*59	—	—
Orphan drug credit .....	*236	—	—	—	—	*214
Distributions to stockholders:						
Cash and property except in own stock .....	128,298,545	4,000,531	1,066,836	653,097	552,750	872,167
Corporation's own stock .....	4,810,283	25,892	*5,573	*22,275	21,775	74,658

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

Table 4.— Balance Sheets, Income Statements, and Selected Other Items by Size of Total Assets—Continued

[All figures are estimates based on samples—money amounts are in thousands of 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>	193,144	25,183	18,814	8,832	5,709	3,625	3,420
<b>Total assets .....</b>	<b>393,451,303</b>	<b>174,749,126</b>	<b>295,228,144</b>	<b>317,031,523</b>	<b>404,034,005</b>	<b>594,730,191</b>	<b>7,622,127,330</b>
Cash .....	36,519,595	13,978,382	21,283,976	20,731,927	23,291,063	30,178,157	388,670,025
Notes and accounts receivable .....	88,745,326	43,586,059	83,444,943	102,473,027	128,047,234	145,523,370	2,013,937,333
Less: Allowance for bad debts .....	1,886,424	1,043,057	2,051,314	2,163,509	2,966,420	4,603,069	35,291,571
Inventories .....	82,026,983	30,818,557	37,035,903	25,755,728	23,587,414	37,745,327	294,535,306
Investments in Government obligations .....	3,726,338	4,975,355	24,398,509	40,360,233	56,618,989	60,063,568	493,397,635
Other current assets .....	18,767,112	9,144,838	14,728,721	13,061,521	16,341,468	27,146,698	317,350,327
Loans to stockholders .....	5,297,652	1,419,437	1,443,219	1,057,863	1,000,669	1,995,084	20,704,147
Mortgage and real estate loans .....	5,513,414	3,472,707	10,377,536	21,393,653	46,632,450	101,068,422	788,089,702
Other investments .....	31,186,233	16,632,303	32,479,559	34,517,829	46,389,854	89,337,419	1,524,993,072
Depreciable assets .....	174,620,233	68,754,147	89,908,891	71,048,141	72,173,941	118,008,605	1,909,973,053
Less: Accumulated depreciation .....	86,205,142	31,133,339	38,583,201	29,124,340	28,144,592	45,041,297	642,784,409
Depletable assets .....	1,767,927	1,527,288	2,998,239	2,657,765	3,539,634	5,942,920	88,311,508
Less: Accumulated depletion .....	501,492	342,291	862,222	761,564	1,266,918	1,972,613	26,612,285
Land .....	20,796,717	6,771,154	8,128,454	5,536,007	5,171,443	6,681,849	43,161,648
Intangible assets (amortizable) .....	3,780,178	1,629,106	2,601,211	2,664,466	3,002,453	4,589,139	64,431,421
Less: Accumulated amortization .....	1,701,412	482,413	848,202	796,143	663,888	1,133,723	17,290,782
Other assets .....	10,998,067	5,040,894	8,743,921	8,618,918	11,279,211	19,200,334	396,551,191
<b>Total liabilities .....</b>	<b>393,451,303</b>	<b>174,749,126</b>	<b>295,228,144</b>	<b>317,031,523</b>	<b>404,034,005</b>	<b>594,730,191</b>	<b>7,622,127,330</b>
Accounts payable .....	62,089,341	24,893,679	29,607,343	20,896,297	20,653,308	32,288,101	422,653,147
Mortgages, notes, and bonds payable in less than one year .....	62,658,023	25,200,875	30,695,939	24,818,168	24,762,824	32,531,267	508,802,279
Other current liabilities .....	35,925,676	23,626,831	83,473,630	136,852,868	200,817,682	267,161,428	2,730,513,009
Loans from stockholders .....	15,589,393	3,854,688	3,866,988	2,325,275	3,343,797	3,511,129	52,256,243
Mortgages, notes, and bonds payable in one year or more .....	76,119,843	34,038,052	46,280,510	39,538,052	43,224,053	71,631,221	931,459,392
Other liabilities .....	15,023,293	8,107,406	13,856,600	14,688,072	18,870,532	37,243,528	1,035,721,097
Capital stock .....	28,092,113	11,206,724	20,495,066	16,280,235	25,286,918	32,133,451	606,031,808
Paid-in or capital surplus .....	22,751,051	11,424,241	21,173,027	24,650,330	34,000,833	59,820,410	677,554,755
Retained earnings, appropriated .....	1,870,544	781,570	1,252,730	1,503,803	1,899,114	3,320,951	39,944,669
Retained earnings, unappropriated .....	81,715,848	34,335,368	47,650,755	37,793,472	41,727,629	62,395,854	859,944,220
Less: Cost of treasury stock .....	8,384,136	2,720,308	3,124,443	2,315,048	10,552,685	7,307,149	242,753,289
<b>Total receipts .....</b>	<b>833,144,275</b>	<b>301,982,808</b>	<b>352,931,920</b>	<b>243,614,050</b>	<b>245,054,185</b>	<b>378,048,929</b>	<b>3,658,686,664</b>
Business receipts .....	807,345,488	289,479,924	330,500,587	216,470,056	210,790,905	328,636,531	3,085,663,329
Interest .....	5,415,090	3,475,898	10,714,660	16,346,885	23,589,235	32,492,719	380,136,756
Interest on Government obligations:							
State and local .....	167,204	140,432	475,651	874,245	1,149,237	1,337,153	12,198,480
Nonqualifying interest and dividends .....	574,237	235,259	233,768	123,084	64,852	34,011	12,914
Rents .....	5,139,374	1,967,525	2,390,089	2,147,897	2,105,405	2,848,501	44,277,598
Royalties .....	469,346	291,490	409,130	272,057	270,270	576,285	10,630,509
Net short-term capital gain reduced by net long-term capital loss .....	144,077	108,229	146,459	230,013	246,011	500,411	3,472,398
Net long-term capital gain reduced by net short-term capital loss .....	2,036,556	977,310	1,522,317	1,306,845	1,259,440	2,958,860	21,098,530
Net gain, noncapital assets .....	2,411,902	1,007,583	1,343,799	1,086,388	976,868	1,435,742	13,321,655
Dividends received from domestic corporations .....	655,522	354,026	554,417	561,067	825,753	1,231,577	14,905,828
Dividends received from foreign corporations .....	27,856	73,993	63,702	65,492	114,681	380,105	13,113,085
Other receipts .....	8,757,624	3,871,139	4,577,341	4,130,021	3,661,529	5,617,033	59,855,582
<b>Total deductions .....</b>	<b>820,859,240</b>	<b>295,826,899</b>	<b>343,919,188</b>	<b>236,082,001</b>	<b>237,130,108</b>	<b>367,226,133</b>	<b>3,529,768,701</b>
Cost of sales and operations .....	599,172,548	218,020,803	244,419,468	156,251,168	150,663,520	231,635,904	2,066,783,846
Compensation of officers .....	22,973,427	5,916,544	5,587,258	3,304,633	2,853,423	2,995,742	14,494,680
Repairs .....	4,387,892	1,452,397	1,720,331	1,245,002	1,289,744	2,627,398	53,596,638
Bad debts .....	2,479,063	1,005,018	1,448,013	1,331,462	1,467,339	1,841,031	17,249,338
Rent paid on business property .....	10,146,217	3,442,884	3,874,188	2,962,926	2,771,798	4,988,657	47,533,218
Taxes paid .....	16,018,018	5,537,894	6,665,772	4,946,095	4,954,295	7,326,176	98,454,795
Interest paid .....	14,132,740	6,383,005	12,063,014	15,047,193	20,368,280	29,652,830	344,621,594
Contributions or gifts .....	268,916	128,411	170,598	133,347	125,067	204,407	2,269,388
Amortization .....	357,761	164,645	235,733	206,931	193,185	369,094	2,145,908
Depreciation .....	17,642,458	6,759,552	8,740,311	6,857,240	6,906,540	10,854,163	154,643,292
Depletion .....	247,372	162,515	253,405	246,824	218,895	447,058	5,727,931
Advertising .....	6,350,748	2,324,610	3,227,366	2,567,876	2,802,550	4,430,069	40,752,152
Pension, profit-sharing, stock bonus, and annuity plans .....	3,975,693	1,251,439	1,418,063	1,062,696	1,121,184	2,111,026	32,525,346
Employee benefit programs .....	4,460,968	1,775,565	2,317,789	1,938,913	1,934,245	3,513,948	37,002,010
Net loss, noncapital assets .....	384,821	135,701	265,749	216,339	392,907	755,748	4,518,094
Other deductions .....	117,860,802	41,365,916	51,512,092	37,763,357	39,067,136	63,472,883	607,450,470
Total receipts less total deductions .....	12,285,036	6,155,909	9,012,732	7,532,049	7,924,077	10,822,797	128,917,963
Constructive taxable income from related foreign corporations .....	23,716	68,391	43,427	59,069	108,912	311,554	14,319,037
Net income (less deficit), total .....	12,141,548	6,093,868	8,580,508	6,716,873	6,883,751	9,797,198	131,038,520
Net income .....	24,088,394	10,711,878	14,689,679	11,501,395	11,921,173	18,009,156	168,958,919
Deficit .....	11,946,846	4,628,010	6,109,171	4,784,522	5,037,421	8,211,958	37,920,399
Income subject to tax .....	17,011,517	7,561,258	10,632,497	8,004,850	7,962,507	12,061,278	132,074,398
Income tax, total .....	6,173,041	3,218,970	4,643,952	3,556,842	3,568,328	5,396,406	60,271,671
Regular and alternative tax .....	6,070,616	3,173,281	4,584,400	3,505,864	3,519,952	5,306,897	59,099,525
Tax from recomputing prior-year investment credit .....	85,587	33,445	39,144	31,314	32,310	56,997	734,437
Additional tax for tax preferences .....	15,204	11,200	20,025	19,038	15,978	32,511	436,198
Foreign tax credit .....	13,697	53,987	44,791	51,905	133,206	278,213	19,313,720
U.S. possessions tax credit .....	46,852	57,250	204,747	245,841	175,180	265,199	540,949
Investment credit .....	872,053	333,405	455,211	340,157	349,825	600,755	12,071,039
Jobs credit .....	87,513	27,403	24,250	18,674	19,058	29,735	143,669
Nonconventional source fuel credit .....	*157	—	520	420	290	981	30,633
Alcohol fuel credit .....	(1)	*76	1,238	3,683	90	193	71
Research activities credit .....	37,224	18,290	41,030	30,826	39,936	59,301	1,029,121
Employee stock ownership credit .....	*365	*333	1,251	2,636	6,684	26,149	871,466
Orphan drug credit .....	—	—	—	22	—	—	—
Distributions to stockholders:							
Cash and property except in own stock .....	2,662,487	1,565,198	2,936,381	3,166,923	3,480,028	7,307,818	100,005,831
Corporation's own stock .....	194,426	99,212	122,714	272,217	242,910	496,856	3,231,775

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

\*Less than \$500 per return.

NOTE: Detail may not add to total because of rounding and the deletion of data. See text for "Explanation of terms" and "Description of the Sample and Limitations of the Data."

## Corporation Returns/1983

## RETURNS WITH NET INCOME

Table 5—Balance Sheets, Income Statements, and Selected Other Items by Size of Total Assets

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

Item	Total returns with net income	Size of total assets				
		Zero assets	\$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>						
Total assets .....	1,676,288	44,863	756,490	350,952	201,551	143,229
Cash .....	7,257,268,928	—	29,878,450	57,075,571	71,792,040	100,400,349
Notes and accounts receivable .....	463,094,326	—	7,306,882	10,865,894	11,515,297	13,212,588
Less: Allowance for bad debts .....	2,088,518,356	—	3,705,956	9,307,890	13,837,091	22,058,252
Inventories .....	32,994,200	—	47,862	124,488	194,190	324,537
Investments in Government obligations .....	453,339,115	—	3,250,591	8,555,926	12,489,502	20,310,429
Other current assets .....	457,884,913	—	79,360	238,172	325,622	597,743
Loans to stockholders .....	303,290,872	—	1,297,680	2,410,774	2,849,470	4,084,514
Mortgage and real estate loans .....	32,256,617	—	2,322,059	3,190,220	2,372,110	2,283,309
Other investments .....	453,944,187	—	263,385	785,919	1,375,518	1,483,193
Depreciable assets .....	1,274,287,304	—	1,159,988	3,242,651	4,571,412	6,340,248
Less: Accumulated depreciation .....	2,003,751,888	—	20,528,953	31,839,872	36,182,038	47,193,107
Depositable assets .....	756,524,943	—	12,391,325	18,335,161	20,136,908	25,878,314
Less: Accumulated depletion .....	78,269,696	—	83,476	101,623	76,761	163,671
Land .....	24,530,977	—	30,015	26,568	28,004	61,741
Intangible assets (amortizable) .....	73,792,810	—	823,813	2,619,665	3,950,399	5,781,530
Less: Accumulated amortization .....	62,756,408	—	452,825	670,615	623,769	803,634
Other assets .....	19,199,465	—	246,002	292,967	264,474	337,146
Total liabilities .....	344,332,024	—	1,318,685	2,025,532	2,246,628	2,689,870
Accounts payable .....	7,257,268,928	—	29,878,450	57,075,571	71,792,040	100,400,349
Mortgages, notes, and bonds payable in less than one year .....	505,452,504	—	3,383,580	6,946,091	9,756,005	14,875,025
Other current liabilities .....	550,497,429	—	2,453,841	4,608,819	6,383,381	11,459,935
Loans from stockholders .....	2,346,991,454	—	3,212,382	5,042,175	6,010,001	9,058,113
Mortgages, notes, and bonds payable in one year or more .....	69,681,884	—	3,961,961	4,713,922	4,414,085	4,455,708
Other liabilities .....	877,328,617	—	4,065,313	8,159,677	11,213,115	14,844,898
Capital stock .....	73,905,077	—	776,859	1,495,339	2,109,910	2,965,688
Paid-in or capital surplus .....	629,750,756	—	4,621,392	6,358,601	6,789,748	7,913,320
Retained earnings, appropriated .....	635,292,481	—	1,383,202	2,109,542	2,296,752	3,281,137
Retained earnings, unappropriated .....	33,286,900	—	143,923	289,124	509,812	643,368
Less: Cost of treasury stock .....	1,129,616,632	—	7,187,574	19,547,563	24,630,369	33,850,389
Total receipts .....	5,437,650,190	42,420,279	135,958,228	163,560,493	182,846,823	242,804,109
Business receipts .....	4,867,164,498	30,001,258	131,453,058	157,948,484	176,471,922	234,805,650
Interest .....	341,680,091	8,965,624	859,362	822,687	1,023,740	1,668,688
Interest on Government obligations:						
State and local .....	9,977,520	64,420	14,675	27,798	33,100	48,423
Nonqualifying interest and dividends .....	1,629,817	31,629	76,980	109,659	230,957	133,070
Rents .....	51,366,130	487,931	731,376	1,260,285	1,420,499	1,797,213
Royalties .....	10,829,155	20,981	74,058	208,227	280,061	111,236
Net short-term capital gain reduced by net long-term capital loss .....	4,139,032	25,946	15,920	22,679	29,856	60,320
Net long-term capital gain reduced by net short-term capital loss .....	27,672,106	652,259	322,570	345,953	462,049	546,706
Net gain, noncapital assets .....	20,032,991	926,249	356,089	561,344	726,248	807,972
Dividends received from domestic corporations .....	15,221,935	89,622	48,092	88,262	97,743	161,599
Dividends received from foreign corporations .....	13,099,170	7,305	*100	5,858	563	11,525
Other receipts .....	74,837,748	1,057,056	2,205,948	2,159,258	2,070,085	2,651,707
Total deductions .....	5,144,808,244	38,819,126	128,074,972	155,252,284	174,974,103	233,379,665
Cost of sales and operations .....	3,266,341,875	20,469,849	55,369,687	83,866,752	111,004,297	159,977,989
Compensation of officers .....	104,782,726	813,275	20,188,312	16,129,296	11,408,202	10,825,770
Repairs .....	57,755,505	190,706	87,199	1,208,199	1,235,493	1,464,264
Bad debts .....	19,115,850	161,780	204,726	267,024	395,233	589,116
Rent paid on business property .....	73,366,087	561,190	4,901,845	4,585,182	3,841,534	4,198,969
Taxes paid .....	135,093,298	828,899	3,822,305	4,624,685	4,586,836	5,397,741
Interest paid .....	314,398,801	8,507,294	1,086,472	1,652,137	2,073,408	3,160,346
Contributions or gifts .....	3,555,047	15,473	51,456	67,925	66,545	97,204
Amortization .....	2,571,875	21,274	48,100	76,044	69,277	74,492
Depreciation .....	177,675,668	850,613	2,976,813	3,860,499	4,188,909	5,182,903
Depletion .....	5,673,654	67,808	10,881	32,323	26,607	30,937
Advertising .....	57,202,133	287,806	1,149,233	1,327,366	1,526,308	1,896,769
Pension, profit-sharing, stock bonus, and annuity plans .....	43,282,942	129,647	2,806,361	2,178,391	1,460,306	1,513,817
Employee benefit programs .....	44,766,623	229,270	889,803	890,763	892,266	1,198,099
Net loss, noncapital assets .....	2,062,915	26,165	30,214	55,417	40,220	45,410
Other deductions .....	837,163,252	5,658,076	33,661,566	34,430,382	32,158,665	37,724,740
Net income .....	296,932,146	3,543,589	7,868,581	8,280,411	7,839,620	9,377,035
Income subject to tax .....	218,576,861	2,199,867	3,685,336	5,548,367	5,285,572	6,534,943
Income tax, total .....	91,923,789	858,590	618,387	1,027,444	1,111,655	1,664,754
Regular and alternative tax .....	90,420,095	807,909	605,501	1,008,419	1,089,073	1,634,043
Tax from recomputing prior-year investment credit .....	980,616	42,938	11,562	17,473	20,997	27,537
Additional tax for tax preferences .....	512,032	4,338	—	*937	1,570	2,722
Foreign tax credit .....	19,998,538	48,699	*1,333	*2,670	*181	8,627
U.S. possessions tax credit .....	1,583,007	9,435	8	117	345	2,673
Investment credit .....	16,129,689	87,846	158,850	246,988	262,932	363,012
Jobs credit .....	449,130	3,379	14,827	18,124	29,216	33,335
Nonconventional source fuel credit .....	33,012	11	—	—	—	—
Alcohol fuel credit .....	7,178	440	—	—	—	*1,386
Research activities credit .....	1,275,663	2,430	*350	*4,528	3,616	8,431
Employee stock ownership credit .....	909,800	784	*152	*59	—	—
Orphan drug credit .....	—	*236	—	—	—	*214
Distributions to stockholders:						
Cash and property except in own stock .....	113,298,558	3,047,512	1,041,505	555,742	522,103	703,768
Corporation's own stock .....	3,784,982	12,689	*5,364	*16,970	17,819	69,270

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS WITH NET INCOME

Table 5—Balance Sheets, Income Statements, and Selected Other Items by Size of Total Assets—Continued

[All figures are estimates based on samples—money amounts are in thousands of 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>Total assets</b>	<b>135,694</b>	<b>17,036</b>	<b>12,566</b>	<b>5,873</b>	<b>3,721</b>	<b>2,193</b>	<b>2,078</b>
Cash	275,664,467	118,476,626	198,270,881	210,623,066	268,422,536	361,795,098	5,563,981,959
Notes and accounts receivable	29,625,252	10,627,672	15,796,146	14,842,293	16,053,517	19,188,480	314,051,392
Less: Allowance for bad debts	66,777,981	32,001,585	58,602,975	70,673,913	89,045,243	90,374,034	1,632,081,019
Inventories	1,292,676	638,501	1,111,657	1,351,851	1,858,607	2,326,826	23,722,809
Investments in Government obligations	61,633,793	22,819,380	27,509,319	18,046,315	17,181,072	26,813,700	234,650,305
Other current assets	3,071,488	3,667,705	17,964,275	28,445,859	39,471,896	37,937,005	326,084,502
Depreciable assets	11,871,643	5,836,375	9,440,894	8,459,226	11,249,660	16,582,551	229,129,252
Less: Accumulated depreciation	3,629,336	848,199	862,014	552,960	608,150	741,191	14,829,593
Loans to stockholders	3,766,982	1,816,911	5,544,643	11,745,249	24,312,898	49,812,212	353,035,040
Mortgage and real estate loans	21,329,921	11,348,766	21,016,687	23,715,425	33,331,650	58,447,237	1,089,707,405
Other investments	114,705,839	44,267,457	57,942,471	45,506,416	47,166,018	75,940,958	1,481,032,347
Depreciable assets	59,378,628	21,616,672	26,688,966	19,983,498	19,987,973	30,324,358	500,923,504
Less: Accumulated depreciation	739,413	480,418	1,235,932	963,531	1,343,930	2,091,571	71,989,369
Land	223,518	93,842	441,363	314,611	510,280	625,503	22,175,532
Intangible assets (amortizable)	11,540,622	3,623,689	4,576,240	3,166,591	2,875,875	4,505,213	30,328,434
Less: Accumulated amortization	2,335,655	770,036	1,493,329	1,595,179	1,598,042	2,384,056	50,028,651
Other assets	1,257,613	284,233	580,085	573,806	372,761	619,440	14,370,693
Other assets	6,788,978	3,001,481	5,108,026	5,133,875	6,914,204	10,873,017	298,227,185
<b>Total liabilities</b>	<b>275,664,467</b>	<b>118,476,626</b>	<b>198,270,881</b>	<b>210,623,066</b>	<b>268,422,536</b>	<b>361,795,098</b>	<b>5,563,981,959</b>
Accounts payable	43,739,794	17,605,441	20,599,742	14,051,773	14,268,827	21,947,954	338,194,778
Mortgages, notes, and bonds payable in less than one year	38,612,358	14,547,828	17,902,933	13,910,706	14,039,602	16,876,345	409,653,018
Other current liabilities	26,316,703	16,258,981	55,555,558	89,886,036	129,625,943	150,809,429	1,855,191,109
Loans from stockholders	7,315,927	1,372,862	1,609,454	922,550	1,587,726	1,449,566	37,877,752
Mortgages, notes, and bonds payable in one year or more	40,700,450	17,457,284	24,073,842	19,919,794	22,582,445	36,365,943	67,710,719
Other liabilities	9,380,189	4,882,957	8,049,185	8,543,724	10,699,489	20,138,005	668,772,573
Capital stock	17,249,657	6,606,575	12,551,578	11,368,875	19,753,408	23,369,319	513,155,230
Paid-in or capital surplus	9,352,754	5,002,548	10,485,715	14,854,352	23,707,399	37,349,693	525,259,613
Retained earnings, appropriated	1,476,107	604,976	903,255	1,044,663	1,367,918	1,960,203	24,343,552
Retained earnings, unappropriated	88,018,094	36,260,999	49,023,767	38,040,930	40,888,527	57,953,990	734,030,794
Less: Cost of treasury stock	6,497,566	2,123,825	2,484,148	1,920,335	10,098,747	6,425,349	220,207,179
<b>Total receipts</b>	<b>665,173,972</b>	<b>234,655,471</b>	<b>268,319,359</b>	<b>180,665,512</b>	<b>183,330,878</b>	<b>271,286,160</b>	<b>2,865,086,033</b>
Business receipts	645,981,945	225,775,766	252,169,712	162,356,277	160,228,532	240,922,310	2,447,541,899
Interest	4,059,090	2,466,064	7,505,158	11,133,555	15,616,315	18,475,164	269,246,488
Interest on Government obligations:							
State and local	148,404	113,128	328,656	601,299	769,082	812,879	7,012,822
Nonqualifying interest and dividends	462,920	195,089	203,840	86,528	54,995	31,235	12,914
Rents	3,600,529	1,234,213	1,593,303	1,313,004	1,289,889	1,681,009	34,943,272
Royalties	385,603	206,984	333,890	178,873	196,232	454,167	8,377,129
Net short-term capital gain reduced by net long-term capital loss	95,249	89,626	109,665	194,926	194,503	424,912	2,875,430
Net long-term capital gain reduced by net short-term capital loss	1,705,907	759,813	1,242,459	1,007,526	1,077,972	2,560,307	16,976,222
Net gain, noncapital assets	1,826,469	754,884	1,023,929	796,934	727,514	1,076,826	10,431,651
Dividends received from domestic corporations	579,823	316,859	475,725	472,793	707,798	957,763	11,206,320
Dividends received from foreign corporations	12,474	71,157	58,320	49,508	102,896	293,836	12,484,324
Other receipts	6,315,561	2,671,869	3,274,703	2,474,288	2,365,150	3,595,752	43,977,561
<b>Total deductions</b>	<b>640,954,597</b>	<b>223,882,149</b>	<b>253,318,122</b>	<b>168,429,924</b>	<b>170,544,689</b>	<b>252,434,530</b>	<b>2,703,372,810</b>
Cost of sales and operations	478,913,779	168,724,249	184,450,340	115,010,624	113,590,821	164,274,895	1,609,781,745
Compensation of officers	18,755,867	4,703,605	4,246,591	2,415,856	2,057,019	2,034,941	11,197,951
Repairs	3,194,129	1,042,454	1,205,914	895,194	938,430	1,801,594	43,695,443
Bad debts	1,617,614	574,916	804,227	652,442	692,734	928,035	12,224,461
Rent paid on business property	7,399,546	2,563,431	2,620,844	1,867,888	1,866,719	3,439,536	35,501,647
Taxes paid	12,243,013	4,189,555	5,130,734	3,840,779	3,724,646	5,428,809	81,236,756
Interest paid	8,159,987	3,577,325	7,102,010	8,921,354	12,036,154	14,929,644	243,140,406
Contributions or gifts	263,198	126,365	165,121	128,839	129,981	209,433	2,232,208
Amortization	182,951	77,908	129,354	109,707	95,366	264,895	1,421,816
Depreciation	11,718,327	4,323,475	5,603,407	4,293,893	4,383,560	7,115,096	123,110,016
Depletion	197,660	99,682	260,786	165,918	148,806	169,446	4,430,251
Advertising	4,690,563	1,741,392	2,456,523	1,969,376	2,062,677	3,468,096	34,614,392
Pension, profit-sharing, stock bonus, and annuity plans	3,482,472	1,067,889	1,142,077	870,872	917,862	1,517,246	26,186,800
Employee benefit programs	3,358,898	1,317,985	1,617,204	1,437,309	1,424,955	2,198,606	29,300,158
Net loss, noncapital assets	123,868	46,733	98,488	83,056	79,620	150,547	1,281,848
Other deductions	86,652,725	29,705,186	36,284,501	25,766,816	26,395,340	44,503,709	444,016,912
Net income	24,088,394	10,726,473	14,711,135	11,681,299	12,120,504	18,291,017	168,233,309
Income subject to tax	17,009,628	7,572,240	10,646,814	8,162,358	8,149,924	12,360,803	131,295,549
Income tax, total:							
Regular and alternative tax	6,153,613	3,215,549	4,643,953	3,623,136	3,643,406	5,512,385	59,791,701
Tax from recomputing prior-year investment credit	6,069,859	3,177,919	4,589,172	3,579,969	3,598,823	5,448,518	58,754,030
Additional tax for tax preferences	67,751	27,240	31,908	24,029	27,600	42,239	637,035
Foreign tax credit	13,697	53,987	46,065	53,537	141,950	273,030	19,293,919
U.S. possessions tax credit	46,852	57,250	198,922	260,840	166,005	265,199	540,949
Investment credit	872,039	334,987	455,275	346,506	376,938	617,920	12,003,250
Jobs credit	87,513	27,403	24,262	18,725	20,430	30,135	141,753
Nonconventional source fuel credit	*157	—	520	*420	290	1,314	30,300
Alcohol fuel credit	( <sup>1</sup> )	*76	1,238	3,683	90	193	71
Research activities credit	37,224	18,290	41,043	31,685	39,972	58,939	1,026,755
Employee stock ownership credit	*365	*367	1,217	2,731	8,168	28,278	867,679
Orphan drug credit	—	—	—	22	—	—	—
Distributions to stockholders:							
Cash and property except in own stock	2,450,710	1,404,757	2,659,772	3,039,427	3,192,205	6,427,314	88,226,689
Corporation's own stock	100,659	66,292	116,509	257,393	201,546	491,699	2,428,773

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

<sup>1</sup>Less than \$500 per return.

NOTE: Detail may not add to total because of rounding and the deletion of data. See text for "Explanation of terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

**Table 6—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets**

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

Industrial division, item	Total returns of active corporations	Size of total assets												
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$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	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>All Industries</b>														
Number of returns.....	2,999,071	113,437	1,552,099	553,929	312,500	208,260	193,144	25,183	18,814	8,932	5,709	3,625	3,420	
Total assets.....	10,201,084,144	—	53,951,657	89,193,794	1,110,950,948	145,636,097	393,451,303	174,749,126	295,228,144	317,031,523	404,034,005	594,730,191	7,622,127,330	
Notes and accounts receivable, net.....	2,626,205,349	—	6,405,795	14,139,390	20,394,372	29,513,828	86,858,902	42,543,002	81,393,629	100,309,518	125,080,814	140,920,201	1,978,645,62	
Inventories.....	539,445,162	—	64,522,871	14,105,686	19,476,098	27,905,289	82,026,983	30,818,557	37,035,903	25,755,728	23,587,414	37,745,327	294,335,306	
Cash, Government obligations and other current assets.....	1,709,127,642	—	13,286,529	18,157,394	19,697,173	23,252,108	59,013,045	26,098,575	60,411,206	74,153,681	96,251,520	117,388,423	1,199,417,987	
Other investments and loans.....	2,828,546,663	—	5,940,844	10,402,719	12,249,273	14,951,599	41,997,299	21,524,447	44,300,314	56,969,345	94,022,973	192,400,925	2,333,786,927	
Depreciable assets.....	2,730,371,698	—	41,045,368	52,324,927	59,740,611	72,773,781	174,620,233	68,754,147	89,908,891	71,048,141	72,173,941	118,008,605	1,909,973,053	
Less: Accumulated depreciation.....	1,024,756,282	—	24,293,815	28,893,325	32,190,654	38,362,170	86,205,142	31,133,339	38,583,201	29,144,340	25,041,297	642,784,409		
Other capital assets less reserves.....	257,416,436	—	2,509,345	5,597,490	7,829,389	11,025,631	24,141,918	9,102,844	12,017,480	9,300,531	9,782,724	14,107,572	152,001,510	
Accounts and notes payable.....	1,431,031,513	—	14,850,559	21,733,772	29,862,633	42,033,934	124,747,364	50,094,554	60,303,282	45,714,465	45,416,132	64,819,368	931,455,426	
Other current liabilities.....	3,513,512,199	—	6,154,177	7,764,247	8,996,997	12,223,370	35,925,676	23,626,831	83,473,630	136,852,868	200,817,682	287,161,428	2,730,513,009	
Mortgages, notes, and bonds payable in one year or more.....	1,323,209,421	—	11,475,117	17,098,026	23,159,728	29,185,426	76,119,843	34,038,052	46,280,510	39,538,052	43,224,053	71,631,221	931,459,392	
Net worth.....	2,645,431,550	—	5,072,011	27,622,210	35,011,220	47,847,966	126,045,420	55,027,595	87,447,135	77,912,792	92,361,809	150,363,517	1,940,722,163	
Cost of property used for investment credit.....	238,994,541	1,344,415	5,564,980	6,309,885	6,683,614	7,598,408	17,682,113	6,798,726	8,689,152	6,154,808	6,822,956	9,657,107	155,706,369	
Total receipts.....	7,135,494,059	80,622,795	231,545,546	238,259,127	255,904,043	315,480,271	833,144,275	301,982,808	352,931,920	243,614,050	245,054,185	378,048,929	3,658,686,664	
Business receipts.....	6,334,602,711	57,923,107	224,661,966	230,606,105	247,419,210	304,918,379	807,345,488	289,479,924	330,500,587	216,470,056	210,790,905	328,636,531	3,085,663,329	
Cost of sales and operations.....	4,308,238,989	40,905,858	103,913,855	128,499,787	158,014,892	209,832,660	599,172,548	218,020,803	244,419,488	156,251,168	150,663,520	231,635,904	2,056,783,845	
Taxes paid.....	173,420,116	1,920,454	6,830,171	6,726,133	6,641,243	7,290,270	16,018,018	5,537,894	6,665,772	4,946,095	4,954,295	7,326,176	98,454,795	
Interest paid.....	475,060,444	17,420,217	2,526,779	3,228,739	4,087,199	5,514,569	14,132,740	6,383,005	15,063,014	15,047,193	20,368,280	29,652,830	344,621,594	
Depreciation.....	241,491,819	2,231,104	5,933,673	6,315,077	6,723,253	7,871,941	17,642,458	6,759,552	8,740,311	6,857,240	6,906,540	10,854,163	154,643,292	
Pension, profit-sharing, stock bonus, and annuity plans.....	54,355,062	249,304	4,290,074	2,784,949	1,779,683	1,784,844	3,975,693	1,251,439	1,418,063	1,682,696	1,121,184	2,111,026	32,525,346	
Employee benefit programs.....	59,115,141	502,210	1,419,498	1,280,753	1,316,470	1,649,798	4,460,968	1,775,565	2,317,789	1,939,913	1,934,245	3,513,948	37,002,010	
Net income (less deficit).....	188,313,928	-1,125,152	-549,219	2,742,733	2,333,993	3,672,607	12,141,548	6,083,668	8,580,508	6,716,873	6,683,751	9,797,198	131,038,520	
Income subject to tax, total.....	218,686,396	2,306,841	3,685,336	5,548,348	5,285,747	6,534,943	17,011,517	7,561,258	10,632,497	8,004,850	7,982,507	12,081,278	132,074,398	
Income tax, total.....	92,218,567	92,810	623,150	1,032,070	1,117,514	1,684,798	6,173,041	3,218,870	4,643,852	3,556,842	3,596,406	60,271,671		
Additional tax for tax preferences.....	561,505	5,993	—	911	1,654	2,753	15,204	11,200	20,025	19,038	32,511	436,198		
Foreign tax credit.....	19,951,165	48,789	*1,333	*2,670	*181	8,627	13,697	53,987	44,791	51,905	133,206	278,213	19,313,720	
U.S. possessions tax credit.....	1,583,007	43,846	—	117	345	2,673	46,852	57,250	204,747	245,841	175,180	265,199	540,949	
Investment credit.....	16,145,173	90,250	158,650	246,988	262,932	363,012	872,053	333,405	455,211	340,157	349,825	600,755	12,071,039	
Jobs credit.....	449,224	3,395	14,827	18,124	29,216	33,335	87,513	27,403	24,250	18,674	19,058	29,735	143,669	
Research activities credit.....	1,277,474	4,811	*350	*4,528	3,616	8,431	37,224	18,290	41,030	30,826	39,936	59,301	1,029,121	
Employee stock ownership credit.....	909,880	784	*152	*59	—	—	*365	*333	1,251	2,636	6,684	26,149	871,466	
Distributions to stockholders except in own stock.....	128,298,545	4,000,531	1,086,836	653,097	552,750	872,167	2,662,487	1,565,199	2,936,381	3,166,923	3,480,028	7,307,818	100,005,831	
<b>Agriculture, Forestry, and Fishing</b>														
Number of returns.....	92,125	3,318	28,060	20,069	17,801	13,139	8,855	527	269	42	33	8	4	
Total assets.....	50,292,891	—	1,043,845	3,351,681	6,439,977	9,121,820	16,195,461	3,520,308	4,045,646	1,470,612	2,327,094	1,243,590	1,532,857	
Notes and accounts receivable, net.....	4,390,570	—	72,374	198,511	285,891	555,187	1,369,430	499,185	562,906	274,246	308,773	153,745	110,323	
Inventories.....	4,760,167	—	64,938	199,306	443,201	601,829	1,485,299	489,527	492,863	211,083	268,049	150,222	353,850	
Cash, Government obligations and other current assets.....	5,124,630	—	185,448	481,055	726,656	790,480	1,405,879	344,239	383,219	104,222	315,642	206,132	171,659	
Other investments and loans.....	6,183,978	—	72,953	342,069	599,129	908,842	1,740,154	516,246	641,835	186,815	469,615	208,242	498,076	
Depreciable assets.....	31,018,845	—	1,251,504	3,110,658	5,224,877	5,977,700	9,059,156	1,775,798	1,940,290	761,387	1,023,121	395,046	499,306	
Less: Accumulated depreciation.....	16,495,352	—	768,345	1,768,911	2,940,033	3,285,275	4,812,024	909,970	878,026	299,912	472,003	122,513	218,239	
Other capital assets less reserves.....	12,953,319	—	124,484	706,689	1,769,701	2,951,583	5,142,263	715,683	771,001	211,418	329,321	123,500	107,669	
Account and notes payable.....	12,151,235	—	293,921	802,675	1,396,418	1,856,786	3,771,163	1,286,040	1,311,890	439,733	544,949	149,314	298,346	
Other current liabilities.....	1,933,413	—	52,018	123,282	165,960	176,073	558,286	154,919	228,753	92,622	192,240	127,020	62,239	
Mortgages, notes, and bonds payable in one year or more.....	1,642,895	—	298,353	785,151	2,181,890	3,067,488	4,856,687	1,198,397	1,340,779	335,665	808,747	302,314	249,426	
Net worth.....	13,559,332	—	9,954	923,778	1,632,373	2,962,789	4,256,277	536,264	893,810	464,987	531,539	472,813	874,750	
Cost of property used for investment credit.....	2,766,033	41,748	137,962	320,986	529,062	504,515	706,848	126,178	153,195	61,620	76,089	41,988	65,840	
Total receipts.....	59,208,642	571,544	3,448,279	4,763,300	7,369,199	7,762,357	18,254,713	4,539,362	4,845,950	2,472,158	2,819,591	1,066,454	1,295,735	
Business receipts.....	55,114,507	462,944	3,308,305	4,409,377	6,858,793	7,085,462	17,151,233	4,224,510	4,511,667	2,365,540	2,669,661	881,713	1,185,301	
Cost of sales and operations.....	38,308,491	292,290	1,943,815	2,579,622	4,282,197	4,437,690	12,273,900	3,342,064	3,481,613	1,925,808	1,920,818	556,026	822,648	
Taxes paid.....	1,250,305	13,091	95,089	139,729	185,622	200,694	355,563	66,688	71,511	38,608	36,091	26,385	21,233	
Interest paid.....	2,866,689	64,594	64,558	169,104	379,788	507,810	926,667	216,462	237,047	62,856	126,870	55,572	50	

## RETURNS OF ACTIVE CORPORATIONS

**Table 6—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets—Continued**

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$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
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Mining</b>													
Number of returns.....	37,066	1,256	15,178	5,994	5,003	3,665	4,053	794	606	229	128	77	81
Total assets.....	194,417,434	—	566,025	979,860	1,765,779	2,592,966	8,518,109	5,488,110	9,401,259	7,883,632	8,802,165	15,081,885	133,337,644
Notes and accounts receivable, net.....	22,536,223	—	121,008	153,287	326,941	390,485	1,456,708	858,145	1,332,316	1,234,692	1,103,819	1,915,589	13,664,233
Inventories.....	6,876,023	—	18,708	*31,705	66,946	133,177	290,624	138,892	1,300,185	324,834	296,054	754,911	4,519,990
Cash, Government obligations and other current assets.....	13,932,840	—	100,718	164,998	348,067	411,130	1,547,968	866,921	1,439,540	922,050	1,035,314	1,272,388	5,822,946
Other investments and loans.....	66,639,691	—	78,936	146,723	249,974	370,542	1,079,553	588,803	1,452,929	865,621	1,280,331	1,873,961	58,652,318
Depreciable assets.....	85,786,722	—	526,414	743,893	1,186,173	2,039,105	5,620,068	3,027,889	4,736,819	4,519,439	4,313,224	9,874,625	56,792,191
Less: Accumulated depreciation.....	34,486,173	—	356,694	401,349	666,426	1,130,991	3,073,369	1,510,697	2,371,097	2,051,832	1,663,154	3,735,401	17,523,163
Other capital assets less reserves.....	22,333,853	—	51,267	75,022	189,365	301,445	1,206,641	1,295,246	2,030,095	1,662,761	1,876,808	2,443,442	11,201,761
Accounts and notes payable.....	27,301,794	—	610,042	213,976	736,695	795,733	2,766,446	1,534,198	2,337,740	1,457,304	1,565,058	2,422,076	12,862,521
Other current liabilities.....	10,018,545	—	37,915	71,188	110,642	148,840	655,595	355,583	589,385	682,882	602,349	789,945	5,974,220
Mortgages, notes, and bonds payable in one year or more.....	49,379,766	—	165,194	189,505	476,220	829,095	1,578,294	1,225,302	2,290,537	2,417,539	2,569,130	4,443,197	33,195,753
Net worth.....	85,602,456	—	-424,114	-167,922	90,650	265,854	2,546,618	1,890,724	3,128,437	2,432,380	3,061,669	5,583,061	67,195,100
Cost of property used for investment credit.....	5,786,838	103,944	69,612	75,338	186,946	265,011	497,069	295,448	470,792	301,833	319,201	496,368	2,705,275
Total receipts.....	132,419,750	2,146,171	2,046,259	1,336,283	1,963,427	3,632,607	7,802,187	4,200,836	5,848,576	5,559,124	4,542,415	7,870,894	85,470,970
Business receipts.....	122,510,903	1,736,720	1,922,719	1,262,859	1,715,505	3,405,309	7,039,932	3,681,778	5,136,683	4,936,265	4,038,142	7,001,144	80,634,847
Cost of sales and operations.....	85,540,564	881,854	1,049,357	567,083	778,660	1,904,997	3,664,360	2,243,757	3,323,260	3,276,176	2,390,613	4,048,722	61,411,723
Taxes paid.....	4,027,150	72,002	63,287	55,704	79,259	283,486	146,965	205,601	192,543	201,295	418,171	2,192,178	
Interest paid.....	6,763,864	176,000	70,890	43,621	88,946	137,010	368,896	209,060	352,034	363,109	370,471	798,020	3,785,807
Depreciation.....	7,785,767	181,896	75,013	115,509	166,866	285,266	766,165	366,710	519,817	520,446	378,197	626,810	3,783,050
Pension, profit-sharing, stock bonus, and annuity plans.....	851,414	6,402	*41,293	*8,396	19,320	*7,540	34,251	14,174	22,019	17,248	54,057	603,096	
Employee benefit programs.....	844,195	28,856	*17,893	*9,003	6,462	11,811	53,194	24,159	38,072	45,591	40,839	97,007	471,307
Net income (less deficit).....	-1,586,098	-21,334	-85,710	-84,740	-156,582	-109,660	-426,672	-120,691	-353,990	-328,525	-218,072	-675,760	995,636
Income subject to tax, total.....	4,623,476	156,181	44,924	38,369	70,335	85,366	240,501	221,336	200,099	212,837	289,735	297,401	2,766,394
Income tax, total.....	2,100,692	68,679	7,201	9,109	19,306	26,444	98,833	102,013	97,577	104,592	135,003	146,706	1,285,029
Additional tax for tax preferences.....	80,267	*450	—	*868	*1,506	*1,581	8,746	5,150	9,366	8,333	5,017	11,409	27,823
Foreign tax credit.....	1,052,992	13,969	—	—	*4	—	*206	47,203	*1,150	*7,181	34,566	13,349	935,364
U.S. possessions tax credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment credit.....	309,713	27,294	1,380	1,715	3,868	7,972	21,462	8,930	17,557	14,628	8,466	27,102	169,138
Jobs credit.....	1,120	—	—	*207	*16	*61	*413	*7	166	6	20	41	182
Research activities credit.....	3,505	*44	—	—	*1,642	*183	*89	60	*132	68	130	1,156	1,044
Employee stock ownership credit.....	7,239	103	—	—	—	—	—	—	—	—	—	492	6,644
Distributions to stockholders except in own stock.....	2,710,318	512,673	*4,004	*6,712	*1,692	*2,050	47,672	55,975	47,689	67,280	164,725	211,324	1,588,521
<b>Construction</b>													
Number of returns.....	283,519	8,386	145,725	51,929	32,697	22,520	18,743	2,045	1,026	281	89	45	32
Total assets.....	161,365,795	—	4,905,828	8,176,429	11,588,634	15,610,270	37,399,264	14,052,021	15,249,203	9,595,199	7,300,898	6,387,182	31,100,866
Notes and accounts receivable, net.....	39,950,909	—	893,448	2,093,187	3,059,138	4,152,785	10,958,290	3,979,256	4,005,790	2,216,105	1,844,961	1,399,988	5,347,960
Inventories.....	24,107,031	—	432,015	1,119,660	2,032,644	2,709,915	6,890,302	2,560,561	2,819,066	1,783,158	672,894	925,011	2,160,805
Cash, Government obligations and other current assets.....	32,304,908	—	1,196,944	1,776,835	2,370,422	3,333,878	8,283,115	3,346,471	3,603,518	2,377,893	1,416,119	1,438,175	3,161,537
Other investments and loans.....	21,081,809	—	552,678	654,527	1,105,636	1,331,753	3,371,585	1,281,826	1,640,615	1,094,067	1,360,231	914,088	7,574,805
Depreciable assets.....	57,711,143	—	4,057,356	4,727,029	5,408,954	7,339,921	13,867,862	4,778,625	4,800,338	3,218,217	1,809,130	1,970,102	5,923,610
Less: Accumulated depreciation.....	32,007,343	—	2,571,235	2,928,068	3,149,202	4,362,979	8,097,797	2,867,505	2,359,710	1,752,701	868,724	788,283	2,093,138
Other capital assets less reserves.....	7,105,356	—	171,439	346,601	485,785	655,902	1,369,775	545,984	529,820	352,771	264,603	266,597	2,116,077
Accounts and notes payable.....	49,303,766	—	1,869,631	2,613,773	4,057,878	5,752,798	13,541,026	5,161,235	4,948,022	2,866,058	1,822,693	1,749,479	4,921,175
Other current liabilities.....	22,071,244	—	608,126	734,722	1,297,891	1,923,884	5,766,515	2,234,912	2,883,998	1,768,159	1,157,768	1,008,726	2,686,541
Mortgages, notes, and bonds payable in one year or more.....	30,985,665	—	1,005,970	1,209,610	1,663,706	2,166,960	5,136,148	2,033,693	2,228,859	1,746,073	1,225,409	1,281,571	11,287,666
Net worth.....	41,540,683	—	278,842	2,396,921	3,382,800	4,270,613	9,830,571	3,226,884	3,527,879	2,164,375	1,866,555	1,266,031	9,329,213
Cost of property used for investment credit.....	6,765,982	30,152	648,412	700,075	799,395	881,764	1,547,813	451,644	468,458	270,041	156,585	173,969	637,874
Total receipts.....	290,798,843	3,633,107	26,220,470	23,058,087	27,714,933	35,109,894	71,608,231	23,476,638	21,595,699	12,613,130	9,500,002	7,117,314	29,151,329
Business receipts.....	280,896,210	3,456,072	25,917,799	22,617,529	27,090,128	34,339,381	69,700,648	22,444,363	20,767,951	11,968,753	8,996,231	6,595,957	27,001,378
Cost of sales and operations.....	221,189,268	2,969,415	16,923,541	15,454,150	19,718,470	25,914,855	56,601,567	19,084,315	17,897,400	10,341,351	7,854,419	5,712,203	22,717,583
Taxes paid.....	6,159,770	40,627	825,107	679,844	759,343	940,708	1,530,435	427,394	337,168	160,016	92,373	75,481	291,273
Interest paid.....	4,861,075	50,656	262,807	317,695	401,863	518,235	968,382	344,062	347,369	256,708	227,155	199,052	667,091
Depreciation.....	6,281,119	59,773	627,963	627,429	699,771	867,535	1,465,074	422,116	410,865	265,910	143,135	201,566	489,983
Pension, profit-sharing, stock bonus, and annuity plans.....	1,501,469	8,602	56,958	94,695	155,979	229,281	446,057	125,515	104,857	46,006	36,299	20,804	176,416
Employee benefit programs.....	1,641,857	22,060	151,919	154,785	174,107	238,955	410,520	112,378	102,064	72,897	44,384	20,081	137,707
Net income (less deficit).....	2,265,564	-21,512	-10,367	263,691	6,268	85,065	538,938	262,749	213,215	176,498	69,036	142,373	539,610
Income subject to tax, total.....	5,504,045	45,673	327,023	506,666	532,988	612,384	1,201,613	423,600					

## RETURNS OF ACTIVE CORPORATIONS

**Table 6—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets—Continued**

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

Industrial division, item	Total returns of active corporations	Size of total assets												
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$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	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
<b>Manufacturing</b>														
Number of returns.....	261,927	6,163	96,039	47,023	34,328	28,463	36,041	6,194	4,171	1,521	743	571	659	
Total assets.....	2,232,987,922	—	3,571,555	7,820,669	12,427,566	20,059,610	77,083,414	42,825,592	63,875,563	53,222,045	54,806,891	113,525,117	1,783,769,892	
Notes and accounts receivable, net.....	483,908,291	—	809,942	1,925,188	3,278,666	5,544,668	20,429,198	10,458,932	15,170,037	11,873,603	11,207,401	26,886,494	376,610,420	
Inventories.....	270,385,611	—	544,050	1,311,558	2,515,892	4,441,287	18,567,284	10,466,674	15,593,724	12,002,667	11,870,634	19,476,152	173,595,687	
Cash, Government obligations and other current assets.....	171,735,839	—	709,174	1,329,345	1,981,056	3,063,399	11,077,358	5,812,931	8,548,182	7,063,901	7,490,882	13,129,797	111,529,813	
Other investments and loans.....	461,409,554	—	207,836	500,494	709,963	1,135,758	4,090,250	2,793,461	4,518,944	4,886,624	5,944,732	15,962,024	420,659,467	
Depreciable assets.....	1,051,143,904	—	2,888,286	5,635,487	8,092,071	12,090,290	42,672,823	19,935,262	31,620,859	25,513,945	25,946,489	51,478,931	823,269,461	
Less: Accumulated depreciation.....	466,732,873	—	1,781,944	3,288,820	4,781,663	7,139,020	23,224,256	10,956,787	15,150,676	11,575,741	11,526,280	22,586,096	354,721,589	
Other capital assets less reserves.....	108,709,030	—	80,757	165,044	327,541	494,929	2,079,862	1,253,468	1,856,198	1,780,075	1,838,645	3,645,913	95,166,598	
Accounts and notes payable.....	416,397,967	—	1,201,556	2,260,091	3,597,016	5,959,342	22,998,491	11,552,285	15,369,560	11,306,398	9,554,882	20,519,327	312,079,017	
Other current liabilities.....	206,646,379	—	393,512	772,461	1,090,683	2,060,913	7,360,142	3,878,407	5,845,387	4,897,919	5,428,240	11,303,392	163,615,323	
Mortgages, notes, and bonds payable in one year or more.....	378,514,253	—	689,247	1,536,935	2,221,907	3,417,521	11,914,852	7,355,393	11,201,078	9,632,852	9,898,386	23,363,190	297,282,891	
Net worth.....	953,108,742	—	144,820	2,188,051	4,236,910	7,113,712	30,827,868	17,932,095	28,566,116	24,655,729	26,412,135	50,647,285	760,384,021	
Cost of property used for investment credit.....	89,873,025	428,228	367,061	725,582	941,756	2,475,852	2,097,732	2,398,503	2,239,492	2,115,709	4,272,269	68,243,242		
Total receipts.....	2,552,830,718	19,433,288	12,771,446	20,294,308	30,390,052	45,432,707	165,177,004	84,074,561	109,131,332	82,497,426	78,238,144	142,903,750	1,762,346,319	
Business receipts.....	2,418,344,305	18,442,338	12,599,768	20,022,755	29,865,536	44,732,554	162,340,276	82,520,924	106,562,509	80,118,155	75,652,549	137,154,689	1,648,150,080	
Cost of sales and operations.....	1,678,378,729	13,413,419	6,806,028	12,049,153	19,223,428	30,254,347	115,391,938	60,256,216	76,449,833	56,959,210	52,779,951	93,538,073	1,141,136,344	
Taxes paid.....	73,277,514	809,255	439,138	700,603	938,542	1,273,128	3,987,956	1,817,859	2,342,105	2,029,955	1,984,147	3,025,239	53,921,357	
Interest paid.....	73,973,082	409,661	150,088	325,688	460,644	681,358	2,538,001	1,353,911	1,972,027	1,630,457	1,625,906	3,525,878	59,292,157	
Depreciation.....	99,416,356	666,288	362,614	693,795	912,140	1,275,569	4,225,230	2,127,249	2,978,054	2,444,613	2,406,294	4,983,177	76,329,398	
Pension, profit-sharing, stock bonus, and annuity plans.....	23,897,552	72,953	93,523	84,520	171,431	296,931	1,072,451	448,629	572,207	455,211	503,566	1,186,623	18,938,761	
Employee benefit programs.....	31,443,904	236,866	66,190	157,652	233,002	376,366	1,405,607	770,006	1,130,851	923,895	907,918	2,051,400	23,181,239	
Net income (less deficit).....	95,330,965	111,723	—	342,974	—	16,700	181,837	364,259	3,270,930	2,455,142	3,659,363	3,058,326	2,946,403	75,431,311
Income subject to tax, total.....	113,609,854	579,554	200,200	469,129	671,936	1,133,270	4,844,378	2,994,559	4,641,591	3,764,518	3,813,138	6,314,906	84,165,955	
Income tax, total.....	50,950,876	265,517	36,428	92,292	145,046	302,477	1,861,578	1,305,296	2,085,993	1,708,977	1,739,795	2,851,821	38,547,569	
Additional tax for tax preferences.....	252,966	1,406	—	—	—	—	304	593	1,836	3,087	2,397	9,073	234,229	
Foreign tax credit.....	16,439,314	3,695	—	—	97	*127	3,606	2,824	17,413	24,941	75,956	222,357	16,088,250	
U.S. possessions tax credit.....	1,459,496	43,645	—	15	119	2,551	43,006	56,419	180,973	242,938	170,781	2,075,260	464,924	
Investment credit.....	6,394,980	21,024	9,546	29,480	47,122	75,795	252,498	129,196	179,476	137,067	142,891	310,997	5,059,210	
Jobs credit.....	145,992	707	*1,086	*338	4,820	9,400	31,946	10,719	12,351	7,260	6,224	11,473	49,643	
Research activities credit.....	1,023,564	3,356	*224	*1,034	1,513	4,912	26,321	14,260	31,006	25,726	29,633	52,245	833,322	
Employee stock ownership credit.....	501,397	143	—	—	—	—	*98	*208	695	1,399	3,821	16,122	478,910	
Distributions to stockholders except in own stock.....	43,295,901	840,512	66,921	25,220	50,206	154,469	489,843	401,464	694,899	873,217	780,532	2,093,075	36,820,158	
<b>Transportation and public utilities</b>														
Number of returns.....	122,567	***	***	20,830	12,945	8,379	7,749	931	684	255	115	113	288	
Total assets.....	998,870,785	—	—	3,328,542	4,547,706	5,872,026	15,954,063	6,483,952	10,630,961	9,043,889	8,109,572	17,913,463	914,748,462	
Notes and accounts receivable, net.....	91,492,081	—	—	589,823	929,186	1,138,070	3,129,286	1,142,338	1,819,238	1,354,634	1,325,984	2,075,260	77,658,823	
Inventories.....	30,052,453	—	—	84,463	97,065	145,432	429,856	182,297	256,830	234,071	765,481	27,550,887		
Cash, Government obligations and other current assets.....	59,931,588	—	—	605,929	779,042	843,862	2,540,764	1,017,874	1,368,512	1,125,267	935,193	1,869,870	48,311,688	
Other investments and loans.....	105,590,601	—	—	230,233	362,894	361,417	1,156,707	502,025	788,904	744,993	642,717	2,117,099	98,526,269	
Depreciable assets.....	901,873,974	—	—	3,474,419	4,694,559	5,791,239	14,030,747	5,435,290	9,265,810	7,856,800	6,279,315	14,475,782	828,108,785	
Less: Accumulated depreciation.....	239,035,023	—	—	1,962,418	2,699,652	3,095,772	6,716,630	2,343,836	3,858,173	3,139,001	2,310,313	4,919,593	206,515,888	
Other capital assets less reserves.....	18,443,274	—	—	100,000	164,760	369,624	757,462	254,670	484,918	430,816	493,555	554,489	14,761,659	
Accounts and notes payable.....	105,098,675	—	—	936,566	1,062,439	1,443,309	4,016,721	1,457,095	4,152,880	1,625,704	1,251,142	2,520,545	87,721,506	
Other current liabilities.....	88,991,362	—	—	209,014	369,497	425,934	1,418,421	468,806	902,765	701,913	663,273	1,443,912	82,179,433	
Mortgages, notes, and bonds payable in one year or more.....	306,356,849	—	—	778,533	1,268,472	1,906,892	4,772,731	2,129,155	3,395,241	3,037,705	2,923,557	5,836,201	279,694,771	
Net worth.....	394,284,132	—	—	789,281	1,207,562	1,446,530	4,302,012	1,847,655	3,027,738	2,844,433	2,238,009	5,700,961	370,910,756	
Cost of property used for investment credit.....	67,496,980	—	—	539,450	620,425	731,230	1,763,504	597,023	952,256	546,477	655,422	1,044,816	59,360,596	
Total receipts.....	657,421,487	—	—	9,939,676	10,930,608	11,357,853	28,549,986	7,912,432	33,288,366	9,682,342	8,723,766	15,900,961	520,749,780	
Business receipts.....	627,836,585	—	—	9,719,144	10,604,559	11,008,070	27,580,250	7,525,288	12,713,201	9,219,978	8,147,313	15,071,646	496,645,846	
Cost of sales and operations.....	339,191,696	—	—	5,436,145	5,094,412	5,350,149	14,557,207	3,763,914	6,776,290	4,915,362	4,704,149	8,855,715	266,396,650	
Taxes paid.....	28,250,600	—	—	325,166	496,165	396,889	1,048,669	270,793	456,970	347,045	362,871	746,433	32,547,461	
Interest paid.....	36,787,550	—	—	157,859	203,192	289,188	700,041	270,793	456,970	347,045	362,871	746,433	48,291,117	
Depreciation.....	56,161,802	—	—	466,103	600,200	1,544,582	554,938	863,642	677,592	553,924	1,069,425	48,291,117		
Pension, profit-sharing, stock bonus, and annuity plans.....	8,149,874	—	—	35,895	30,212	60,341	178,953	55,009	117,547	78,749	75,612	119,241	7,314,658	
Employee benefit programs.....	7,497,579	—	—	47,668	73,685	110,220	298,686	101,511	169,333	118,059	94,393	186,299	6,219,57	

## RETURNS OF ACTIVE CORPORATIONS

Table 6—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets—Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$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
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Wholesale and Retail Trade</b>													
Number of returns.....	851,785	26,733	373,110	187,453	110,489	73,217	68,222	7,109	3,481	993	464	301	213
Total assets.....	804,242,963	—	14,835,369	30,331,084	39,272,785	51,543,903	136,345,451	48,688,902	52,462,917	34,467,664	34,027,601	52,772,850	309,494,438
Notes and accounts receivable, net.....	195,313,239	—	1,699,631	4,992,078	7,700,967	11,423,216	33,606,832	13,746,262	14,770,931	9,808,653	8,824,100	12,156,978	76,583,592
Inventories.....	237,519,820	—	4,618,855	10,376,384	13,464,527	18,662,456	51,859,985	15,824,546	15,841,762	9,323,831	8,113,839	13,424,012	75,809,623
Cash, Government obligations and other current assets.....	95,726,946	—	2,679,893	4,796,145	5,989,639	6,901,299	15,693,797	5,117,547	5,802,384	3,629,491	3,805,309	5,158,257	36,153,186
Other investments and loans.....	91,165,849	—	912,087	1,908,544	2,694,878	3,173,119	8,191,811	3,574,879	4,004,844	3,172,438	3,792,619	7,609,205	52,131,425
Depreciable assets.....	246,664,835	—	8,716,303	13,191,077	15,010,518	18,032,284	41,472,270	14,557,529	15,669,769	10,792,898	11,822,499	16,039,619	81,360,071
Less: Accumulated depreciation.....	108,473,188	—	5,036,954	7,063,978	7,974,257	9,497,935	20,882,775	6,662,601	6,792,513	4,456,761	5,164,357	6,020,985	28,880,072
Other capital assets less reserves.....	23,222,250	—	361,674	977,757	1,137,182	1,499,322	3,567,479	1,411,049	1,606,456	1,139,898	1,328,536	2,142,102	8,050,795
Accounts and notes payable.....	279,119,965	—	4,974,941	8,789,439	12,490,842	18,188,235	56,495,512	19,804,511	20,000,931	12,272,762	10,633,331	14,576,514	100,892,948
Other current liabilities.....	83,818,826	—	1,303,086	2,263,030	2,976,305	3,835,892	10,827,767	3,830,677	4,162,167	2,758,631	2,592,476	4,051,870	45,216,923
Mortgages, notes, and bonds payable in one year or more.....	119,681,889	—	3,737,265	5,422,424	6,563,195	6,982,291	16,005,683	6,497,381	7,307,134	5,666,796	5,152,140	9,485,044	46,842,536
Net worth.....	265,222,391	—	675,474	8,819,676	13,028,276	18,903,078	46,313,908	16,786,898	19,052,589	12,247,272	13,738,798	20,967,359	96,040,810
Cost of property used for investment credit.....	27,821,811	105,688	1,012,957	1,700,538	1,733,614	2,041,267	5,081,138	1,842,075	1,223,836	1,139,677	1,556,743	8,459,163	
Total receipts.....	2,119,444,862	16,627,999	74,039,732	107,288,972	130,016,716	169,281,434	461,924,226	148,915,036	153,097,299	82,224,777	84,486,062	129,411,421	562,131,188
Business receipts.....	2,071,264,407	16,088,360	72,997,074	105,662,352	128,095,120	166,598,635	454,612,575	145,914,598	150,041,837	80,207,149	82,354,097	126,161,900	542,530,709
Cost of sales and operations.....	1,626,952,423	12,441,430	48,249,485	72,848,697	93,691,871	127,950,995	367,713,135	118,217,365	122,310,269	63,512,528	66,123,253	101,316,511	432,576,884
Taxes paid.....	29,346,330	253,419	1,762,949	2,238,508	2,337,222	2,636,344	5,813,240	1,797,997	1,888,813	1,135,891	1,027,123	1,597,062	6,857,764
Interest paid.....	27,598,584	225,923	584,805	1,033,043	1,287,873	1,730,148	4,032,932	1,606,834	1,674,628	1,113,694	960,108	1,719,768	11,338,814
Depreciation.....	27,667,908	165,778	1,204,334	1,662,531	1,790,057	2,159,527	4,672,474	1,654,765	1,829,575	1,166,809	1,284,970	1,623,035	8,454,051
Pension, profit-sharing, stock bonus, and annuity plans.....	5,929,933	29,654	143,835	298,547	399,940	571,997	1,367,709	379,021	342,023	192,449	171,725	313,448	1,719,585
Employee benefit programs.....	8,027,297	56,448	217,553	284,894	414,602	536,508	1,488,254	485,571	459,275	324,063	367,302	580,802	2,812,025
Net income (less deficit).....	35,292,870	57,698	-706,569	566,098	1,145,612	1,966,313	6,590,857	2,744,750	3,405,353	1,841,740	2,461,195	3,312,046	11,907,775
Income subject to tax, total.....	33,503,250	309,810	582,668	1,570,037	1,855,817	2,446,345	6,725,975	2,263,180	2,671,747	1,410,901	1,532,315	2,413,933	10,173,541
Income tax, total.....	12,910,870	114,816	93,576	278,522	373,256	598,467	2,234,956	965,217	1,182,617	636,125	699,463	1,101,007	4,634,848
Additional tax for tax preferences.....	26,943	*162	—	—	—	*20	630	874	1,505	1,432	1,419	1,641	19,259
Foreign tax credit.....	309,038	2	—	*247	*36	*4	3,757	752	6,082	4,561	6,233	10,737	276,627
U.S. possessions tax credit.....	54,236	—	—	3	61	5	40	1,274	533	16,141	—	4,398	11,073
Investment credit.....	1,605,589	4,929	23,858	58,275	69,221	113,372	266,122	90,887	106,756	67,260	76,059	104,917	623,934
Jobs credit.....	164,500	1,300	2,320	6,653	10,993	9,501	22,643	10,785	5,835	5,647	8,980	14,899	6,944
Research activities credit.....	24,051	*381	*43	*13	*244	*622	4,729	891	2,006	2,099	2,093	2,314	8,615
Employee stock ownership credit.....	98,341	—	*152	*59	—	—	*56	321	*399	1,551	2,943	2,943	92,861
Distributions to stockholders except in own stock.....	12,722,120	897,445	184,728	280,562	174,220	255,617	902,259	514,554	750,799	729,548	632,733	1,290,011	6,109,705
<b>Finance, Insurance, and Real Estate</b>													
Number of returns.....	479,656	29,937	223,168	86,593	50,012	32,835	30,654	5,475	7,346	5,257	3,925	2,386	2,064
Total assets.....	5,487,225,439	—	7,848,173	14,149,351	17,721,628	22,891,987	64,114,580	39,265,539	120,593,949	188,511,988	273,348,253	366,157,655	4,372,622,310
Notes and accounts receivable, net.....	1,746,471,794	—	809,313	1,371,709	2,212,948	2,950,406	9,191,701	9,319,172	39,991,271	71,127,629	97,815,987	92,463,218	1,419,308,403
Inventories.....	12,064,445	—	—	—	*1,927	*57,962	553,353	411,325	930,225	1,072,723	1,438,438	1,486,639	6,111,851
Cash, Government obligations and other current assets.....	1,281,833,582	—	2,051,710	3,283,732	3,653,121	4,519,016	12,159,527	9,229,264	36,065,700	57,173,159	78,976,492	91,514,842	983,219,219
Other investments and loans.....	2,033,288,129	—	1,327,224	3,078,372	4,361,137	5,743,409	18,066,378	10,118,215	29,044,832	44,078,998	78,297,679	158,913,091	1,680,528,793
Depreciable assets.....	193,098,007	—	4,749,513	7,181,010	7,851,884	9,599,737	22,267,647	8,880,945	11,475,743	11,198,869	12,666,050	13,604,318	83,622,291
Less: Accumulated depreciation.....	59,433,980	—	2,589,306	3,601,096	3,663,446	4,102,649	8,062,153	2,652,341	3,037,548	3,076,638	3,470,077	3,394,911	21,783,615
Other capital assets less reserves.....	50,904,086	—	1,141,838	2,333,904	2,745,733	3,561,130	7,781,948	2,846,933	3,589,523	2,971,523	2,718,191	3,447,349	17,766,017
Accounts and notes payable.....	485,499,690	—	1,418,362	2,159,413	2,963,068	3,978,983	11,974,196	5,872,870	9,700,614	13,083,461	17,079,823	19,269,230	39,999,642
Other current liabilities.....	3,070,320,005	—	588,651	891,402	1,062,688	1,652,952	5,158,464	1,250,531	6,076,864	12,437,740	188,690,207	246,512,217	2,423,096,354
Mortgages, notes, and bonds payable in one year or more.....	343,429,407	—	1,780,051	3,217,950	4,550,329	6,303,536	19,091,886	9,182,678	12,983,344	12,355,307	15,743,103	19,153,237	239,067,985
Net worth.....	816,806,465	—	1,540,508	5,404,501	6,349,636	7,718,340	18,770,326	9,043,947	23,935,269	29,825,459	39,610,602	59,431,076	615,179,089
Cost of property used for investment credit.....	17,988,111	179,795	484,029	304,167	260,757	289,739	694,252	290,608	531,687	616,493	813,522	878,102	12,644,949
Total receipts.....	902,822,472	22,480,438	13,699,616	15,252,124	9,474,607	9,781,801	24,268,723	11,448,186	23,717,786	34,076,739	41,400,496	53,967,335	645,967,485
Business receipts.....	362,627,365	3,044,078	11,205,537	9,969,112	6,522,648	5,933,626	16,274,664	7,071,679	10,936,217	14,389,969	14,839,271	17,913,810	244,265,650
Cost of sales and operations.....	172,818,057	1,196,735	1,877,875	3,085,532	1,781,644	1,392,052	6,082,654	3,322,848	5,237,587	9,052,959	8,036,800	9,399,638	122,351,733
Taxes paid.....	17,201,246	375,494	502,238	523,260	523,219	562,361	1,105,842	428,231	668,634	677,184	792,332	955,188	10,077,299
Interest paid.....	310,356,963	15,725,167	598,842	448,219	622,110	921,750	2,617,344	1,782,843	6,236,204	10,711,505	16,092,576	21,684,201	232,909,315
Depreciation.....	19,653,889	399,141	556,119	493,511	582,654	546,947	1,						

## RETURNS OF ACTIVE CORPORATIONS

**Table 6—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets—Continued**

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$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
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Services</b>													
Number of returns.....	848,394	29,562	588,977	132,537	48,784	25,879	18,593	2,075	1,221	354	210	124	79
Total assets.....	269,797,251	—	18,601,193	20,799,447	17,037,118	17,822,898	37,261,996	14,197,043	18,760,221	12,836,493	15,311,531	21,648,450	75,520,861
Notes and accounts receivable, net.....	41,751,071	—	1,616,376	2,785,449	2,570,220	3,314,159	6,974,500	2,506,846	3,661,751	2,440,954	2,649,778	3,869,029	9,362,009
Inventories.....	13,401,667	—	719,011	926,018	839,905	921,054	1,862,415	722,286	751,529	770,525	693,435	762,898	4,432,612
Cash, Government obligations and other current assets.....	48,233,095	—	5,752,010	5,665,207	3,815,135	3,372,541	6,211,136	2,350,922	3,184,774	1,757,698	2,276,569	2,799,164	11,047,939
Other investments and loans.....	42,861,182	—	2,588,823	3,294,301	2,137,398	2,190,747	4,214,192	2,058,688	2,183,209	1,939,789	2,235,050	4,803,213	15,215,775
Depreciable assets.....	162,395,320	—	16,263,776	14,121,341	12,179,277	11,862,254	25,454,713	8,307,381	10,555,445	7,188,585	8,314,114	10,170,172	37,980,262
Less: Accumulated depreciation.....	67,759,390	—	9,660,010	7,773,817	6,265,609	5,721,728	11,259,187	3,211,102	3,914,581	2,731,555	2,701,682	3,473,415	11,046,705
Other capital assets less reserves.....	13,589,489	—	461,684	885,032	999,416	1,188,580	2,177,313	754,173	1,144,044	751,265	933,066	1,484,180	2,810,738
Accounts and notes payable.....	55,696,728	—	3,785,245	3,920,084	3,536,134	4,009,633	9,058,537	3,333,325	4,133,312	2,663,041	2,964,254	3,612,883	14,680,270
Other current liabilities.....	29,558,081	—	2,929,094	2,682,352	1,907,525	1,976,626	4,138,517	1,447,571	1,805,605	1,573,342	1,491,128	1,924,347	7,681,976
Mortgages, notes, and bonds payable in one year or more.....	78,072,728	—	9,138,765	3,908,829	4,201,366	4,498,368	11,650,418	4,344,310	5,456,144	4,326,115	4,903,581	7,766,467	23,838,364
Net worth.....	74,710,699	—	4,155,585	7,166,284	5,028,755	5,128,159	8,998,178	3,709,702	5,239,976	3,278,156	4,902,505	6,294,933	20,808,424
Cost of property used for investment credit.....	20,435,351	191,280	2,423,602	1,929,106	1,602,731	1,550,331	3,084,125	1,082,705	1,346,823	895,015	1,547,152	1,192,851	3,589,631
Total receipts.....	416,462,427	—	47,779,687	88,497,614	58,489,365	37,763,485	32,715,692	54,684,380	17,137,559	21,177,953	14,488,354	15,943,690	19,810,800
Business receipts.....	392,064,594	4,112,549	86,068,798	56,388,795	36,410,249	31,411,038	51,766,397	15,836,529	19,607,161	13,264,247	14,093,641	17,856,672	45,248,519
Cost of sales and operations.....	143,277,759	1,544,371	21,161,270	16,086,450	13,285,721	12,396,305	21,750,248	7,583,257	8,789,551	6,267,771	6,853,517	8,209,015	19,370,282
Taxes paid.....	13,831,376	—	2,956,662	2,051,112	1,303,305	1,156,462	1,879,838	529,035	669,216	428,412	503,938	618,302	1,575,267
Interest paid.....	11,798,141	185,612	655,144	707,485	639,811	724,768	1,688,260	596,142	782,297	561,819	602,323	923,891	3,730,588
Depreciation.....	21,194,161	234,671	2,553,743	1,882,290	1,417,445	1,416,036	2,853,284	982,005	1,245,664	902,206	1,035,847	1,228,202	5,442,766
Pension, profit-sharing, stock bonus, and annuity plans.....	8,663,861	44,325	3,738,923	2,083,906	842,501	495,876	587,544	159,532	142,978	89,488	92,117	148,181	238,489
Employee benefit programs.....	4,431,761	55,472	815,969	543,847	334,416	285,445	598,622	207,678	244,046	252,897	164,638	230,199	698,532
Net income (less deficit).....	6,002,928	60,735	643,500	1,331,982	634,242	401,120	728,975	249,961	254,338	388,176	385,387	551,037	319,476
Income subject to tax, total.....	11,810,154	282,142	1,786,511	1,846,493	995,821	838,637	1,500,306	563,956	736,394	440,312	545,936	870,810	1,402,837
Income tax, total.....	3,779,735	116,293	295,026	341,678	220,961	229,261	566,392	243,241	323,113	196,591	248,415	376,969	631,793
Additional tax for tax preferences.....	16,234	—	—	—	—	—	—	—	—	—	866	851	1,380
Foreign tax credit.....	123,164	—	76	*848	*1,162	—	*7,056	—	—	—	—	—	—
U.S. possessions tax credit.....	9,588	—	—	5	—	—	51	—	—	—	6,520	1,239	—
Investment credit.....	853,089	8,834	88,097	91,906	63,285	62,574	113,594	43,797	50,864	38,671	45,603	55,997	189,867
Jobs credit.....	61,926	—	607	6,288	5,655	6,140	5,706	18,433	2,690	2,067	3,533	2,290	1,379
Research activities credit.....	39,491	—	*821	—	*3,481	*1,797	*1,254	4,751	2,424	6,719	1,838	6,592	6,436
Employee stock ownership credit.....	17,952	—	105	—	—	—	—	214	—	*175	—	735	3,995
Distributions to stockholders except in own stock.....	2,407,362	192,342	187,655	91,329	79,672	58,023	238,949	130,779	100,355	93,356	150,376	202,223	882,302
<b>Nature of Business not Allocable</b>													
Number of returns.....	22,032	—	—	1,501	441	*162	234	*32	10	—	—	—	—
Total assets.....	1,883,664	—	—	256,729	149,754	*120,609	578,966	*227,659	208,427	—	—	—	—
Notes and accounts receivable, net.....	391,171	—	—	30,158	30,394	*44,865	119,234	*32,865	79,389	—	—	—	—
Inventories.....	297,924	—	—	56,592	*13,991	—	32,179	87,865	*22,448	40,719	—	—	—
Cash, Government obligations and other current assets.....	304,212	—	—	—	54,147	23,135	*16,503	93,601	*12,407	27,379	—	—	—
Other investments and loans.....	325,870	—	—	—	*47,456	*28,262	*6,013	66,667	*90,304	24,202	—	—	—
Depreciable assets.....	678,947	—	—	—	140,014	92,298	*41,250	174,949	*55,627	43,817	—	—	—
Less: Accumulated depreciation.....	332,961	—	—	—	84,867	50,365	*25,820	76,951	*18,499	20,877	—	—	—
Other capital assets less reserves.....	155,780	—	—	—	*7,440	*9,904	*3,116	59,177	*125,633	5,425	—	—	—
Accounts and notes payable.....	461,695	—	—	—	37,745	22,143	*49,114	125,272	*93,003	68,332	—	—	—
Other current liabilities.....	154,346	—	—	—	16,795	*15,805	*12,255	41,969	*7,424	18,715	—	—	—
Mortgages, notes, and bonds payable in one year or more.....	363,969	—	—	—	49,089	*23,642	*13,275	113,143	*71,743	37,395	—	—	—
Net worth.....	596,690	—	—	—	101,640	54,256	*38,882	200,472	*53,426	75,319	—	—	—
Cost of property used for investment credit.....	60,411	—	—	—	*14,644	*8,926	*6,532	11,512	*7,313	2,343	—	—	—
Total receipts.....	4,084,856	—	—	—	564,012	281,015	*405,926	934,826	*278,191	228,958	—	—	—
Business receipts.....	3,943,835	—	—	—	554,181	256,672	*404,305	879,513	*260,236	223,360	—	—	—
Cost of sales and operations.....	2,582,002	—	—	—	392,955	*158,490	*231,269	692,039	*207,066	173,685	—	—	—
Taxes paid.....	75,825	—	—	—	—	12,208	9,067	*7,023	12,989	*2,489	4,019	—	—
Interest paid.....	54,496	—	—	—	—	6,025	2,974	*4,302	22,218	*2,897	4,437	—	—
Depreciation.....	70,955	—	—	—	—	10,466	9,891	*4,398	17,069	*3,146	4,565	—	—
Pension, profit-sharing, stock bonus, and annuity plans.....	32,059	—	—	—	—	*4,370	*2,622	*9,771	*3,794	*430	387	—	—
Employee benefit programs.....	16,571	—	—	—	—	*2,019	*904	*5,125	3,833	*612	3,069	—	—
Net income (less deficit).....	-2,857	—	—	—	—	—	14,454	16,009	-1,382	13,113	*11,477	888	—
Income subject to tax, total.....	86,669	—	—	—	—	*12,131	*5,513	*6,273	*16,542	*12,470	4,713	—	—
Income tax, total.....	24,021	—	—	—	—	*2,378	*1,008	*1,084	*6,174	*3,896	1,623	—	—
Additional tax for tax preferences.....	*217	—	—	—	—	—	—	—	*159	58	—	—	—
Foreign tax credit.....	2,145	—	—	—	—	—	—	—	—	—	—	—	—
U.S. possessions tax credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment credit.....	2,925	—	—	—	*499	*302	*334	*281	*314	536	—	—	—
Jobs credit.....	26	—	—	—	—	—	—	—	—	—	26	—	—
Research activities credit.....	71	—	—	—	—	—	—	—	—	—	67	—	—
Employee stock ownership credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Distributions to stockholders except in own stock.....	11,040	—	—	*1,140	*747	*112	*1,238	*7,005	784	—	—	—	—

## RETURNS OF ACTIVE CORPORATIONS

**Table 7—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts**

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 <sup>1</sup>	Under \$25,000 <sup>1</sup>	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>All Industries</b>													
Number of returns.....	2,999,071	1,172,172	629,246	212,921	330,005	597,820	444,871	315,904	257,786	101,657	56,194	43,683	8,985
Total assets.....	10,201,084,144	128,697,500	73,144,070	20,468,331	35,085,098	80,945,618	104,898,257	136,145,938	282,509,716	321,543,035	415,665,714	1,000,296,029	7,730,382,337
Notes and accounts receivable, net.....	2,626,205,349	14,199,182	8,051,182	2,354,201	3,794,389	9,744,347	15,724,150	26,404,476	75,852,821	103,638,955	133,458,712	240,136,428	2,007,045,687
Inventories.....	599,445,162	5,982,660	3,435,630	945,724	1,601,305	6,772,562	11,434,487	18,533,598	37,089,272	32,512,629	36,332,725	80,713,103	370,074,124
Cash, Government obligations, and other current assets.....	1,709,127,640	23,805,934	14,030,390	3,447,695	6,327,849	16,217,237	19,640,712	24,486,640	62,359,707	76,389,042	98,474,191	199,410,522	1,189,343,656
Other investments and loans.....	2,828,546,663	33,184,559	21,425,858	4,496,870	7,261,831	14,599,647	15,931,087	21,572,400	40,457,270	52,191,481	86,454,706	326,742,370	2,237,413,144
Depreciable assets.....	2,730,371,698	46,511,890	19,410,255	8,932,794	18,168,841	44,361,539	57,434,084	65,754,019	99,074,409	81,246,176	78,836,622	181,241,748	2,075,907,212
Less: Accumulated depreciation.....	1,024,756,282	20,172,251	7,768,055	3,885,672	8,518,523	22,075,131	27,934,794	33,510,017	50,107,449	39,799,155	36,448,759	78,311,377	716,397,359
Other capital assets less reserves.....	257,416,436	18,149,857	10,360,119	3,078,842	4,710,896	8,694,147	8,506,751	8,524,256	10,710,720	8,823,525	8,646,444	21,577,249	163,783,487
Accounts and notes payable.....	1,431,031,513	23,364,221	13,656,151	3,338,752	6,369,317	17,093,584	23,978,531	30,894,082	61,253,576	58,968,798	64,653,133	144,766,444	1,006,058,425
Other current liabilities.....	3,513,512,199	9,287,046	6,184,781	950,488	2,151,777	5,717,028	10,292,655	19,323,527	76,760,925	137,078,606	204,813,618	467,075,037	2,581,163,757
Mortgages, notes, and bonds payable in one year or more.....	1,323,209,421	34,958,354	20,077,254	5,516,933	9,364,167	21,040,892	26,186,778	30,308,569	44,780,652	36,629,343	40,767,959	100,642,624	987,894,249
Net worth.....	2,645,431,550	32,141,442	16,520,864	5,780,274	9,840,304	22,835,007	29,498,196	41,800,667	78,965,336	73,961,713	87,653,279	235,023,031	2,043,552,878
Cost of property used for investment credit.....	238,994,541	4,462,691	2,148,967	642,891	1,670,833	4,527,237	6,078,798	10,509,537	8,639,179	8,037,716	18,046,611	171,942,548	
Total receipts.....	7,135,494,059	47,432,974	12,727,571	8,936,916	25,768,488	103,113,461	163,647,693	227,312,816	412,011,284	364,664,973	399,272,629	877,926,898	4,540,111,330
Business receipts.....	6,334,602,711	31,855,287	3,179,463	6,656,531	22,020,294	95,225,491	154,754,026	217,311,551	389,897,672	337,974,882	364,310,230	793,027,667	3,950,245,904
Cost of sales and operations.....	4,308,238,988	11,842,888	3,988,161	2,342,077	8,102,651	37,579,330	69,834,005	118,345,823	246,915,541	232,984,553	267,822,921	593,408,256	2,729,505,673
Taxes paid.....	173,420,116	2,411,042	781,493	487,348	1,142,201	3,905,042	5,417,666	6,817,131	10,322,218	7,745,852	7,629,716	15,217,735	113,953,712
Interest paid.....	475,060,444	3,742,855	1,768,823	653,932	1,320,109	3,265,715	4,349,736	5,749,225	12,479,862	16,041,041	21,702,131	51,996,848	355,733,021
Depreciation.....	241,491,819	4,271,842	1,634,260	816,515	1,821,066	4,785,459	6,706,897	7,266,237	11,015,069	8,928,653	8,176,338	18,405,941	171,845,382
Pension, profit-sharing, stock bonus, and annuity plans.....	54,355,062	60,901	31,214,414	56,644	239,943	1,780,121	3,020,629	2,119,310	2,891,834	2,244,357	1,898,911	3,529,187	36,261,712
Employee benefit programs.....	59,115,141	338,842	138,383	49,200	151,259	647,706	1,003,361	1,304,318	2,387,093	2,167,208	2,322,898	5,389,710	43,554,006
Net income (less deficit).....	188,133,928	-5,190,181	-4,166,651	-367,725	-655,804	-157,423	796,741	2,478,306	5,867,531	6,215,462	7,174,674	21,872,176	149,256,641
Income subject to tax, total.....	218,686,396	3,305,177	1,470,339	606,085	1,228,753	3,495,267	4,412,293	9,063,059	8,154,239	8,630,750	21,569,950	154,571,641	
Income tax, total.....	92,218,567	804,491	470,692	107,415	226,384	702,501	900,462	1,258,399	2,558,763	2,820,083	3,377,946	9,353,750	70,442,172
Additional tax for tax preferences.....	561,505	3,461	2,078	*773	610	2,524	2,495	3,270	9,264	8,293	13,924	42,941	475,333
Foreign tax credit.....	19,951,165	12,841	11,871	*	965	332	1,517	3,068	69,893	7,862	13,711	91,567	19,750,375
U.S. possessions tax credit.....	1,583,007	121,287	121,245	—	42	431	7,153	2,455	55,175	53,195	87,105	460,112	796,094
Investment credit.....	16,145,173	73,146	33,279	11,072	28,795	129,326	216,439	273,319	481,415	441,342	413,774	948,884	13,167,528
Jobs credit.....	449,224	3,593	1,420	*154	2,019	8,158	12,099	18,012	43,189	49,912	38,998	68,070	207,192
Research activities credit.....	1,277,474	*624	—	—	*268	*734	5,872	12,756	19,664	19,223	72,062	1,146,271	
Employee stock ownership credit.....	909,880	11	11	—	—	—	*42	*173	28	*218	206	3,250	905,951
Distributions to stockholders except in own stock.....	128,298,545	2,191,939	1,270,428	456,445	465,065	1,176,177	827,146	984,468	2,439,675	2,553,807	3,344,987	10,767,076	104,013,272
<b>Agriculture, Forestry, and Fishing</b>													
Number of returns.....	92,125	38,491	19,995	6,548	11,947	22,187	14,704	7,962	5,773	1,519	885	538	67
Total assets.....	50,292,891	7,951,013	3,331,727	1,705,280	2,914,006	7,329,445	6,932,269	6,002,559	5,945,930	3,565,583	3,398,006	4,606,653	4,561,414
Notes and accounts receivable, net.....	4,390,570	318,123	157,902	65,362	94,859	364,113	259,095	438,660	553,569	439,997	526,167	793,798	697,046
Inventories.....	4,760,167	208,215	101,554	58,377	48,285	284,879	407,439	491,614	762,206	424,910	473,571	752,941	954,391
Cash, Government obligations, and other current assets.....	5,124,630	764,207	310,105	138,253	315,849	693,816	649,398	520,498	639,803	402,093	462,771	550,943	441,301
Other investments and loans.....	6,183,978	1,066,348	539,579	212,753	314,017	655,191	760,239	612,253	654,994	458,850	459,812	562,627	953,565
Depreciable assets.....	31,018,845	3,471,119	1,131,442	780,215	1,559,461	4,934,815	5,039,060	4,567,216	4,253,189	2,390,566	1,912,250	2,433,877	2,016,754
Less: Accumulated depreciation.....	16,495,352	1,843,552	574,837	424,028	844,687	2,668,042	2,696,118	2,513,270	2,329,847	1,287,638	958,985	1,220,827	977,072
Other capital assets less reserves.....	12,953,319	3,484,614	1,508,147	746,198	1,230,269	2,496,348	2,141,945	1,614,292	1,237,973	633,350	440,602	588,107	316,087
Accounts and notes payable.....	12,151,235	956,619	317,161	279,564	359,894	1,016,762	1,537,296	1,482,584	1,808,649	1,282,797	1,074,477	1,769,003	1,223,048
Other current liabilities.....	1,933,413	196,905	83,601	35,803	77,501	180,843	172,640	136,896	215,231	177,684	245,658	272,918	334,638
Mortgages, notes, and bonds payable in one year or more.....	16,424,895	2,312,002	989,586	403,909	918,507	2,667,820	2,437,558	2,489,089	2,072,251	1,259,149	900,369	1,356,070	920,587
Net worth.....	13,559,332	2,800,276	1,105,226	667,553	1,027,497	2,333,395	1,864,954	1,150,153	1,406,478	485,685	926,537	851,016	1,740,838
Cost of property used for investment credit.....	2,766,033	321,699	85,610	88,714	147,376	442,291	504,954	415,764	167,094	144,553	193,383	229,706	
Total receipts.....	59,208,642	2,099,026	520,483	465,715	1,112,828	4,348,441	5,754,558	5,804,194	9,122,653	5,751,671	6,649,942	11,209,313	8,468,845
Business receipts.....	55,114,507	1,262,468	134,667	241,018	886,783	3,790,651	5,263,505	5,382,489	8,648,406	5,466,970	6,385,296	10,795,789	8,118,932
Cost of sales and operations.....	38,308,491	727,213	137,664	153,176	436,372	1,834,511	2,805,471	2,771,117	5,862,670	4,071,110	5,102,330	8,816,189	6,317,881
Taxes paid.....	1,250,305	115,890	39,482	24,525	51,884	154,069	184,277	161,998	203,113	102,634	92,980	121,296	114,047
Interest paid.....	2,866,689	311,337	128,000	63,424	119,913	376,383	434,050	425,864					

## RETURNS OF ACTIVE CORPORATIONS

Table 7—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts—Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 <sup>1</sup>	Under \$25,000 <sup>1</sup>	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Mining</b>													
Number of returns.....	37,066	17,184	11,611	2,349	3,224	5,871	4,603	3,251	3,518	1,299	654	521	164
Total assets.....	194,417,434	4,995,532	3,768,858	595,687	630,987	2,117,469	3,187,269	3,151,773	6,816,467	6,806,208	7,236,583	19,606,868	140,499,265
Notes and accounts receivable, net.....	22,536,223	589,656	458,743	53,658	77,255	272,404	444,477	454,104	1,170,868	1,032,912	1,032,974	2,428,818	15,110,010
Inventories.....	6,876,023	52,758	22,554	*20,986	9,219	116,618	50,849	110,974	213,177	135,031	216,640	698,444	5,281,532
Cash, Government obligations, and other current assets.....	13,932,840	802,945	574,841	140,595	87,509	370,104	358,722	569,493	1,112,798	970,743	929,211	2,149,521	6,669,303
Other investments and loans.....	66,639,691	1,277,335	955,173	177,670	144,492	409,320	974,670	394,411	837,487	800,554	815,441	3,018,710	58,111,763
Depreciable assets.....	85,766,722	1,388,951	989,561	125,916	273,474	881,547	1,145,595	1,640,056	4,154,465	3,930,530	3,677,195	11,012,733	57,955,649
Less: Accumulated depreciation.....	34,486,173	594,548	392,627	72,008	129,914	435,004	624,236	855,681	2,175,865	1,829,671	1,767,477	4,890,919	21,312,772
Accounts and notes payable.....	22,333,853	1,042,227	809,242	119,312	113,673	413,394	645,902	708,361	1,212,940	1,514,146	1,301,059	4,210,710	11,285,113
Other current liabilities.....	27,301,794	1,351,918	999,468	214,286	138,161	705,957	809,805	909,183	2,316,370	1,910,733	1,684,126	3,459,689	14,154,004
Mortgages, notes, and bonds payable in one year or more.....	10,018,545	321,277	245,743	36,148	39,386	103,160	114,895	260,238	492,058	503,258	400,696	1,317,693	6,505,207
Net worth.....	49,379,766	1,308,729	990,595	140,653	177,482	483,907	870,282	693,032	1,931,393	1,686,028	2,175,183	5,869,952	34,361,260
Cost of property used for investment credit.....	5,786,838	236,566	58,872	105,823	71,872	891,802	1,001,486	1,355,201	2,051,671	2,042,644	6,720,581	70,906,792	
Total receipts.....	132,419,750	1,030,664	567,867	160,201	302,596	1,228,303	1,886,570	2,614,044	5,775,485	5,163,935	5,129,883	11,854,433	97,736,434
Business receipts.....	122,510,903	367,925	40,152	86,518	241,255	950,603	1,596,966	2,298,988	5,172,739	4,539,118	4,663,476	10,793,541	92,129,548
Cost of sales and operations.....	65,540,564	152,833	33,209	25,907	93,717	443,200	727,449	1,075,261	2,437,877	2,450,768	2,605,857	6,428,971	69,218,348
Taxes paid.....	4,027,150	53,790	31,557	7,493	14,739	53,810	81,670	100,643	220,863	177,699	191,349	471,265	2,676,152
Interest paid.....	6,763,864	226,212	171,350	20,469	34,394	89,790	165,586	135,483	338,342	325,761	298,310	941,523	4,424,858
Depreciation.....	7,785,767	147,065	87,099	18,819	41,147	124,290	174,373	218,546	561,243	524,668	453,979	1,143,930	4,437,763
Pension, profit-sharing, stock bonus, and annuity plans.....	851,414	4,706	*2,768	*1,939	—	8,116	57,954	5,717	16,973	25,137	14,687	48,853	669,271
Employee benefit programs.....	844,195	2,454	1,500	*439	515	5,660	22,957	8,272	31,157	34,814	39,404	93,798	605,679
Net income (less deficit).....	-1,586,098	-587,779	-443,297	-69,024	-75,458	-257,792	-261,891	-121,533	-287,623	-379,225	-187,336	-923,869	1,420,953
Income subject to tax, total.....	4,623,476	88,689	54,852	*10,379	23,459	71,823	45,510	78,554	236,742	218,669	147,277	445,289	3,290,922
Income tax, total.....	2,100,692	29,904	19,996	4,289	5,620	19,168	12,775	26,059	98,556	94,823	69,119	218,044	1,532,246
Additional tax for tax preferences.....	80,267	2,058	1,497	*445	*116	2,213	1,524	1,821	4,649	3,385	5,445	16,983	42,210
Foreign tax credit.....	1,052,992	*4	*4	—	—	*4	63	*12	*47,316	*1,515	181	16,144	987,753
U.S. possessions tax credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment credit.....	309,713	2,676	1,964	*200	*512	3,001	1,937	5,039	10,404	14,010	13,856	39,656	219,134
Jobs credit.....	1,120	—	—	—	—	*120	*302	*61	—	—	*49	157	223
Research activities credit.....	3,505	*44	*44	—	—	—	—	—	*1,642	*185	—	*263	1,372
Employee stock ownership credit.....	7,239	—	—	—	—	—	—	—	—	156	—	26	7,056
Distributions to stockholders except in own stock.....	2,710,318	13,962	10,155	*2,518	*1,290	4,814	11,347	14,425	63,809	98,055	31,675	201,409	2,270,821
<b>Construction</b>													
Number of returns.....	283,519	97,481	48,135	16,199	33,147	55,591	43,950	38,143	29,303	11,068	4,901	2,808	274
Total assets.....	161,365,795	11,346,017	8,135,944	946,234	2,263,839	5,419,588	8,004,980	11,889,668	21,358,565	16,918,147	15,858,641	30,277,587	40,292,403
Notes and accounts receivable, net.....	39,950,909	1,588,996	1,053,888	172,574	362,535	798,802	1,612,940	2,906,750	5,773,033	4,735,016	5,006,950	8,653,352	8,875,068
Inventories.....	24,107,031	2,129,224	167,347	170,477	285,272	1,011,980	1,638,654	2,149,107	4,059,836	3,267,297	2,615,491	4,538,107	2,697,334
Cash, Government obligations, and other current assets.....	32,304,908	2,209,102	1,521,909	198,446	486,747	1,134,819	1,638,691	2,640,653	4,784,874	3,901,598	3,627,466	6,545,022	5,822,672
Other investments and loans.....	21,081,808	2,430,530	1,863,250	96,183	471,104	769,129	835,029	1,029,534	1,798,725	1,340,918	1,303,264	4,213,062	7,361,611
Depreciable assets.....	57,711,143	3,180,599	1,601,975	443,947	1,134,677	2,938,531	3,947,399	5,875,499	9,195,465	6,527,770	5,839,146	10,059,025	10,147,708
Less: Accumulated depreciation.....	32,007,943	1,682,336	773,497	217,605	691,234	1,784,806	2,264,046	3,487,796	5,564,048	3,840,435	3,424,621	5,703,359	4,255,897
Other capital assets less reserves.....	7,105,356	884,228	745,446	19,884	118,896	302,265	352,608	500,771	817,057	565,803	488,018	843,877	2,350,737
Accounts and notes payable.....	49,303,766	3,529,655	2,723,618	194,389	611,648	1,945,388	2,653,001	3,964,920	7,628,945	6,004,602	5,672,074	9,814,720	8,090,461
Other current liabilities.....	22,071,244	959,446	634,373	107,538	217,536	471,949	1,079,106	1,697,106	2,995,232	2,818,517	2,629,555	4,656,880	4,763,453
Mortgages, notes, and bonds payable in one year or more.....	30,985,665	2,504,875	1,816,387	196,210	492,278	1,122,130	1,521,235	1,819,621	3,061,309	2,291,220	1,953,771	5,556,252	11,155,252
Net worth.....	41,540,683	2,203,279	1,506,837	180,566	515,856	874,457	1,716,772	3,174,911	5,704,770	4,433,802	4,184,874	7,218,211	12,028,607
Cost of property used for investment credit.....	6,765,982	361,228	145,732	56,006	159,490	382,000	536,731	782,799	1,249,148	746,185	653,549	989,302	1,065,040
Total receipts.....	290,799,843	4,940,830	1,654,209	683,980	2,602,641	9,798,644	16,154,610	27,307,314	46,118,540	39,299,352	34,895,109	53,486,056	58,798,388
Business receipts.....	280,898,210	3,323,130	261,127	603,774	2,458,229	9,510,928	15,806,138	26,826,957	45,122,624	38,352,930	34,168,579	51,561,677	56,221,248
Cost of sales and operations.....	221,189,268	1,785,713	154,213	312,554	1,318,947	5,488,484	10,026,946	18,394,495	30,030,523	30,120,2025	28,375,320	44,093,409	48,874,352
Taxes paid.....	6,159,770	247,078	116,928	32,628	97,522	358,582	509,649	829,698	1,221,365	879,252	690,781	892,332	53,033
Interest paid.....	4,861,075	331,035	225,907	32,206	72,922	236,582	316,595	444,441	690,453	483,879	390,993	867,098	1,009,999
Depreciation.....	6,281,119	320,410	135,885	50,326	134,199	387,320	525,584	756,808	1,096,527	755,973	586,203	911,899	940,396
Pension, profit-sharing, stock bonus, and annuity plans.....	1,501,469	51,009	37,997	*3,229	9,782	22,669	59,493	137,741	284,794	199,193	214,394	267,777	264,398
Employee benefit programs.....	1,641,857	39,409	21,089	2,555	15,765	68,540	102,470	167,042	314,310	234,450	160,204	91,228	244,205
Net income (less deficit).....	2,265,564	-317,721	-170,466	-79,841	-67,414	-129,103	-31,436	142,243	226,653	411,501	399,140	467,701	1,096,588
Income subject to tax, total.....	5,504,045	207,324	123,492	15,116	68,715	190,311	316,673	524,141	809,405	664,682	572,995	947,393	1,271,121
Income tax, total.....	1,859,927												

## RETURNS OF ACTIVE CORPORATIONS

**Table 7—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts—Continued**

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 <sup>1</sup>	Under \$25,000 <sup>1</sup>	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Manufacturing</b>													
Number of returns.....	261,927	62,363	35,625	9,330	17,408	42,502	38,924	35,311	39,421	18,610	11,638	10,294	2,864
Total assets.....	2,232,987,922	7,946,184	5,844,532	646,564	1,455,088	4,394,672	7,511,867	12,880,292	32,308,384	34,339,126	43,310,980	126,038,248	1,964,258,169
Notes and accounts receivable, net.....	483,908,291	889,168	639,832	64,914	184,422	782,636	1,554,756	3,062,882	8,056,076	8,750,027	11,036,306	29,708,171	420,068,269
Inventories.....	270,385,611	599,691	317,418	85,277	196,996	669,358	1,190,279	2,445,877	7,069,529	7,748,266	10,590,670	29,402,663	210,669,278
Cash, Government obligations, and other current assets.....	171,735,839	2,552,779	2,149,530	145,974	257,275	911,559	1,410,977	2,162,261	4,958,665	5,246,410	5,999,834	16,929,401	131,563,953
Other investments and loans.....	461,409,554	1,292,385	1,058,045	88,448	145,892	396,310	675,415	969,679	2,235,147	2,197,123	2,839,619	10,315,990	440,487,886
Depreciable assets.....	1,051,143,904	2,933,622	1,736,523	362,948	834,150	2,870,208	4,906,050	8,537,616	19,089,320	18,947,709	21,841,379	61,176,166	910,301,834
Less: Accumulated depreciation.....	466,732,873	1,212,220	648,959	175,818	387,443	1,527,522	2,736,788	4,963,326	10,746,952	10,265,730	11,379,349	29,508,256	394,392,731
Other capital assets less reserves.....	109,709,030	428,084	255,689	33,341	139,054	163,367	212,434	374,055	886,803	990,958	1,365,841	3,888,988	100,398,500
Accounts and notes payable.....	416,397,967	1,475,611	905,946	154,038	415,628	1,371,586	1,850,357	3,255,700	9,327,697	9,551,981	12,479,959	29,886,605	347,198,470
Other current liabilities.....	206,646,379	478,320	267,275	101,989	109,056	414,767	692,419	1,217,514	2,817,415	3,169,675	4,057,299	11,983,921	181,815,251
Mortgages, notes, and bonds payable in one year or more.....	378,514,253	1,577,689	1,001,300	232,774	343,615	947,870	1,638,157	2,581,699	5,510,808	5,414,125	6,837,536	21,646,069	332,360,300
Net worth.....	953,108,742	3,057,290	2,769,435	-14,438	302,293	804,947	2,172,791	4,453,470	12,578,888	14,430,313	17,817,142	56,146,637	841,647,265
Cost of property used for investment credit.....	89,873,025	428,411	251,949	36,912	139,550	385,792	655,575	899,198	1,939,163	1,969,452	2,063,338	5,590,911	75,941,183
Total receipts.....	2,552,830,718	2,945,772	1,040,227	419,715	1,485,830	7,247,974	14,673,279	25,976,870	64,076,975	66,987,574	82,954,230	214,089,169	2,073,878,875
Business receipts.....	2,418,344,305	1,868,655	229,338	360,150	1,279,177	7,082,354	14,401,986	25,452,184	62,801,841	65,683,208	81,260,441	209,162,975	1,950,630,192
Cost of sales and operations.....	1,678,378,729	971,031	122,431	200,046	648,554	3,724,184	7,600,853	15,620,464	41,410,306	44,760,352	57,219,549	149,455,799	1,357,616,192
Taxes paid.....	73,277,514	124,454	45,738	18,775	59,941	266,806	548,376	905,529	1,926,506	1,747,272	2,052,266	4,619,055	61,087,251
Interest paid.....	73,973,092	176,915	88,889	30,362	57,664	180,319	301,496	458,553	1,117,307	1,113,736	1,409,262	3,953,022	65,262,472
Depreciation.....	99,416,356	248,168	121,643	40,879	85,647	344,290	609,413	946,303	2,030,648	1,909,664	2,154,621	5,929,317	85,243,932
Pension, profit-sharing, stock bonus, and annuity plans.....	23,697,552	26,948	25,203	7	*1,738	39,040	113,578	163,421	403,708	458,004	538,494	1,153,985	21,000,374
Employee benefit programs.....	31,443,904	36,986	21,964	2,112	12,909	47,253	120,681	225,329	551,212	618,769	767,618	2,140,046	26,936,012
Net income (less deficit).....	95,330,965	-894,412	-566,430	-135,471	-192,511	-470,452	-359,910	-24,262	639,892	1,588,610	2,245,358	7,675,599	84,930,540
Income subject to tax, total.....	113,609,854	422,480	387,143	*8,056	27,282	179,636	338,373	664,157	1,817,465	2,107,076	2,801,357	8,943,817	96,335,492
Income tax, total.....	50,950,876	177,576	169,817	*1,604	6,155	33,539	67,741	148,096	535,631	775,694	1,155,364	3,986,416	44,070,819
Additional tax for tax preferences.....	252,966	*12	*12	—	—	1	—	*63	*51	413	587	4,373	247,465
Foreign tax credit.....	16,439,314	*7,093	*7,079	—	14	20	*4	17	*2,615	672	6,668	35,262	16,386,962
U.S. possessions tax credit.....	1,459,496	115,604	115,604	—	—	214	7,069	2,306	52,600	50,176	85,004	450,242	696,281
Investment credit.....	6,394,980	2,108	1,105	*201	801	9,485	22,027	45,146	109,702	117,613	124,570	349,916	5,614,413
Jobs credit.....	145,992	*28	—	*28	—	*60	*995	1,599	11,502	16,264	14,290	26,947	74,308
Research activities credit.....	1,023,564	—	—	—	—	*224	*60	*1,670	8,266	15,078	14,003	54,241	930,023
Employee stock ownership credit.....	501,397	11	11	—	—	—	—	—	*39	*101	1,259	499,987	—
Distributions to stockholders except in own stock.....	43,295,901	315,194	306,216	—	*8,977	17,253	41,069	65,601	138,391	315,052	454,446	1,797,244	40,151,650
<b>Transportation and Public Utilities</b>													
Number of returns.....	122,567	52,053	26,338	10,235	15,480	22,082	14,750	14,680	11,186	3,908	2,021	1,339	547
Total assets.....	998,870,758	4,307,869	2,503,971	592,854	1,211,044	2,876,166	4,186,735	6,037,828	9,248,618	8,145,168	8,667,223	22,574,558	932,826,620
Notes and accounts receivable, net.....	91,492,081	467,387	296,849	34,382	136,156	359,129	509,737	902,327	1,708,088	1,586,507	1,489,443	3,152,931	81,316,532
Inventories.....	30,052,453	25,567	9,749	*4,678	11,140	59,034	53,642	127,591	205,182	203,815	284,208	384,208	28,461,546
Cash, Government obligations, and other current assets.....	59,931,588	666,374	348,606	86,256	231,512	467,523	864,747	982,165	1,446,398	1,133,051	1,283,652	2,956,878	50,130,799
Other investments and loans.....	105,590,601	665,100	499,239	63,908	101,953	279,170	397,540	427,554	558,110	870,588	995,632	1,909,249	99,575,855
Depreciable assets.....	901,873,974	3,263,739	1,648,272	499,833	1,115,624	2,780,720	3,687,011	6,043,617	8,945,651	7,079,928	7,105,934	17,862,567	845,104,796
Less: Accumulated depreciation.....	239,035,023	1,363,689	587,135	235,149	541,405	1,374,602	1,840,724	3,010,886	4,467,479	3,409,828	3,104,727	6,780,630	213,682,458
Other capital assets less reserves.....	18,443,274	177,257	104,706	39,863	32,689	153,608	278,169	424,003	363,330	347,836	989,671	15,435,797	—
Accounts and notes payable.....	105,098,675	753,776	419,222	104,614	229,941	585,354	939,142	1,314,291	2,149,069	2,167,703	2,025,798	4,201,928	90,961,613
Other current liabilities.....	88,991,362	278,017	188,658	13,266	76,093	158,862	309,383	346,374	752,463	680,156	655,979	1,760,172	84,069,955
Mortgages, notes, and bonds payable in one year or more.....	306,356,849	1,378,408	804,372	223,602	350,434	1,018,062	1,273,207	1,955,097	3,105,390	2,452,092	2,658,383	8,538,723	283,977,486
Net worth.....	394,284,132	547,484	228,814	112,140	206,531	476,823	840,675	1,606,931	2,558,161	2,223,901	2,467,376	6,084,480	377,478,301
Cost of property used for investment credit.....	67,496,980	287,970	54,995	163,622	344,816	499,331	806,833	1,132,820	788,125	828,336	1,762,995	60,827,137	—
Total receipts.....	657,421,487	2,482,997	760,363	455,921	1,266,712	3,863,726	5,774,866	10,662,073	18,263,042	14,085,673	14,469,099	27,192,100	560,627,711
Business receipts.....	627,836,585	1,721,899	181,419	392,898	1,147,583	3,704,593	5,360,949	10,343,347	17,702,830	13,597,154	13,997,971	26,003,078	535,404,764
Cost of sales and operations.....	339,191,696	577,343	79,646	111,747	385,949	1,378,672	2,124,986	4,476,408	9,156,401	6,947,631	7,794,572	14,431,428	292,304,256
Taxes paid.....	28,250,600	123,717	49,090	17,982	56,645	168,257	228,307	412,754	622,951	493,982	620,683	892,217	24,687,733
Interest paid.....	36,787,550	176,055	58,544	33,406	84,104	155,886	249,801	286,947	428,369	431,371	387,958	969,053	33,702,111
Depreciation.....	56,161,802	352,176	125,793	69,660	156,723	329,111	496,537	741,151	1,014,071	769,161	759,516	1,655,861	50,044,218
Pension, profit-sharing, stock bonus, and annuity plans.....	8,149,874	15,619	7,177	—	*8,442	19,247	11,974	38,473	92,443	103,370	89,749	162,698	7,616,302
Employee benefit programs.....	7,497,579	14,294	6,175	*1,875	6,244	21,581	44,008	58,805	153,911	130,780	129		

## RETURNS OF ACTIVE CORPORATIONS

**Table 7—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts—Continued**

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 <sup>1</sup>	Under \$25,000 <sup>1</sup>	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Wholesale and Retail Trade</b>													
Number of returns.....	851,785	207,100	94,140	39,708	73,251	158,856	142,179	129,890	115,499	47,103	26,879	21,342	2,937
Total assets.....	804,242,963	11,984,520	6,222,903	1,876,736	3,884,980	13,330,900	22,080,235	35,497,510	64,550,750	53,985,209	55,432,127	122,215,003	425,166,710
Notes and accounts receivable, net.....	195,313,239	2,214,108	1,369,530	233,889	610,689	1,807,746	3,546,898	6,892,419	14,530,091	13,475,955	14,526,771	33,142,966	105,076,265
Inventories.....	237,519,820	1,729,749	441,231	445,593	842,925	3,993,323	7,188,350	11,924,457	22,873,401	19,543,265	20,265,212	40,557,619	109,444,444
Cash, Government obligations, and other current assets.....	95,726,946	1,915,335	977,825	353,573	583,937	2,147,516	3,244,642	5,151,746	8,922,108	6,609,998	6,105,741	12,970,762	48,659,098
Other investments and loans.....	91,165,849	2,403,443	1,729,484	216,421	457,538	1,209,436	1,879,409	2,926,977	4,367,541	3,568,099	3,578,771	8,904,208	62,325,966
Depreciable assets.....	246,664,835	3,893,029	1,578,455	653,814	1,660,760	5,578,166	9,266,211	13,666,648	22,292,254	17,346,384	16,962,875	36,341,421	121,315,848
Less: Accumulated depreciation.....	108,473,188	1,498,255	517,499	282,783	717,973	2,729,179	4,734,903	7,286,194	11,975,273	9,114,973	8,766,901	16,767,070	45,598,439
Other capital assets less reserves.....	23,222,250	458,905	220,175	85,500	153,230	534,290	764,912	1,085,349	1,775,568	1,342,008	1,417,333	3,405,229	12,438,637
Accounts and notes payable.....	279,119,965	3,057,232	1,744,482	352,711	960,039	3,348,876	6,030,809	10,347,337	22,096,158	20,777,458	22,709,269	48,887,658	141,865,168
Other current liabilities.....	83,818,826	736,663	442,124	103,958	190,581	334,998	1,444,262	2,616,099	4,758,842	4,141,379	4,347,725	9,940,741	54,998,097
Mortgages, notes, and bonds payable in one year or more.....	119,681,883	3,217,437	1,948,864	277,685	990,886	2,775,271	4,131,353	5,844,233	9,199,801	6,577,599	6,400,898	15,633,811	65,901,485
Net worth.....	265,222,391	1,046,559	239,358	414,661	392,541	2,981,961	6,793,585	12,803,900	23,693,235	19,574,060	19,333,945	43,296,979	135,698,166
Cost of property used for investment credit.....	27,821,811	630,248	226,311	103,648	300,289	726,815	1,180,549	1,437,243	2,478,408	2,106,061	1,968,781	4,713,014	12,580,693
Total receipts.....	2,119,444,862	8,952,563	1,647,916	1,609,593	5,695,054	27,669,310	52,910,547	94,253,393	185,712,481	168,638,159	190,631,353	419,530,756	971,146,300
Business receipts.....	2,071,264,407	7,511,120	614,473	1,492,946	5,403,700	27,641,304	51,723,234	92,454,282	182,186,715	165,926,748	187,746,191	412,203,705	944,771,108
Cost of sales and operations.....	1,626,952,423	4,107,084	381,176	707,669	2,955,239	15,157,210	31,921,713	60,321,792	130,768,210	127,875,919	151,012,954	337,432,572	768,354,968
Taxes paid.....	29,346,330	294,863	68,378	60,815	165,670	845,237	1,369,143	2,141,583	3,420,334	2,409,008	2,376,485	5,005,891	11,483,786
Interest paid.....	27,598,584	300,676	138,357	38,756	123,563	449,399	749,780	1,232,594	2,086,888	1,760,276	1,838,296	4,068,250	15,112,423
Depreciation.....	27,667,908	459,914	149,722	81,067	229,125	706,744	1,148,450	1,644,270	2,640,615	2,055,205	1,941,329	4,339,749	12,731,631
Pension, profit-sharing, stock bonus, and annuity plans.....	5,929,933	50,232	31,528	3,310	15,395	106,295	194,313	258,486	669,770	577,819	553,929	989,662	2,529,427
Employee benefit programs.....	8,027,297	36,353	8,463	5,374	22,516	88,331	189,469	304,946	644,913	556,061	614,472	1,323,299	4,269,453
Net income (less deficit).....	35,292,870	-884,177	-349,077	-236,917	-298,182	-370,706	-275,254	1,153,585	2,708,950	2,595,631	3,015,258	8,037,838	18,761,237
Income subject to tax, total.....	33,503,250	256,333	132,420	27,667	96,247	433,215	841,502	1,717,821	2,920,517	2,508,143	2,638,918	5,859,807	16,326,995
Income tax, total.....	12,910,870	58,244	36,609	4,212	17,423	75,859	151,052	342,040	696,685	757,711	945,289	2,460,322	7,423,667
Additional tax for tax preferences.....	26,943	*82	*2	—	*81	—	*6	(*)	387	369	229	3,110	22,760
Foreign tax credit.....	309,038	*1,164	*1,078	—	81	*247	*14	*135	*203	*387	*3042	9,531	294,315
U.S. possessions tax credit.....	54,236	4,402	4,402	—	—	6	9	37	467	710	568	1,027	47,012
Investment credit.....	1,605,589	4,912	1,488	540	2,885	16,291	33,279	59,945	116,924	110,896	119,654	253,655	890,032
Jobs credit.....	164,500	868	*289	(*)	*579	*1,208	2,201	6,763	12,033	11,921	14,283	18,980	96,242
Research activities credit.....	24,051	—	—	—	—	*43	*53	*341	*663	678	3,102	4,087	15,084
Employee stock ownership credit.....	98,341	—	—	—	—	*38	*173	28	—	—	199	959	27,775
Distributions to stockholders except in own stock.....	12,722,120	564,109	472,345	40,546	51,218	217,395	183,470	436,362	509,098	728,758	789,163	1,692,591	7,599,174
<b>Finance, Insurance, and Real Estate<sup>2</sup></b>													
Number of returns.....	479,856	312,939	184,821	60,101	68,017	75,239	38,639	18,351	15,216	7,658	5,369	4,519	1,725
Total assets.....	5,487,225,439	55,815,369	27,589,707	11,352,971	16,872,691	28,633,552	30,036,556	41,076,428	115,130,553	177,590,974	266,699,262	643,738,850	4,128,503,897
Notes and accounts receivable, net.....	1,746,471,794	5,592,075	2,294,357	1,513,889	1,783,851	3,391,020	5,085,452	8,780,400	39,204,735	69,754,684	98,936,588	156,301,261	1,361,425,532
Inventories.....	12,064,445	*137,254	*77,171	*39,801	*20,282	*32,807	132,921	247,669	477,801	268,366	793,477	2,264,144	7,710,007
Cash, Government obligations, and other current assets.....	1,281,833,582	9,080,795	4,136,353	1,806,889	3,137,552	5,444,911	6,338,514	8,320,802	35,293,316	54,797,723	77,429,335	152,371,046	937,257,140
Other investments and loans.....	2,033,288,129	18,658,077	10,818,115	3,148,363	4,691,598	8,270,357	4,766,460	12,668,232	26,275,888	40,907,287	75,116,092	293,618,668	1,550,307,026
Depreciable assets.....	193,098,007	16,657,361	5,208,704	4,336,701	7,111,956	11,875,052	11,163,030	11,028,096	12,703,571	9,736,776	12,408,169	24,197,159	93,328,794
Less: Accumulated depreciation.....	59,433,980	6,397,404	1,757,465	1,687,555	2,952,384	5,064,652	4,327,984	3,949,814	4,244,055	3,055,850	3,694,221	6,684,517	22,015,483
Other capital assets less reserves.....	50,904,086	10,106,965	5,716,995	1,835,241	2,554,728	3,714,858	3,176,117	2,878,512	3,155,849	2,355,195	2,618,469	5,917,671	16,980,448
Accounts and notes payable.....	485,499,690	7,874,747	3,802,754	1,573,643	2,498,479	4,908,325	5,153,645	5,226,990	9,511,041	12,355,781	15,181,924	39,668,397	385,618,712
Other current liabilities.....	3,070,320,005	2,696,039	1,364,484	369,871	961,684	1,724,972	3,827,563	10,681,770	63,692,158	123,392,997	190,647,786	433,813,447	2,239,842,271
Mortgages, notes, and bonds payable in one year or more.....	343,429,407	16,621,396	8,739,765	3,329,770	4,552,860	7,823,592	8,255,667	9,861,278	12,532,264	10,420,801	14,709,863	32,608,821	230,775,704
Net worth.....	816,806,465	18,302,405	8,391,493	3,700,057	6,210,855	10,204,686	9,500,490	11,974,890	23,987,305	25,991,842	37,600,734	105,609,892	573,634,221
Cost of property used for investment credit.....	17,988,111	430,752	153,593	93,069	184,091	461,443	399,156	439,087	551,379	524,001	77,097,607	1,603,922	12,799,303
Total receipts.....	902,822,472	8,377,304	1,317,497	2,202,147	4,857,660	11,927,002	13,485,218	12,958,634	23,876,518	27,105,003	37,479,710	93,570,436	674,042,647
Business receipts.....	362,627,365	4,098,006	428,361	996,919	2,672,726	7,769,364	9,393,162	8,142,852	11,012,119	8,555,454	10,800,657	28,319,579	275,256,172
Cost of sales and operations.....	172,818,057	519,291	46,830	115,645	356,815	1,151,467	1,626,623	1,645,894	2,848,486	2,569,314	4,351,314	12,598,814	145,506,854
Taxes paid.....	17,201,246	803,937	239,311	213,767	350,859	688,011	675,533	598,353	791,747	649,761	761,315	1,758,833	10,473,756
Interest paid.....	310,356,963	1,508,595	563,483	345,905	599,207	1,149,341	1,241,421	1,864,940	6,263,664	10,746,258	16,567,434	39,469,883	23

## **RETURNS OF ACTIVE CORPORATIONS**

**Table 7—Selected Balance Sheet, Income Statement, Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts—Continued**

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

Industrial division, item	Total returns of active corporations	Size of business receipts												
		Under \$100,000 <sup>1</sup>	Under \$25,000 <sup>1</sup>	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>Services</b>														
Number of returns.....	848,394	367,821	193,588	68,039	106,194	213,124	145,464	67,780	37,309	10,427	3,779	2,284	40	
Total assets.....	269,797,251	23,619,750	15,120,793	2,725,260	5,773,697	16,701,857	22,743,301	19,529,674	26,956,351	20,081,234	14,888,962	31,025,062	94,251,06	
Notes and accounts receivable, net.....	41,751,071	2,456,758	1,706,291	212,977	537,490	1,841,363	2,684,469	2,952,589	4,791,037	3,798,095	2,874,898	5,882,358	14,468,50	
Inventories.....	13,401,687	1,080,923	778,372	120,536	182,015	585,072	715,966	1,012,065	1,389,498	909,853	1,034,799	1,824,671	4,848,84	
Cash, Government obligations, and other current assets.....	48,233,095	5,706,850	3,922,487	568,995	1,215,369	4,018,279	5,078,996	4,125,429	5,177,462	3,318,980	2,610,541	4,898,452	13,298,10	
Other investments and loans.....	42,861,182	5,127,846	3,734,635	4,800,005	913,206	2,595,230	2,926,896	2,540,557	3,718,819	2,041,009	1,435,549	4,197,996	18,277,28	
Depreciable assets.....	162,395,320	11,559,554	5,404,957	1,720,337	4,436,240	12,442,122	18,140,254	14,342,067	18,388,224	15,273,972	9,001,254	17,526,380	45,721,49	
Less: Accumulated depreciation.....	67,759,390	5,524,842	2,484,841	803,998	2,236,002	6,469,911	8,625,876	7,410,914	8,871,256	6,988,459	3,306,907	6,707,245	14,153,97	
Other capital assets less reserves.....	13,589,489	1,461,788	898,706	199,502	363,580	908,455	936,728	1,084,312	1,175,684	1,058,734	661,635	1,724,100	4,578,05	
Accounts and notes payable.....	55,696,728	4,274,700	2,672,804	464,783	1,137,113	3,174,834	4,974,644	4,374,096	6,337,412	4,872,822	3,782,495	6,965,105	16,940,62	
Other current liabilities.....	29,558,081	3,574,348	2,920,800	181,916	471,632	1,820,442	2,625,111	2,361,836	3,011,651	2,200,138	1,814,774	3,318,078	8,831,70	
Mortgages, notes, and bonds payable in one year or more.....	78,072,728	5,820,549	3,604,644	699,599	1,516,307	4,169,211	6,028,192	5,235,335	7,339,008	6,518,499	5,117,912	8,415,508	28,428,51	
Net worth.....	74,710,659	3,776,743	2,081,420	607,695	1,087,629	4,712,732	5,619,420	5,599,702	7,632,685	4,741,319	3,192,130	9,028,630	30,407,25	
Cost of property used for investment credit.....	20,435,351	1,515,697	784,021	200,642	531,035	1,605,351	2,164,632	1,758,762	2,419,788	1,950,186	1,283,420	2,367,813	5,369,70	
Total receipts.....	416,462,427	16,371,435	5,104,850	2,917,885	8,348,700	36,642,158	52,403,974	47,294,099	58,230,749	37,402,297	26,529,490	46,241,254	95,346,97	
Business receipts.....	392,004,594	11,549,801	1,245,586	2,468,377	7,835,838	35,295,513	50,631,599	45,969,731	56,418,728	35,628,464	25,481,96	43,440,111	87,648,65	
Cost of sales and operations.....	143,277,759	2,955,771	419,228	644,451	1,892,091	8,181,158	12,730,748	13,826,176	19,742,500	14,098,000	10,925,442	19,556,977	41,260,96	
Taxes paid.....	13,831,376	639,952	186,176	111,126	342,650	1,359,164	1,803,493	1,656,896	1,907,885	1,281,150	837,982	1,446,500	2,898,35	
Interest paid.....	11,798,141	695,084	381,041	87,692	226,351	621,649	884,660	898,971	1,165,340	934,661	613,354	1,417,888	4,566,52	
Depreciation.....	21,194,161	1,496,719	654,277	233,437	609,005	1,657,793	2,478,622	1,799,000	2,306,852	1,941,333	1,064,471	2,171,986	6,277,36	
Pension, profit-sharing, stock bonus, and annuity plans.....	8,663,881	406,205	205,846	29,503	170,946	1,388,461	2,390,887	1,354,522	1,206,075	642,051	293,837	449,019	542,71	
Employee benefit programs.....	4,431,761	162,571	69,968	25,062	67,541	337,818	405,899	433,306	525,287	373,755	354,387	578,208	1,260,53	
Net income (less deficit).....	6,002,928	-678,309	-674,850	90,155	-93,617	512,527	494,884	730,037	1,040,746	518,404	208,876	1,028,949	2,146,81	
Income subject to tax, total.....	11,810,154	890,157	424,533	150,527	315,096	1,131,266	1,571,276	1,205,180	1,287,217	890,580	580,760	1,413,460	2,840,25	
Income tax, total.....	3,779,735	196,631	113,668	25,965	56,997	206,724	297,537	263,042	361,743	322,196	237,339	619,217	1,275,30	
Additional tax for tax preferences.....	16,234	*541	*292	*100	*150	*73	*213	*210	*313	*185	2,159	1,968	10,57	
Foreign tax credit.....	123,164	*471	*470	(*)	—	—	*847	*2,724	8,865	*2,534	*1,791	10,667	95,26	
U.S. possessions tax credit.....	9,588	1,239	1,239	—	—	—	32	—	520	1,218	1,530	5,048	—	
Investment credit.....	853,089	33,637	17,464	3,332	12,841	53,825	91,735	74,065	96,310	76,705	42,422	99,288	285,10	
Jobs credit.....	61,926	1,244	*813	*21	*410	2,258	4,519	4,972	6,949	10,670	6,315	12,351	12,64	
Research activities credit.....	39,491	*581	*581	—	—	—	*560	*3,857	2,080	3,366	525	11,492	17,03	
Employee stock ownership credit.....	17,952	—	—	—	—	—	*5	—	15	*67	*414	17,45	—	
Distributions to stockholders except in own stock.....	2,407,362	278,918	149,094	20,901	108,922	91,553	76,639	49,975	277,883	111,431	150,375	223,964	1,146,62	
<b>Nature of Business not Allocable</b>														
Number of returns.....	22,032	16,739	14,993	*410	*1,337	2,367	1,657	*537	562	*63	*68	39	39	
Total assets.....	1,883,664	731,245	625,636	*26,744	*78,866	141,969	215,026	*80,006	194,100	*111,387	*173,931	235,999	—	
Notes and accounts receivable, net.....	391,171	83,479	73,791	*2,555	*7,132	*27,134	26,302	*14,344	*65,322	*64,761	*28,615	*81,214	—	
Inventories.....	277,924	*19,277	*14,105	—	*5,172	*19,491	56,387	*24,244	*38,643	*11,827	*58,657	*49,398	—	
Cash, Government obligations, and other current assets.....	304,212	107,548	88,734	*8,714	*10,099	28,711	56,026	*13,592	24,482	*8,446	*25,638	39,770	—	
Other investments and loans.....	325,870	263,489	228,338	*13,119	*22,032	*15,503	*15,387	*1,202	*10,559	*6,953	*10,527	*2,251	—	
Depreciable assets.....	678,947	163,916	110,365	*9,083	*44,468	*60,366	137,474	*53,203	*56,271	*12,541	*88,421	106,754	—	
Less: Accumulated depreciation.....	332,961	55,404	31,194	*6,728	*17,482	*21,413	84,110	*30,137	*32,674	*6,570	*45,571	57,082	—	
Other capital assets less reserves.....	155,780	105,791	101,013	—	*4,778	*7,561	*2,936	—	*24,630	—	*5,651	*9,011	—	
Accounts and notes payable.....	461,695	89,834	70,697	*723	*18,414	*36,503	29,832	*19,702	*78,234	*44,922	*43,010	119,658	—	
Other current liabilities.....	154,346	46,031	37,723	—	*8,308	*7,034	27,256	*5,696	*25,874	*14,802	*14,146	*13,505	—	
Mortgages, notes, and bonds payable in one year or more.....	363,969	217,267	182,741	*12,731	*21,795	*33,028	*31,107	*9,185	*28,428	*9,830	*14,043	*21,082	—	
Net worth.....	596,690	170,839	139,409	*6,199	*25,232	*50,295	97,706	*35,225	48,613	*29,119	*87,898	76,994	—	
Cost of property used for investment credit.....	60,411	*11,439	*7,647	—	*3,792	*3,134	15,094	*6,438	*7,582	*1,660	*4,573	10,492	—	
Total receipts.....	4,084,856	232,383	114,158	*21,759	*96,467	387,903	604,071	*442,195	834,841	*231,110	*533,813	818,641	—	
Business receipts.....	3,943,835	152,274	43,340	*13,931	*95,003	380,181	576,487	*440,720	831,671	*224,855	*525,663	812,004	—	
Cost of sales and operations.....	2,582,002	46,609	23,762	*7,881	*14,967	220,443	269,216	*214,215	658,570	*91,434	*435,583	645,933	—	
Taxes paid.....	75,825	7,359	4,833	*237	*2,290	11,106	17,220	*9,678	*7,456	*5,185	*5,875	11,947	—	
Interest paid.....	54,496	16,956	13,253	*1,712	*1,991	6,366	6,346	*1,433	*5,296	*4,044	*7,638	6,417	—	
Depreciation.....	70,955	15,958	9,516	*1,128	*5,313	8,413	13,297	*5,102	6,067	*1,678	*8,770	11,670	—	
Pension, profit-sharing, stock bonus, and annuity plans.....	32,059	*10,567	10	—	*10,557	—	*665	*2,116	*9,047	*5,600	*2,416	*1,648	—	
Employee benefit programs.....	16,571	*207	*207	—	—	*539	*2,250	*294	*1,668	*4,308	*2,015	*5,290	—	
Net income (less deficit).....	-2,857	-2,235	-12,545	*8,216	*2,095	-9,822	13,188	*2,566	-10,775	*4,387	*5,654	-5,820	—	
Income subject to tax, total.....	86,669	30,309	23,173	—	*7,136	*4,949	*15,914	*5,160	*9,312	*5,644	*6,413	*8,968	—	
Income tax, total.....	24,021	8,136	6,874	—	*1,262	*1,353	*3,215	*1,849	*1,515	*1,978	*2,281	*3,694	—	
Additional tax for tax preferences.....	217	*200	*200	—	—	—	—	—	—	—	—	17	—	
Foreign tax credit.....	2,145	2,145	2,145	—	—	—	—	—	—	—	—	—	—	
U.S. possessions tax credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—	
Investment credit.....	2,925	*228	*31	*197	*15	*509	*191	*504	*53	*133	*1,290	—	—	
Jobs credit.....	26	—	—	—	—	—	—	—	—	—	—	26	—	
Research activities credit.....	71	—	—	—	—	—	—	—	—	—	—	71	—	
Employee stock ownership credit.....	11,040	*5,933	*5,205	*728	—	*566	—	*24	*416	*3,400	*106	*595	—	

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

**\*Data were deleted to avoid disclosure of information for specific corporations and combined with data in another size class.**

<sup>1</sup>Includes returns with zero receipts and receipts not reported.

<sup>2</sup>Size of total receipts was up.

<sup>3</sup>Less than \$500 per return.

**NOTE:** Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data." Business recall

## RETURNS OF ACTIVE CORPORATIONS

**Table 8—Total Receipts, Net Income, Statutory Special Deductions, Income Tax, Selected Credits, and Taxpayment Items, by Accounting Period Ended**

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

Item	Total returns of active corporations		Accounting period ended <sup>1</sup>											
	Number of returns (1)	Amount (2)	July 1983 (3)	August 1983 (4)	September 1983 (5)	October 1983 (6)	November 1983 (7)	December 1983 (8)	January 1984 (9)	February 1984 (10)	March 1984 (11)	April 1984 (12)	May 1984 (13)	June 1984 (14)
<b>Returns With and Without Net Income</b>														
Number of returns.....	2,999,071	—	120,369	124,564	294,012	174,861	109,388	1,172,783	117,595	96,691	220,948	108,946	118,501	340,412
Total receipts.....	2,876,363	7,135,494,059	171,864,423	183,515,420	419,867,360	259,588,207	133,837,444	4,287,253,257	294,728,900	131,851,921	402,980,209	165,054,985	195,681,302	489,260,631
Net income (less deficit).....	2,978,213	188,313,928	4,571,207	4,622,991	7,306,930	5,865,791	5,595,268	122,298,321	11,182,714	2,976,307	7,288,372	3,071,923	2,800,064	10,734,040
Total income tax.....	1,194,062	92,218,567	1,572,732	1,693,221	3,939,471	2,243,723	1,713,164	66,157,655	3,166,483	1,439,134	2,845,312	1,397,617	1,319,060	4,730,994
<b>Returns With and Without Net Income, Other Than Forms 1120S and 1120—DISC</b>														
Number of returns.....	2,340,906	—	101,279	105,535	247,984	147,624	87,794	815,917	88,292	81,292	186,804	91,819	98,866	287,700
Total receipts.....	2,263,105	6,791,943,186	158,205,625	172,699,410	398,889,123	241,349,308	122,470,821	4,139,177,013	267,414,669	122,245,660	378,917,158	154,553,353	184,092,989	451,928,058
Net income (less deficit).....	2,324,755	173,220,038	3,775,316	4,217,182	6,646,451	5,101,298	5,071,873	119,351,275	6,565,589	2,153,221	6,181,770	2,477,410	2,301,522	9,377,130
Statutory special deductions, total.....	459,882	27,489,711	664,759	610,875	1,378,145	872,707	486,126	17,269,365	989,743	546,372	1,490,052	638,215	654,779	1,888,573
Net operating loss deduction.....	347,297	18,438,127	444,818	511,708	1,192,260	664,888	347,108	9,938,570	803,680	485,606	1,331,967	529,263	584,932	1,603,328
Total special deductions.....	124,002	9,051,584	219,941	99,167	185,885	207,819	139,018	7,330,795	186,063	60,766	158,085	108,952	69,847	285,245
Income subject to tax, total.....	1,145,101	218,666,633	4,029,082	4,425,433	10,300,006	5,982,697	4,348,476	150,931,779	7,625,820	3,742,145	7,497,375	3,661,367	3,602,712	12,519,740
Net long-term capital gain taxed at alternative rates.....	31,219	14,569,173	171,049	286,679	403,558	479,082	270,687	11,005,430	413,920	232,364	349,065	106,539	289,318	561,481
Income taxed at regular rates.....	1,144,057	204,097,461	3,858,034	4,138,754	9,896,448	5,503,615	4,077,790	139,926,349	7,211,900	3,509,781	7,148,310	3,554,829	3,313,393	11,958,259
Income tax, total.....	1,193,399	292,210,411	1,572,732	1,693,013	3,939,456	2,243,041	1,710,124	66,156,319	3,165,091	1,439,134	2,843,917	1,397,600	1,319,053	4,730,932
Regular and alternative tax.....	1,145,102	90,456,867	1,540,397	1,655,986	3,862,717	2,179,890	1,682,458	44,923,318	3,117,869	1,420,253	2,776,416	1,373,206	1,283,821	4,640,537
Personal holding company tax.....	2,623	6,196	*47	*300	927	*258	*61	2,863	*1,200	—	*418	*103	*9	*11
Tax from recomputing prior-year investment credit.....	185,578	1,173,930	28,280	29,894	57,165	46,105	22,864	779,114	35,600	14,374	49,459	19,462	23,733	67,880
Additional tax for tax preferences.....	7,761	561,402	4,009	6,824	18,608	14,790	4,472	441,800	10,180	4,507	17,395	4,828	11,490	22,501
Foreign tax credit.....	5,449	19,951,165	84,647	62,963	205,924	185,739	87,539	18,730,219	32,826	61,824	133,323	46,138	27,111	292,912
U.S. possessions tax credit.....	509	1,583,007	27,823	8,010	40,358	25,664	269,498	1,006,035	5,050	*10,955	21,899	20,542	11,589	135,583
Investment credit.....	769,485	16,145,173	242,870	310,975	648,763	348,210	144,637	12,311,091	397,246	170,437	454,039	193,489	225,824	697,591
Jobs credit.....	51,622	449,224	9,016	13,437	39,043	23,869	11,881	178,608	45,752	12,473	30,540	14,796	23,770	46,037
Research activities credit.....	9,749	1,277,474	17,849	15,750	46,647	47,344	12,899	1,003,140	8,179	11,172	29,685	14,256	14,039	56,615
Employee stock ownership plan credit.....	1,409	909,880	2,625	5,439	18,831	12,711	5,602	785,381	33,460	4,572	5,703	2,964	7,663	24,829
Total income tax after credits <sup>2</sup> .....	962,920	51,854,062	1,186,884	1,274,400	2,939,205	1,599,214	1,177,052	32,111,701	2,642,577	1,167,700	2,168,339	1,105,381	1,009,017	3,472,591
<b>Returns With Net Income, Other Than Forms 1120S and 1120—DISC</b>														
Number of returns.....	1,362,444	—	57,597	61,836	147,991	87,812	53,214	455,662	53,653	47,180	109,811	52,696	57,819	177,174
Total receipts.....	1,362,444	5,173,542,514	117,500,115	129,101,258	284,035,815	174,165,451	92,345,122	3,185,363,310	223,199,185	92,247,377	256,936,084	114,453,643	148,184,208	356,010,944
Net income.....	1,362,444	272,271,291	6,248,734	6,788,643	14,015,230	9,521,553	7,290,870	177,649,515	9,132,189	4,706,109	11,737,043	4,777,377	4,741,861	15,662,167
Statutory special deductions, total.....	435,774	25,317,135	651,283	604,109	1,355,655	857,573	463,613	15,285,084	974,606	540,487	1,469,037	617,037	646,366	1,852,285
Net operating loss deduction.....	347,291	18,351,512	444,818	511,708	1,192,260	664,888	347,108	9,851,955	803,680	485,606	1,331,967	529,263	584,932	1,603,328
Total special deductions.....	99,694	6,965,623	206,465	92,401	163,396	192,685	116,505	5,433,129	170,927	54,882	137,070	87,774	61,435	248,957
Income subject to tax, total.....	1,145,007	218,562,968	4,029,082	4,425,433	10,298,454	5,980,679	4,348,372	150,835,316	7,623,244	3,742,145	7,497,375	3,661,367	3,601,567	12,519,740
Net long-term capital gain taxed at alternative rates.....	31,206	14,554,156	171,049	286,679	403,558	478,274	270,687	10,991,221	413,920	232,364	349,065	106,539	289,318	561,481
Income taxed at regular rates.....	1,143,962	204,008,813	3,858,034	4,138,754	9,894,896	5,502,598	4,077,685	139,844,095	7,209,324	3,509,781	7,148,310	3,554,829	3,312,246	11,958,259
Income tax, total.....	1,149,688	91,916,494	1,566,884	1,688,977	3,921,037	2,231,389	1,706,213	65,949,468	3,158,806	1,436,503	2,829,670	1,391,496	1,315,306	4,720,747
Regular and alternative tax.....	1,145,007	90,415,819	1,540,397	1,655,986	3,862,023	2,179,560	1,682,432	64,884,998	3,116,704	1,420,253	2,776,416	1,373,206	1,283,307	4,640,537
Personal holding company tax.....	2,605	6,057	*47	*300	927	*258	*61	2,826	*1,183	—	*334	*103	*9	*11
Tax from recomputing prior-year investment credit.....	142,526	979,545	22,904	26,003	42,585	37,335	20,065	656,055	30,951	12,017	37,343	15,102	20,765	58,411
Additional tax for tax preferences.....	6,609	511,929	3,536	6,689	15,465	13,106	3,391	404,056	9,958	4,233	15,399	3,084	11,225	21,766
Foreign tax credit.....	5,441	19,938,538	84,647	62,963	205,924	185,739	87,539	18,717,592	32,826	61,824	133,323	46,138	27,111	292,912
U.S. possessions tax credit.....	509	1,583,007	27,823	8,010	40,358	25,664	269,498	1,006,035	5,050	*10,955	21,899	20,542	11,589	135,583
Investment credit.....	769,425	16,129,689	242,870	310,975	648,763	348,005	144,612	12,295,838	397,246	170,437	454,039	193,489	225,823	697,591
Jobs credit.....	51,611	449,130	9,016	13,437	39,043	23,861	11,881	178,535	45,752	12,473	30,540	14,796	23,758	46,037
Total income tax after credits <sup>2</sup> .....	919,229	51,590,242	1,181,036	1,270,365	2,920,766	1,587,775	1,173,167	31,934,691	2,636,292	1,165,070	2,154,092	1,099,276	1,005,287	3,462,406
Estimated tax payments:														
1982 overpayments claimed as a credit.....	294,590	3,613,156	87,197	100,930	227,710	133,371	88,486	2,212,699	150,794	70,739	160,510	70,073	93,514	217,134
1983 estimated tax payments.....	508,824	43,107,698	949,676	963,785	2,313,789	1,148,543	841,383	28,256,436	1,739,236	910,344	1,643,554	835,639	812,264	2,693,047
Less: Refund of estimated tax payments.....	7,857	5,118,395	44,655	29,212	98,070	41,894	25,042	4,610,814	46,639	16,451	54,823	35,516	40,626	74,653
Payments with applications for:														
First extension of filing time.....	144,879	9,877,634	206,739	227,921	471,080	334,241	224,403	5,808,761	659,946	221,933	468,683	209,693	171,297	672,938
Other credits and payments, total <sup>3</sup> .....	22,311	336,161	1,403	2,320	5,538	13,491	997	294,810	4,068	829	2,707	2,259	1,125	6,613
Tax due at time of filing.....	536,975	6,414,839	149,048	189,572	420,348	244,067	166,788	3,947,053	141,493	112,439	283,87			

## RETURNS OF ACTIVE CORPORATIONS, FORM 1120S

## Table 9—Balance Sheets, Income Statements, and Distributions to Stockholders by Industrial Division

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

Item	All industrial divisions	Industrial division									Nature of business not allocable
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Number of returns, total.....	648,267	28,445	8,404	62,888	46,876	34,231	193,695	74,695	193,862	5,171	
With net income.....	305,039	11,741	3,131	33,362	22,669	14,505	93,348	34,838	90,364	*1,082	
Total assets.....	142,211,607	9,192,628	4,135,782	13,544,849	19,601,628	6,558,731	41,696,647	21,225,725	26,012,757	242,859	
Cash.....	14,064,692	518,332	501,404	1,517,420	2,326,840	658,666	4,217,360	1,710,986	2,582,007	31,678	
Notes and accounts receivable.....	24,154,653	655,159	574,177	2,871,116	4,933,607	1,036,225	7,793,340	2,997,523	3,286,273	*7,234	
Less: Allowance for bad debts.....	377,086	859	12,408	24,614	86,257	13,399	143,010	33,833	62,624	82	
Inventories.....	23,783,466	704,478	111,492	2,614,621	4,144,109	153,697	14,501,670	—	1,510,559	*42,841	
Investments in Government obligations.....	1,339,156	*22,199	*80,443	197,045	283,698	49,785	284,196	319,961	101,829	—	
Other current assets.....	9,771,556	272,901	172,508	1,388,360	886,901	243,003	1,303,100	2,997,317	2,505,134	*2,331	
Loans to stockholders.....	3,154,100	323,354	133,871	433,487	302,712	136,761	703,477	472,511	636,283	*9,642	
Mortgage and real estate loans.....	2,613,626	207,906	*10,193	312,252	96,364	34,932	336,559	1,221,724	393,696	—	
Other investments.....	10,388,137	415,547	350,588	1,000,345	854,842	257,389	1,362,858	4,530,697	1,605,535	*10,535	
Depreciable assets.....	71,147,184	6,474,364	2,952,965	4,936,303	10,531,508	6,410,043	18,833,594	4,523,722	18,315,813	168,871	
Less: Accumulated depreciation.....	33,918,428	3,455,177	1,496,578	2,816,582	5,750,476	3,707,470	8,203,102	1,312,047	7,727,979	86,017	
Depletable assets.....	982,318	159,269	640,695	*23,462	39,144	*3,239	41,663	44,011	27,014	*3,822	
Less: Accumulated depletion.....	264,460	*35,811	193,059	*3,293	*2,410	*2,697	6,185	4,763	*14,713	*1,529	
Land.....	8,604,053	2,488,421	79,414	665,788	458,683	167,977	1,005,470	2,471,424	1,216,476	*50,398	
Intangible assets (amortizable).....	2,187,633	29,942	23,611	40,880	200,266	261,772	652,205	268,084	707,859	*3,015	
Less: Accumulated amortization.....	856,708	12,320	6,025	9,495	64,729	107,652	226,534	73,214	354,042	*2,697	
Other assets.....	5,437,715	424,922	212,493	397,754	447,027	337,460	1,239,984	1,091,623	1,283,637	2,815	
Total liabilities.....	142,211,607	9,192,628	4,135,782	13,544,849	19,601,628	6,558,731	41,696,647	21,225,725	26,012,757	242,859	
Accounts payable.....	19,875,653	408,609	465,534	2,240,409	3,060,752	730,324	8,009,171	2,067,919	2,876,101	16,833	
Mortgages, notes, and bonds payable in less than one year.....	20,316,456	1,805,417	721,976	2,301,243	1,777,292	820,829	6,658,805	3,608,536	2,597,437	*24,921	
Other current liabilities.....	13,431,546	201,649	350,026	1,740,442	1,821,607	432,966	3,213,441	1,630,181	4,033,595	7,638	
Loans from stockholders.....	22,713,483	1,694,578	784,697	1,430,707	1,869,806	1,761,085	6,288,193	3,593,048	5,242,782	48,789	
Mortgages, notes, and bonds payable in one year or more.....	33,579,619	3,528,599	974,520	2,179,097	2,923,083	2,426,986	7,249,696	5,987,101	8,218,271	92,264	
Other liabilities.....	6,158,172	442,167	235,525	989,549	530,756	249,928	788,013	1,733,685	1,172,972	15,576	
Capital stock.....	12,371,229	1,708,172	249,498	608,712	1,396,584	596,557	3,980,772	1,682,123	2,110,681	38,129	
Paid-in or capital surplus.....	9,411,760	1,138,893	812,225	449,026	650,280	791,840	2,068,214	1,866,363	1,814,102	*818	
Retained earnings, appropriated.....	547,000	28,839	*48,444	97,382	119,060	*3,302	190,838	23,667	35,469	—	
Retained earnings, unappropriated.....	11,910,979	-170,744	480,760	1,255,565	5,018,893	257,603	4,123,317	402,618	536,723	8,243	
Stockholders' undistributed taxable income previously taxed <sup>1</sup> .....	-6,526,161	-1,152,187	-707,685	38,623	181,638	-1,107,158	-754,215	-1,083,167	-1,932,948	-9,060	
Accumulated adjustments account.....	340,979	-313,918	-211,151	248,541	648,916	-349,675	518,823	-32,633	-175,713	*7,789	
Other adjustments.....	341,719	-32,063	-10,345	182,239	33,666	29,778	76,348	102,000	-37,013	*2,894	
Less: Cost of treasury stock.....	2,260,826	95,362	58,241	216,687	428,508	85,635	714,770	175,716	479,702	*6,186	
Total receipts.....	300,248,422	9,261,649	3,741,208	27,340,119	44,344,610	12,538,896	148,129,559	11,257,848	43,147,447	487,087	
Business receipts.....	290,764,938	8,670,321	3,433,662	26,582,773	43,596,125	12,075,354	146,113,733	8,479,769	41,328,520	484,681	
Nonqualifying interest and dividends.....	2,044,206	96,874	55,603	183,255	280,315	65,696	526,712	550,554	284,233	*962	
Tax exempt interest.....	6,718	—	—	*2,438	2,347	—	*1,746	*2	*184	—	
Rents.....	1,402,399	62,256	14,005	101,051	50,716	52,388	270,259	425,275	426,449	—	
Royalties.....	259,826	16,898	46,349	*1,663	31,209	*85	22,877	80,618	60,127	—	
Net short-term capital gain reduced by net long-term capital loss.....	29,344	—	*211	*89	1,514	*286	7,851	*17,506	*1,887	—	
Net long-term capital gain reduced by net short-term capital loss.....	262,239	49,941	*17,049	20,627	21,558	48,341	18,471	49,862	36,349	*40	
Net gain, noncapital assets.....	1,693,497	49,839	42,374	187,874	49,149	93,594	142,098	989,777	138,793	—	
Other receipts.....	3,785,256	315,519	131,955	260,348	311,677	203,152	1,025,812	664,485	870,905	*1,403	
Total deductions.....	295,166,353	9,792,669	3,917,868	26,710,521	42,183,427	12,715,277	146,216,402	10,816,853	42,321,347	491,989	
Cost of sales and operations.....	191,912,929	5,821,199	1,771,559	19,631,124	29,651,022	6,567,442	110,321,232	2,071,996	15,769,814	307,540	
Compensation of officers.....	11,727,877	209,279	108,428	1,122,258	1,914,306	429,605	3,740,665	990,458	3,199,608	13,270	
Repairs.....	2,231,018	232,641	62,612	150,566	234,531	257,192	648,212	88,243	553,258	3,764	
Bad debts.....	703,205	11,034	29,272	58,755	109,271	37,673	295,381	50,805	110,549	*466	
Rent paid on business property.....	6,556,693	296,821	61,666	207,487	498,876	287,989	2,955,654	340,368	1,893,838	13,993	
Taxes paid.....	6,807,895	202,464	174,646	639,817	1,068,876	362,297	2,365,601	360,979	1,619,262	13,953	
Interest paid.....	5,403,386	567,943	179,315	390,901	529,240	396,571	1,434,658	807,542	1,096,234	10,981	
Contributions or gifts.....	24,776	180	519	1,605	8,111	288	8,195	1,868	3,502	—	
Amortization.....	225,619	1,616	1,723	3,366	24,952	20,799	69,832	29,704	72,563	*1,064	
Depreciation.....	8,186,053	682,793	392,567	592,144	1,098,827	865,853	1,945,294	465,845	2,124,625	18,106	
Depletion.....	61,183	*916	51,807	*640	*1,087	—	5,093	914	726	—	
Advertising.....	3,059,124	31,822	3,344	112,943	373,189	81,950	1,607,054	220,808	623,604	4,410	
Pension, profit-sharing, stock bonus, and annuity plans.....	741,261	7,415	7,179	85,587	195,451	34,997	187,509	55,209	167,085	*829	
Employee benefit programs.....	1,330,172	23,040	16,802	149,519	295,132	61,483	381,368	58,232	342,556	2,040	
Net loss, noncapital assets.....	196,336	14,069	15,939	12,056	8,566	6,735	42,884	53,243	42,845	—	
Other deductions.....	55,998,824	1,688,926	1,040,490	3,551,754	6,171,992	3,314,404	20,207,769	5,220,638	14,701,278	101,573	
Total receipts less total deductions.....	5,082,069	-531,020	-176,660	629,597	2,161,183	-176,381	1,913,157	440,995	826,100	-4,902	
Net income (less deficit).....	5,075,351	-531,020	-176,660	627,160	2,158,836	-176,381	1,911,411	440,993	825,916	-4,902	
Net income.....	14,575,149	439,772	378,911	1,264,159	3,065,068	636,309	4,255,237	1,587,805	2,930,775	*17,111	
Distributions to stockholders:											
Cash and property except in own stock.....	909,186	27,086	20,601	67,920	241,677	22,307	264,978	106,496	158,121	—	
Corporation's own stock.....	1,817	—	—	—	—	—	—	*1,112	*705	—	

<sup>1</sup>Estimate should be used with caution because of the small number of sample returns on which it is based.<sup>2</sup>This item is reflected in the statistics for "Retained earnings, unappropriated" and "Net worth" in other tables which show these items.

NOTE: Active S Corporations filing Form 1120S returns reported "Income subject to tax" of \$19,763,000 and "Income tax" of \$8,156,000, including "Additional tax for tax preferences" of \$103,000. Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE DOMESTIC INTERNATIONAL SALES CORPORATIONS, FORM 1120—DISC

Table 10—Number of Returns, Selected Balance Sheet and Income Statement Items, and Distributions to Stockholders, by Selected Industrial Divisions

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

Item	All industrial divisions <sup>1</sup>	Selected industrial divisions				Services	
		Wholesale and retail trade			Finance, insurance, and real estate		
		Total <sup>2</sup>	Wholesale trade	Retail trade			
(1)	(2)	(3)	(4)	(5)	(6)		
Number of returns, total .....	9,898	9,483	9,133	323	96	267	
With net income .....	8,805	8,454	8,144	282	93	210	
Total assets .....	36,099,923	34,132,551	33,833,510	279,889	1,445,510	482,030	
Notes and accounts receivable, net .....	18,919,571	17,921,031	17,743,267	170,951	718,746	264,129	
Inventories .....	1,582,318	1,570,631	1,548,476	*21,731	—	10,331	
Cash, Government obligations, and other current assets .....	906,061	854,303	844,012	9,129	23,855	22,554	
Other investments and loans .....	11,456,000	10,603,359	10,530,112	63,016	686,400	148,943	
Depreciable assets .....	51,238	48,993	48,512	*6	—	*1,750	
Less: Accumulated depreciation .....	24,968	23,827	23,382	*4	—	*714	
Accounts and notes payable .....	1,793,905	1,756,064	1,745,491	8,502	*1,997	29,422	
Other current liabilities .....	855,237	826,457	823,084	*2,934	*2,052	25,946	
Mortgages, notes, and bonds payable in one year or more .....	152,398	68,390	68,332	*58	77,249	*18	
Net worth .....	32,854,831	31,043,438	30,759,802	266,995	1,361,593	423,913	
Total receipts.....	43,302,451	42,844,720	42,618,273	209,781	143,303	289,445	
Business receipts .....	40,882,105	40,589,402	40,381,101	193,093	*4,679	265,483	
Total deductions .....	33,302,571	33,154,816	33,019,267	124,741	9,322	120,958	
Cost of sales and operations .....	30,815,043	30,740,009	30,625,121	109,350	—	59,827	
Taxes paid .....	41,352	39,280	38,411	542	701	1,319	
Interest paid .....	84,117	77,743	77,505	*220	4,956	*468	
Depreciation .....	7,582	7,295	7,255	*1	—	*258	
Pension, profit-sharing, stock bonus, and annuity plans .....	8,675	8,634	8,401	*17	—	41	
Employee benefit programs .....	11,557	11,359	11,273	*55	*54	*101	
Net income (less deficit) .....	10,018,539	9,698,944	9,608,045	85,050	143,601	168,488	
Net income .....	10,085,706	9,760,851	9,669,892	85,111	143,601	173,688	
Total statutory special deductions .....	3,951	*2,964	*2,964	—	—	*987	
Taxable income .....	10,081,758	9,757,889	9,666,930	85,111	143,601	172,702	
Distributions to stockholders in cash .....	6,150,823	5,970,037	5,910,249	56,321	85,694	90,818	

<sup>1</sup>Estimate should be used with caution because of the small number of sample returns on which it is based.<sup>2</sup>Includes "Nature of business not allocable" which is not shown separately.<sup>3</sup>Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF MEMBERS OF CONTROLLED GROUPS, OTHER THAN FORM 1120—DISC

**Table 11—Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), and Total Income Tax, by Selected Industrial Divisions**

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

Item	All industrial divisions <sup>1</sup>	Selected industrial divisions									Finance, insurance, and real estate	Services		
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade							
							Total <sup>2</sup>	Wholesale trade	Retail trade					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)				
<b>Total returns of members of controlled groups, other than Form 1120-DISC:</b>														
Number of returns .....	319,901	5,650	5,543	26,077	40,536	15,473	87,573	37,931	49,410	78,110	59,274			
Total assets .....	8,295,384,937	12,661,890	170,791,729	84,457,688	2,068,710,150	929,310,147	501,578,611	239,348,293	261,544,071	4,372,794,357	154,635,233			
Total receipts .....	5,070,328,149	16,616,347	112,145,126	121,688,383	2,219,779,856	582,149,772	1,154,623,137	586,678,654	566,619,131	696,228,386	166,273,001			
Intragroup domestic dividends received qualifying for 100 percent deduction under Code section 1561:														
Number of returns .....	1,505	*10	*87	*85	327	*63	220	148	72	58	136			
Amount .....	1,489,816	*2,297	*10,682	*10,250	949,365	*4,035	171,362	119,355	52,007	120,126	221,700			
Net income (less deficit) .....	131,822,634	242,691	-402,269	1,168,918	88,660,690	20,021,750	16,642,223	5,027,365	11,622,841	2,703,750	2,784,759			
Net income .....	195,086,440	662,951	4,532,387	3,250,637	110,094,656	24,772,267	23,095,314	9,519,591	13,548,143	21,847,973	6,798,369			
Income tax, total .....	78,937,840	171,130	1,785,377	1,073,486	47,031,464	10,727,261	9,126,280	3,630,465	5,489,049	6,684,107	2,329,313			
Distributions to stockholders except in own stock .....	87,716,521	84,966	2,393,642	619,964	42,052,461	23,452,411	5,364,526	1,569,638	3,789,698	12,161,592	1,581,817			
<b>Consolidated returns:</b>														
Number of returns .....	73,645	1,033	1,736	5,066	13,039	3,423	17,523	9,074	8,351	19,498	11,894			
Total assets .....	7,744,572,363	8,286,033	163,535,710	64,985,657	1,983,107,599	905,243,166	407,532,083	196,817,979	210,190,647	4,080,599,744	130,983,075			
Total receipts .....	4,467,962,050	10,252,338	106,536,178	85,144,982	2,085,760,467	556,985,424	672,790,139	454,728,606	417,077,591	618,806,989	131,136,699			
Net income (less deficit) .....	112,856,664	210,817	-322,549	738,573	80,427,098	19,276,235	11,004,047	2,742,117	8,266,663	-44,021	1,565,902			
Net income .....	168,102,875	445,508	4,084,987	2,173,578	100,270,393	23,573,016	16,139,010	6,485,921	9,631,187	16,623,780	4,780,089			
Income tax, total .....	69,761,093	132,564	1,619,395	779,656	43,028,368	10,276,717	6,610,987	2,566,879	4,038,344	5,511,731	1,797,748			
Distributions to stockholders except in own stock .....	79,859,757	74,024	2,006,036	527,385	38,796,702	22,850,377	4,125,117	920,608	3,202,412	10,142,888	1,335,386			

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

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

<sup>2</sup>Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

**RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120-DISC**
**Table 12—Investment Credit and Selected Items, by Selected Industrial Divisions**

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

Item	All industrial divisions <sup>1</sup>	Selected industrial divisions									Services	
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate		
							Total <sup>2</sup>	Wholesale trade	Retail trade			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
<b>Number of returns of active corporations, other than Forms 1120-DISC .....</b>	<b>2,989,172</b>	<b>92,125</b>	<b>37,066</b>	<b>283,519</b>	<b>261,927</b>	<b>122,567</b>	<b>842,302</b>	<b>274,469</b>	<b>565,349</b>	<b>479,560</b>	<b>848,128</b>	
<b>Returns with investment credit items, other than Forms 1120-DISC:</b>												
Number of returns .....	1,539,706	60,063	23,253	155,951	174,453	68,302	465,760	160,177	304,140	140,690	448,806	
Cost of property used for investment credit:												
Number of returns .....	1,388,583	55,826	20,348	142,338	162,225	61,372	418,752	147,196	270,298	122,858	403,211	
Amount.....	238,994,541	2,766,033	5,786,838	6,765,982	89,873,025	67,496,980	27,821,811	10,611,175	17,163,043	17,988,111	20,435,351	
Investment qualified for credit:												
Number of returns .....	1,190,224	41,223	17,360	124,211	143,541	50,542	357,459	132,754	223,551	108,474	345,857	
Amount.....	204,646,002	1,898,374	4,950,444	5,066,059	78,725,357	62,070,753	21,389,651	8,312,102	13,044,565	15,129,194	15,374,596	
Total qualified investment in 10% property:												
Number of returns .....	1,189,778	41,223	17,360	124,199	143,541	50,540	357,411	132,754	223,503	108,260	345,695	
Amount .....	203,583,679	1,881,908	4,946,449	5,045,352	78,419,588	61,927,815	21,263,788	8,282,694	12,948,359	14,765,426	15,291,780	
Credit from cooperative:												
Number of returns .....	13,065	6,637	42	735	440	114	4,273	1,116	3,157	533	290	
Amount .....	38,655	4,813	525	83	16,518	6,877	8,241	6,203	2,038	1,166	431	
Current year regular investment credit:												
Number of returns .....	1,190,261	42,008	17,360	124,156	143,088	50,597	357,804	132,497	224,153	108,784	344,913	
Amount .....	20,664,241	196,595	497,748	509,423	7,953,273	6,271,751	2,159,153	840,287	1,315,556	1,527,082	1,545,058	
Carryover of unused credit:												
Number of returns .....	546,106	25,214	10,707	54,508	61,600	29,106	148,680	45,952	102,251	49,008	166,377	
Amount .....	23,501,837	378,953	1,558,943	545,799	7,051,375	8,661,533	1,532,040	757,696	768,506	2,070,881	1,697,709	
Total tentative regular investment credit:												
Number of returns .....	1,331,269	45,593	20,176	137,253	154,769	57,148	401,580	144,736	255,505	124,774	387,858	
Amount .....	44,167,536	575,635	2,056,692	1,055,178	15,004,940	14,934,570	3,691,028	1,597,996	2,083,882	3,597,996	3,242,738	
Allowed regular investment credit:												
Number of returns .....	763,637	21,384	7,143	71,539	90,491	29,828	239,098	89,321	148,977	65,211	237,607	
Amount .....	15,766,270	107,392	289,477	309,164	6,261,096	5,291,057	1,586,085	552,648	1,031,280	1,067,953	851,149	
Investment credit:												
Number of returns .....	769,485	21,926	7,323	72,519	90,559	29,974	240,919	89,648	150,470	65,913	238,872	
Amount .....	16,145,173	108,056	309,713	310,818	6,394,980	5,190,444	1,605,589	556,485	1,046,946	1,069,559	853,089	

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

<sup>2</sup>Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

**Table 13—Tax Items: Number of Returns by Selected Types of Tax, Dividend Items, Net Income or Deficit, Statutory Special Deductions, Income Subject to Tax, Income Tax, Credits, Payments, and Selected Items of Corporations (Form 1120S), by Selected Industrial Divisions**

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

Item	All industrial divisions <sup>1</sup>	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total <sup>2</sup>	Wholesale trade	Retail trade		
Number of Returns With Income Tax	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns with —											
Income tax, total .....	1,194,062	31,315	11,191	103,733	114,865	41,914	342,661	125,712	215,614	193,153	351,529
Form 1120S .....	663	*27	*12	31	96	*31	136	85	51	*204	124
Regular and alternative tax before credits .....	1,145,394	29,315	9,599	95,939	109,527	39,563	330,119	120,728	208,134	187,488	340,157
Tax from recomputing prior-year investment credit .....	185,873	7,449	3,400	21,579	26,272	8,889	58,230	26,221	31,835	17,727	42,074
Total income tax after —											
Investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits .....	964,947	22,944	10,004	83,401	88,954	30,258	286,755	106,645	178,888	178,766	260,635
Foreign tax, U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits .....	963,582	22,915	9,977	83,393	88,526	30,253	286,680	106,604	178,859	178,517	260,093
Returns With and Without Net Income											
Number of returns .....	2,999,071	92,125	37,066	283,518	261,927	122,567	851,785	283,602	565,673	479,656	848,394
Dividends received from domestic corporations, total .....	19,696,776	66,467	278,808	152,284	9,324,793	697,483	1,238,031	827,434	406,281	7,260,908	671,628
Amount qualifying for 85 percent deduction .....	10,946,172	50,295	213,859	126,065	2,037,765	520,391	582,998	242,640	336,044	7,073,540	335,040
Amount on certain public utility stock qualifying for 59.13 percent deduction .....	33,632	*7	*58	414	1,000	*3,050	376	*36	*240	25,844	1,793
Intragroup dividends qualifying for 100 percent deduction .....	1,489,816	*2,97	*10,682	*10,250	949,365	*4,035	171,362	119,355	52,007	120,126	221,700
Amounts received from DISCS or former DISCS .....	7,227,156	13,867	53,609	15,556	6,336,174	170,007	493,355	465,403	17,890	41,398	113,095
Dividends received from foreign corporations, total .....	13,692,070	19,109	423,066	128,029	11,845,039	14,478	353,620	242,649	108,557	770,476	208,767
Amount qualifying for 85 percent deduction .....	15,239	*8	*4	*431	4,142	*308	1,322	1,010	312	*7,741	*1,276
Intragroup dividends qualifying for 100 percent deduction .....	10,290				6,548	*2,059	5,986	*2,241	*2,846	20,491	*997
Other foreign dividends .....	13,774,741	19,102	420,168	125,108	11,334,349	139,079	346,774	237,398	105,399	742,244	206,494
Constructive taxable income from related foreign corporations, total .....	14,944,490	*1,506	347,497	102,920	12,719,989	461,204	517,774	348,574	170,208	655,643	149,626
Includeable income of Controlled Foreign Corporations .....	4,016,276	314	128,755	41,882	2,830,141	322,927	256,139	184,587	110,070	327,361	69,777
Foreign dividend income resulting from foreign taxes deemed paid .....	10,928,214	*1,193	218,742	61,858	9,886,949	38,276	221,655	160,887	60,129	328,282	79,849
Net income (less deficit) .....	188,313,926	-196,528	-1,586,098	2,265,564	95,330,965	19,492,44	35,282,870	19,316,692	15,959,755	31,714,771	6,002,928
Statutory special deductions, total .....	27,493,662	607,124	1,011,730	1,232,762	8,214,809	1,891,008	3,359,260	1,112,333	1,674,972	8,966,712	2,127,577
Net operating loss deduction .....	18,484,032	562,098	816,030	1,132,280	5,468,499	1,401,274	2,722,824	1,384,985	1,334,032	4,703,774	1,617,846
Dividends received deduction .....	9,008,565	45,026	195,699	20,502	2,748,489	450,508	672,322	327,229	340,926	4,262,103	509,549
Deduction for dividends paid on certain public utility stock .....	42,085				1,791	39,223	124	120	*15	*835	82
Income subject to tax .....	218,886,396	1,466,894	4,623,476	5,504,045	113,609,854	25,612,414	33,503,250	14,488,651	18,955,709	22,469,640	11,810,154
Income tax, total .....	92,218,567	430,119	2,100,692	1,853,927	50,950,876	11,621,625	12,910,870	5,625,641	7,267,261	8,540,701	3,779,735
Regular and alternative tax .....	90,461,852	418,574	1,981,002	1,796,404	50,177,270	11,302,039	12,729,896	5,548,961	7,163,509	8,359,325	3,673,446
Personal holding company tax .....	6,198	*6	*1,171	*242	255	527	31	496	2,810	*1,185	
Tax from recomputing prior-year investment credit .....	1,175,611	10,718	36,118	51,022	520,366	247,197	153,185	65,663	87,225	6,793,911	88,274
Additional tax for tax preferences .....	551,505	819	80,267	11,673	252,966	66,479	26,943	10,752	15,946	105,806	16,234
Foreign tax credit .....	19,951,165	2,751	1,052,992	119,295	16,439,314	220,579	309,038	96,270	121,565	1,681,888	123,164
U.S. possessions tax credit .....	1,583,007			700	1,459,496	54,498	54,236	51,144	3,092	4,487	9,588
Investment credit .....	16,145,173	108,056	309,712	310,818	6,394,980	5,490,444	1,605,589	556,486	1,046,946	1,069,559	853,089
Jobs credit .....	448,224	3,371	1,120	29,850	145,892	17,529	164,500	17,810	146,490	24,910	61,926
Nonconventional source fuel credit .....	33,032	—	3,681	—	21,278	3,808	58	41	17	3,455	*733
Alcohol fuel credit .....	7,178	—	90	—	9,979	326	*1,666	*1,541	*125	*1,031	86
Research activities credit .....	1,277,474	2,117	3,505	3,589	1,028,564	151,196	24,051	14,909	9,142	29,889	39,491
Orphan drug credit .....	236				236						
Employees stock ownership credit .....	909,880	287	7,239	*2,633	501,397	253,272	98,341	6,039	92,302	28,759	17,952
Total income tax after —											
Investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits .....	73,396,390	316,288	1,775,345	1,513,035	42,859,450	5,705,050	11,016,666	5,028,816	5,972,239	7,383,099	2,806,458
Foreign tax, U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits .....	51,862,218	313,537	722,353	1,393,041	24,960,640	5,429,973	10,653,391	4,765,106	5,872,877	5,696,723	2,673,706
Estimated tax payments:											
1982 overpayments claimed as a credit .....	3,917,791	36,329	105,216	167,378	1,872,397	305,925	728,404	366,027	360,555	391,469	306,807
1983 estimated tax payments .....	44,143,795	236,014	602,212	1,122,709	21,901,373	4,946,900	8,113,178	3,810,168	4,287,617	5,029,531	2,180,235
Less: Refund of estimated tax payments .....	5,689,205	9,778	58,672	99,351	1,510,589	2,832,072	260,245	122,047	137,726	761,458	156,951
Payments with application for extension of filing time .....	10,005,510	34,057	170,277	288,217	4,283,044	1,239,393	2,260,645	781,534	1,478,249	1,176,843	551,516
Credit for tax paid by regulated investment companies .....	40,329	*84	*2,270	*246	1,539	*7,570	5,088	*2,091	7,626	*13,816	
Credit for tax on special fuels, nonhighway gasoline, and lubricating oil .....	50,051	7,723	2,363	3,873	11,811	14,946	5,314	1,796	3,517	1,297	2,723
Tax from Section 1 (1120 F) .....	12,016	*2	*1,845	—	—	*5,910	*26	*11	*16	4,171	*61
U.S. tax paid or withheld at source (1120 F) .....	11,330	*2	*576	2	1,264,159	5,910	*26	*11	*16	4,810	
Overpaid windfall profit tax .....	286,225	296	39,333	*21	230,942	13,704	1,238	1,149	*89	246	444
Tax due at time of filing .....	6,471,703	91,423	79,461	297,141	1,110,211	2,369,699	1,189,236	594,534	573,810	873,854	473,025
Tax overpayment .....	7,375,172	82,623	220,682	387,195	2,940,088	641,002	1,371,583	673,150	695,344	1,027,455	697,914
Returns of S Corporations, Form 1120S											
Number of returns .....	648,267	28,445	8,404	62,888	46,876	34,231	193,695	45,644	147,695	74,695	193,862
Net income:											
Number of returns .....	305,039	11,741	3,131	33,362	22,669	14,505	93,348	26,073	67,169	34,838	90,364
Amount .....	14,575,149	439,772	378,911	1,264,159	3,065,068	636,309	4,255,237	2,019,249	2,228,764	1,587,805	2,930,775
Deficit .....	-9,499,798	-970,792	-555,571	-636,999	-906,233	-812,691	-2,343,827	-588,908	-1,747,268	-1,146,812	-2,104,859
Income subject to corporation tax .....	19,763	*839	—	4,701	*1,517		2,636	*77	*2,559	*2,204	*7,866
Income tax, total .....	8,165	*873	*374	1,226	702	*6	1,687	*71	*1,687	*816	*1,755
Regular and alternative tax .....	4,991	*839	—	559	*425	—	1,794	*77	*77	*717	*1,286

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

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

<sup>2</sup>Includes "Wholesale and retail trade not allocable" which is not shown separately.

<sup>3</sup>Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS

Table 14—Book Net Income or Deficit and Provision for Federal Income Tax, by Selected Industrial Divisions

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

Item	All industrial divisions <sup>1</sup>	Selected industrial divisions										Finance, insurance, and real estate	Services		
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Total	Wholesale trade	Retail trade			
							Total <sup>2</sup>	Wholesale trade	Retail trade						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)				
<b>Total returns of active corporations:</b>															
Number of returns .....	2,999,071	92,125	37,066	283,519	261,927	122,567	851,785	283,602	565,673	479,656	848,394				
Net income (less deficit) .....	188,313,928	- 196,528	- 1,586,098	2,265,564	95,330,965	19,492,314	35,292,870	19,310,692	15,959,755	31,714,771	6,002,928				
<b>Returns with book net income or deficit:</b>															
Number of returns, total.....	2,213,023	64,443	27,600	211,183	206,311	84,935	643,974	228,692	413,094	371,964	591,454				
With book net income .....	1,324,655	36,522	12,761	116,851	129,931	46,442	394,475	144,206	248,899	223,463	360,805				
Amount .....	317,479,548	1,990,657	6,557,294	6,184,953	111,495,597	46,720,476	42,348,563	23,313,550	18,975,773	87,463,805	14,619,959	14,619,959			
With book deficit .....	888,368	27,920	14,839	94,332	76,380	38,493	84,486	164,195	148,501	230,549					
Book net income (less deficit) .....	223,599,800	225,744	1,030,907	2,033,964	90,357,200	41,520,790	9,027,974	15,860,879	- 6,844,279	72,875,799	6,484,178				
Net income (less deficit) .....	181,804,965	293,596	- 1,389,018	1,750,455	90,765,338	19,840,378	33,307,871	17,766,881	15,515,041	31,918,042	5,294,194				
Provision for Federal income tax, net:															
Number of returns .....	849,131	20,469	8,153	78,023	88,583	27,316	257,494	99,916	156,919	157,978	209,696				
Amount .....	74,020,806	310,985	990,468	1,479,881	33,624,999	16,621,047	11,012,049	4,719,806	7,181,877	5,538,090	3,532,363				
Provision for Federal income tax (+):															
Number of returns .....	784,686	18,354	7,284	69,064	78,396	25,080	242,090	92,379	149,105	146,283	196,880				
Amount .....	85,714,157	339,977	1,446,695	1,800,753	39,964,821	17,114,003	12,885,575	5,430,966	7,442,711	8,334,782	3,814,438				
Provision for Federal income tax (-):															
Number of returns .....	64,445	2,115	870	8,959	10,187	2,235	15,404	7,536	7,813	11,695	12,816				
Amount .....	- 11,693,350	- 26,993	- 456,226	- 320,872	- 6,339,822	- 492,956	- 973,526	- 711,160	- 260,835	- 2,796,692	- 282,075				
Total income tax after investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits .....	71,579,970	308,458	1,719,785	1,478,928	41,620,685	5,663,320	10,922,476	4,977,441	5,929,424	7,119,697	2,731,160				

<sup>1</sup>Includes "Nature of business not allocable" which is not shown separately.<sup>2</sup>Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Returns with book net income or deficit reported an amount of foreign tax credit of \$19,081,133 and an amount of U.S. possessions tax credit of \$1,581,470. Detail may not add to total because of rounding.

See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S and 1120-DISC

**Table 15—Tax Preference Items: Number of Returns, and Tax Preference and Related Items, by Selected Industrial Divisions**

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

Item	All industrial divisions <sup>1</sup>	Selected industrial divisions										Finance, insurance, and real estate	Services		
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Total <sup>2</sup>	Wholesale trade	Retail trade			
							Total <sup>2</sup>	Wholesale trade	Retail trade						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)					
<b>Number of returns of active corporations, other than Forms 1120S and 1120-DISC</b>	<b>2,340,906</b>	<b>63,680</b>	<b>28,661</b>	<b>220,631</b>	<b>215,052</b>	<b>88,336</b>	<b>648,607</b>	<b>228,825</b>	<b>417,655</b>	<b>404,865</b>	<b>654,265</b>				
Returns with tax preference items:															
Number of returns.....	21,380	469	2,908	1,073	3,310	793	2,900	1,223	1,673	8,110	1,651				
Total assets.....	6,057,522,645	4,002,470	76,664,512	31,932,323	1,714,461,216	798,523,480	243,707,919	78,466,539	165,020,549	3,122,832,279	65,294,658				
Business receipts.....	2,866,521,449	4,227,333	41,897,534	38,083,236	1,634,440,552	440,394,949	483,113,982	224,836,944	257,881,983	170,365,067	53,842,940				
Bad debts.....	15,965,778	6,329	166,796	43,960	4,002,318	2,233,050	949,298	309,251	638,554	8,250,991	312,769				
Depreciation.....	146,765,979	193,661	3,386,237	819,338	76,074,308	43,435,491	8,235,752	2,283,079	5,948,428	10,096,143	4,522,313				
Amortization.....	1,938,215	806	17,628	5,745	1,057,864	313,210	122,610	32,680	89,904	283,351	137,002				
Depletion.....	6,225,293	6,683	1,184,458	48,388	4,196,540	522,575	124,606	116,383	8,223	127,562	14,358				
Net income.....	138,697,034	323,819	2,476,890	1,373,024	86,707,087	20,686,456	10,042,300	3,285,541	6,734,994	14,318,414	2,748,565				
Regular and alternative tax before credits <sup>3</sup> .....	57,412,119	118,001	879,687	511,212	36,863,127	9,078,566	4,133,697	1,324,019	2,803,457	4,827,873	995,457				
Tax from recomputing prior-year investment credit.....	764,882	1,392	23,088	10,450	406,929	214,657	52,444	16,627	35,802	40,320	15,600				
Additional tax for tax preferences.....	532,031	816	80,267	11,664	252,913	38,189	26,863	10,686	15,931	104,976	16,125				
Additional tax for tax preferences deferred from prior years.....	18,629	—	1,985	732	10,212	1,374	615	*107	508	3,641	*69				
Income tax after credits <sup>3</sup> .....	27,383,854	99,460	565,173	334,725	15,998,926	3,922,183	3,184,151	1,081,001	2,097,262	2,577,519	697,669				
Tax preference items:															
Accelerated depreciation on —															
Low income rental housing.....	133,023	*9,548	63,255	1,774	49,818	540	3,185	*603	*2,562	3,627	*1,276				
Other real property .....	1,821,212	2,162	18,066	26,273	951,227	191,926	239,561	59,630	179,931	224,632	167,172				
Leased personal property.....	53,351	*37	*45	*1,439	17,618	11,504	6,633	*3,784	*2,849	8,436	*7,640				
Amortization.....	104,786	*215	625	29	28,658	73,275	1,158	1,045	113	*827	—				
Mining exploration and development costs.....	23,395	—	*1,149	—	15,584	—	—	—	—	6,625	37				
Research and experimental expenditures.....	43,116	—	12,463	348	27,219	—	313	—	313	*2,731	41				
Reserves for losses on bad debts of financial institutions.....	335,611	*315	*406	*451	1,272	21	2,037	*583	*1,454	331,000	*108				
Depletion.....	2,246,961	6,061	795,776	30,484	1,101,456	194,608	44,643	38,182	6,451	64,416	9,517				
Capital gains.....	4,704,561	31,278	100,219	105,000	1,856,869	461,022	313,851	108,754	199,703	1,653,733	177,482				
Intangible drilling costs.....	12,699	2	4,487	154	245	1,199	260	4	259	2,363	3,870				
Total items of tax preference.....	9,478,710	49,619	996,491	165,950	4,049,964	934,095	611,641	212,581	393,655	2,298,388	367,144				

<sup>1</sup>Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>2</sup>Includes "Nature of business not allocable" which is not shown separately.

<sup>3</sup>Includes "Wholesale and retail trade not allocable" which is not shown separately.

Credits include foreign tax, U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits.

Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

**RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S AND 1120-DISC****Table 16—Number of Returns and Selected Tax Items, by Size of Total Income Tax After Credits**

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

Size of total income tax after credits	Number of returns of active corpor- ations, other than Forms 1120S and 1120-DISC	Total income subject to tax	Income tax before credits <sup>1</sup>		Foreign tax credit	Investment credit	Jobs credit	Research activities credit	Income tax after credits <sup>1</sup>
			Total	Regular and alternative tax					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>Total .....</b>	<b>2,340,906</b>	<b>204,097,461</b>	<b>92,210,411</b>	<b>90,456,867</b>	<b>19,951,165</b>	<b>16,145,173</b>	<b>449,224</b>	<b>1,277,474</b>	<b>51,854,062</b>
Returns with net income .....	1,362,444	204,008,813	91,916,494	90,415,819	19,938,538	16,129,689	449,130	1,275,683	51,590,242
Returns without net income .....	978,462	288,648	293,917	41,048	12,827	15,484	94	1,812	263,820
Returns with total income tax before credits <sup>1</sup> .....	1,193,399	204,097,461	92,210,411	90,456,867	19,951,165	16,145,173	449,224	1,277,474	51,854,062
Returns with total income tax after credits <sup>1</sup> .....	962,920	198,720,928	90,466,054	88,712,510	19,491,611	15,637,104	440,858	1,262,025	51,854,062
Under \$6,000 .....	721,069	10,558,436	2,018,054	1,934,992	13,934	714,200	95,657	14,409	1,066,528
\$6,000 under \$10,000 .....	72,684	3,767,851	777,580	751,860	7,547	173,750	15,968	4,584	553,645
\$10,000 under \$15,000 .....	38,452	2,703,708	643,380	621,414	2,429	141,894	17,115	4,670	475,990
\$15,000 under \$20,000 .....	20,699	1,850,093	510,928	495,668	17,713	111,758	11,916	2,637	360,544
\$20,000 under \$25,000 .....	17,320	1,975,428	642,852	628,338	159,198	83,806	9,430	1,481	388,714
\$25,000 under \$50,000 .....	33,771	4,413,232	1,562,280	1,516,440	31,341	275,125	18,206	13,625	1,184,473
\$50,000 under \$75,000 .....	14,417	2,749,314	1,088,412	1,057,209	18,410	157,165	9,851	7,629	884,182
\$75,000 under \$100,000 .....	8,067	2,464,194	1,043,793	1,018,365	115,955	128,119	15,011	7,626	692,800
\$100,000 under \$250,000 .....	19,158	8,846,159	3,961,246	3,875,081	222,841	529,263	30,915	39,349	2,999,936
\$250,000 under \$500,000 .....	8,089	7,832,519	3,714,484	3,646,074	228,888	419,946	18,968	25,489	2,805,604
\$500,000 under \$1,000,000 .....	4,400	9,321,796	4,557,153	4,459,303	856,699	521,689	15,375	37,391	3,069,861
\$1,000,000 under \$10,000,000 .....	4,188	39,901,860	20,042,218	19,518,162	5,119,831	3,386,625	79,385	197,309	10,930,217
\$10,000,000 under \$50,000,000 .....	490	35,639,961	17,932,706	17,652,367	3,698,130	3,875,398	57,514	257,852	9,790,565
\$50,000,000 under \$100,000,000 .....	65	15,857,447	8,046,542	7,892,276	1,788,138	1,445,931	12,483	184,514	4,507,559
\$100,000,000 or more .....	49	50,738,929	23,924,425	23,644,758	7,210,557	3,672,436	33,065	463,459	12,143,445

<sup>1</sup>Credits include foreign tax, U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, employee stock ownership, and orphan drug credits.<sup>2</sup>Amount was reported by life insurance companies and banks with life insurance departments taxable under special provision of the Internal Revenue Code.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S and 1120-DISC

**Table 17—Increasing Research Activities Credit Items, by Selected Industrial Divisions**

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

Item	All industrial divisions <sup>1</sup>	Selected industrial divisions									Finance, insurance, and real estate	Services		
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade							
							Total <sup>2</sup>	Wholesale trade	Retail trade					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)			
<b>Number of returns of active corporations, other than Forms 1120S and 1120-DISC</b>	<b>2,340,906</b>	<b>63,680</b>	<b>28,661</b>	<b>220,631</b>	<b>215,052</b>	<b>88,336</b>	<b>648,607</b>	<b>228,825</b>	<b>417,655</b>	<b>404,865</b>	<b>654,265</b>			
<b>Returns with increasing research activities credit items, other than Forms 1120S and 1120-DISC</b>														
Number of returns.....	18,091	69	132	176	11,108	226	2,332	1,602	730	528	3,519			
Qualified research expenses, total.....	28,720,627	41,961	269,029	47,058	24,431,267	2,153,754	406,905	274,800	132,105	479,287	890,757			
Wages for qualified services.....	20,017,788	28,393	190,515	26,059	17,177,468	1,342,544	272,952	182,762	90,190	354,131	625,267			
Cost of supplies used.....	5,676,384	10,407	49,673	7,878	5,024,409	357,091	57,599	46,316	11,284	44,596	124,582			
Rental or lease costs to personal property.....	805,180	1,367	5,822	3,708	558,513	135,693	22,289	12,211	10,078	26,766	51,022			
65 percent of contract expenses for qualified research.....	1,896,526	1,639	18,797	9,388	1,463,523	247,809	46,323	29,037	17,286	45,546	63,500			
65 percent of amounts paid to qualified research organizations.....	297,871	*154	4,222	24	180,482	70,616	7,736	4,475	*3,261	8,248	26,389			
Base period research expenses, total.....	21,287,442	29,557	190,287	27,212	18,539,387	1,503,442	238,039	170,354	67,686	321,466	437,663			
Wages for qualified services.....	15,153,111	20,598	144,338	17,020	13,245,034	989,537	165,437	116,380	49,057	237,550	333,250			
Cost of supplies used.....	4,167,568	6,937	32,480	3,977	3,808,064	200,443	31,720	25,800	5,921	29,886	54,019			
Rental or lease costs to personal property.....	512,764	1,042	4,174	1,679	354,466	90,344	15,668	10,324	5,344	21,709	23,682			
65 percent of contract expenses for qualified research.....	1,228,663	885	6,007	4,531	981,019	165,390	22,292	16,508	5,783	29,435	19,104			
65 percent of amounts paid to qualified research organizations.....	206,669	*95	3,288	4	132,130	57,728	2,927	1,341	1,586	2,887	7,609			
Tentative credit.....	1,783,113	2,957	18,127	4,257	1,433,722	162,932	36,002	22,795	13,206	39,503	85,563			
Carryover of unused credit.....	390,321	1,243	3,934	2,014	303,536	11,718	9,965	7,130	2,835	19,604	38,285			
Allowable credit.....	2,165,114	4,212	22,059	6,114	1,733,706	174,466	45,224	29,905	15,319	58,581	120,680			
Research credit.....	1,277,474	2,117	3,505	3,589	1,023,564	151,196	24,051	14,909	9,142	29,889	39,491			
<b>Returns with orphan drug credit, other than Forms 1120S and 1120-DISC</b>														
Number of returns.....	*31	—	—	—	*31	—	—	—	—	—	—	—		
Orphan drug credit.....	*236	—	—	—	*236	—	—	—	—	—	—	—		

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

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

<sup>2</sup>Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

## Historical Series 1977-1983

Table 18—Corporation Income Tax Returns: Balance Sheets, Income Statements, Tax, and Selected Other Items for Tax Years, 1977-1983

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

Item	1977 (1)	1978 (2)	1979 (3)	1980 (4)	1981 (5)	1982 (6)	1983 (7)
<b>Number of returns, total.....</b>	<b>2,241,887</b>	<b>2,376,779</b>	<b>2,556,794</b>	<b>2,710,538</b>	<b>2,812,420</b>	<b>2,925,933</b>	<b>2,999,071</b>
<b>Total assets.....</b>	<b>5,326,389,281</b>	<b>6,014,452,008</b>	<b>6,835,056,963</b>	<b>7,617,238,403</b>	<b>8,547,161,872</b>	<b>9,357,784,804</b>	<b>10,201,084,144</b>
Cash.....	361,549,924	412,948,244	461,750,680	528,914,747	533,472,168	540,903,600	590,386,817
Notes and accounts receivable.....	1,337,902,515	1,589,330,717	1,814,195,947	1,984,601,790	2,239,832,960	2,420,475,398	2,677,367,962
Less: Allowance for bad debts.....	34,345,449	38,204,317	42,800,472	50,057,307	44,840,794	46,645,987	51,162,613
Inventories.....	396,032,639	442,652,820	503,033,064	534,806,547	588,219,856	581,241,455	599,445,162
Investments in Government obligations <sup>1</sup> .....	380,540,830	403,628,383	420,965,658	472,059,737	514,837,697	605,513,662	685,146,228
Other current assets.....	181,373,300	208,725,556	259,684,140	310,177,160	320,511,852	436,507,859	433,594,597
Loans to stockholders.....	14,380,704	18,304,758	25,429,489	29,873,250	32,042,366	38,304,326	47,836,294
Mortgage and real estate loans.....	661,272,988	762,046,306	840,876,064	894,323,489	933,673,294	942,428,269	982,415,018
Other investments.....	820,704,826	868,776,652	1,027,900,380	1,213,986,210	1,388,244,142	1,604,730,616	1,798,295,351
Depreciable assets.....	1,536,011,959	1,696,212,705	1,896,559,882	2,107,027,914	2,352,655,342	2,583,060,326	2,730,371,698
Less: Accumulated depreciation.....	576,129,137	631,320,855	697,645,652	767,841,763	857,772,979	942,704,683	1,024,756,282
Depletable assets.....	51,790,975	44,770,440	57,655,398	71,901,490	84,098,891	94,837,768	107,958,232
Less: Accumulated depletion.....	20,706,628	13,928,939	16,005,905	19,569,556	21,816,569	29,442,570	32,682,172
Land.....	73,887,346	79,654,340	85,080,153	92,931,553	101,946,016	110,318,941	119,350,378
Intangible assets (amortizable).....	15,908,335	34,227,958	37,384,782	45,480,694	55,131,152	81,178,989	87,852,590
Less: Accumulated amortization.....	4,953,776	14,396,662	15,126,876	18,393,037	20,451,969	24,869,273	25,062,592
Other assets.....	131,167,930	153,024,102	176,110,231	187,015,106	347,378,352	362,146,111	474,727,482
<b>Total liabilities.....</b>	<b>5,326,389,281</b>	<b>6,014,452,008</b>	<b>6,835,056,963</b>	<b>7,617,238,403</b>	<b>8,547,161,872</b>	<b>9,357,784,804</b>	<b>10,201,084,144</b>
Accounts payable.....	346,521,170	403,553,630	481,133,527	542,172,368	619,969,292	678,630,282	671,495,438
Mortgages, notes, and bonds payable in less than one year.....	319,805,729	380,851,818	452,181,682	504,802,288	585,947,678	667,060,956	759,536,076
Other current liabilities.....	2,062,786,447	2,335,790,244	2,582,916,809	2,706,796,360	2,859,839,215	3,220,923,530	3,513,512,199
Loans from stockholders.....	47,328,015	58,186,425	67,343,182	85,718,510	107,229,417	117,424,462	131,025,856
Mortgages, notes, and bonds payable in one year or more.....	694,119,251	780,536,053	884,636,968	986,663,932	1,058,070,877	1,224,277,725	1,323,209,421
Other liabilities.....	504,857,804	560,776,983	651,059,724	846,696,691	1,072,164,634	979,894,871	1,156,873,507
Capital stock.....	286,775,916	309,432,793	352,811,534	417,153,783	532,560,826	658,259,634	787,278,549
Paid-in or capital surplus.....	353,452,174	381,888,848	447,596,758	532,039,407	670,619,223	782,269,156	873,620,667
Retained earnings, appropriated.....	36,677,846	40,070,733	47,845,435	41,461,644	45,939,734	54,727,615	52,538,370
Retained earnings, unappropriated.....	700,688,279	795,467,154	910,521,567	1,027,902,049	1,124,012,345	1,173,094,293	1,221,793,087
Less: Cost of treasury stock.....	26,623,350	32,102,672	43,890,224	74,168,627	129,181,347	198,777,714	289,799,122
<b>Total receipts.....</b>	<b>4,128,304,478</b>	<b>4,714,602,615</b>	<b>5,598,689,129</b>	<b>6,361,284,012</b>	<b>7,026,351,839</b>	<b>7,024,097,766</b>	<b>7,135,494,059</b>
Business receipts.....	3,813,925,121	4,353,704,519	5,136,075,461	5,731,616,337	6,244,678,064	6,156,994,009	6,334,602,711
Interest <sup>2</sup> .....	168,848,734	211,720,346	278,432,570	354,243,674	479,556,286	515,628,874	494,603,803
Interest on Government obligations:							
State and local.....	7,820,906	9,140,667	10,872,462	12,620,876	13,881,460	14,124,877	16,667,263
Nonqualifying interest and dividends.....	N/A						
Royalties.....	32,638,084	30,260,402	31,864,870	41,371,141	53,805,764	69,614,109	69,580,411
6,135,428	7,904,359	8,437,908	12,450,250	13,716,872	13,437,404	13,876,095	
Net short-term capital gain reduced by net long-term capital loss.....	521,410	884,646	1,207,729	2,013,510	2,178,572	2,882,207	5,048,854
Net long-term capital gain reduced by net short-term capital loss.....	11,916,138	14,679,876	19,958,447	24,910,957	29,064,630	26,318,184	33,924,549
Net gain, noncapital assets.....	11,169,250	12,137,078	15,378,796	20,117,615	16,639,271	20,992,023	26,134,711
Dividends received from domestic corporations.....	13,932,345	13,321,287	16,824,708	18,654,800	17,442,112	18,155,559	19,696,776
Dividends received from foreign corporations.....	8,275,849	9,277,932	12,713,087	14,563,353	13,790,320	13,950,906	13,892,070
Other receipts.....	53,121,213	51,571,503	66,929,091	128,721,498	141,598,493	171,999,816	105,422,613
<b>Total deductions.....</b>	<b>3,908,781,721</b>	<b>4,467,196,877</b>	<b>5,315,725,012</b>	<b>6,125,365,155</b>	<b>6,813,841,356</b>	<b>6,869,267,462</b>	<b>6,945,457,358</b>
Cost of sales and operations.....	2,725,009,554	3,113,421,507	3,709,672,825	4,204,905,905	4,509,198,199	4,270,850,310	4,308,238,989
Compensation of officers.....	73,793,066	85,085,175	97,221,581	108,973,751	120,324,784	129,481,025	141,183,212
Repairs.....	30,158,253	33,861,153	38,712,313	42,407,967	70,289,424	72,524,061	74,652,495
Bad debts.....	14,249,343	15,660,693	17,432,363	18,769,771	22,286,815	26,690,963	30,543,184
Rent paid on business property.....	50,019,434	56,032,175	63,517,369	71,990,832	82,412,276	94,917,540	104,717,965
Taxes paid.....	104,282,166	116,155,070	127,751,719	163,003,622	170,470,926	165,888,353	173,420,116
Interest paid.....	152,885,323	192,403,316	261,277,331	344,612,542	476,964,684	515,032,667	475,060,444
Contributions or gifts.....	1,789,747	2,084,022	2,288,334	2,358,554	2,514,425	2,906,476	3,266,605
Amortization.....	981,002	1,188,784	1,408,016	1,374,658	4,712,864	3,784,654	4,309,952
Depreciation.....	106,972,692	121,299,900	138,061,915	157,345,826	186,195,048	213,179,160	241,491,819
Depletion.....	5,658,877	6,402,020	7,817,359	8,871,993	7,929,396	7,021,176	7,574,216
Advertising.....	35,298,210	40,786,627	46,321,658	52,266,004	60,094,601	64,987,632	72,393,870
Pension, profit-sharing, stock bonus, and annuity plans.....	36,463,699	41,825,415	46,506,098	51,529,310	52,952,583	54,232,011	54,355,062
Employee benefit programs.....	23,498,403	27,019,086	33,620,835	40,179,104	45,795,892	51,838,884	59,115,141
Net loss, noncapital assets.....	1,618,022	2,155,305	4,072,020	5,903,104	7,943,607	10,367,020	7,615,697
Other deductions.....	546,123,930	611,816,617	720,043,275	850,872,216	993,755,841	1,185,565,538	1,187,148,601
Total receipts less total deductions.....	219,522,757	247,405,739	282,964,117	235,918,858	212,510,484	154,830,304	180,036,702
Constructive taxable income from related foreign corporations.....	7,541,192	8,602,401	12,524,077	15,708,580	15,019,938	13,628,716	14,944,490
Net income (less deficit).....	219,243,043	246,867,473	284,615,731	239,006,542	213,648,962	154,334,143	188,313,928
Net income.....	245,274,490	274,519,721	321,649,761	296,787,201	301,440,778	274,352,942	296,932,146
Deficit.....	26,031,447	27,652,248	37,034,030	57,780,659	87,791,816	120,018,799	108,618,218
Income subject to tax.....	212,501,782	239,631,773	279,376,063	246,598,486	241,496,368	205,175,407	218,686,396
Income tax, total.....	96,340,453	107,888,445	120,047,034	105,142,436	102,257,851	86,766,154	92,218,567
Regular and alternative tax.....	95,627,563	106,976,893	118,860,300	103,831,172	100,644,417	85,077,493	90,461,858
Tax from recomputing prior-year investment credit.....	445,735	570,927	744,915	867,571	1,083,547	1,181,074	1,175,071
Additional tax for tax preferences.....	3,839	106	9,171	4,873	N/A	N/A	N/A
Foreign tax credit.....	26,006,028	26,357,629	36,827,331	24,861,315	21,828,686	19,137,201	19,951,165
U.S. possessions tax credit.....	837,687	1,134,422	1,376,124	1,565,681	1,945,637	2,026,980	1,583,007
Investment credit.....	11,038,404	12,897,172	14,634,672	15,102,812	18,887,266	17,312,702	16,145,173
Work incentive (WIN) credit.....	19,327	18,469	27,934	36,483	38,223	29,020	N/A
Jobs credit.....	1,703,838	3,093,915	1,293,215	601,444	472,895	327,285	449,224
Nonconventional source fuel credit.....	N/A	N/A	N/A	2	*622	6,787	33,012
Alcohol fuel credit.....	N/A	N/A	N/A	4	*480	600	7,178
Research activities credit.....	N/A	N/A	N/A	N/A	639,302	839,220	1,277,474
Employee stock ownership credit.....	N/A	N/A	N/A	N/A	N/A	14,450	809,880
Orphan drug credit.....	N/A	N/A	N/A	N/A	N/A	N/A	*236
Distributions to stockholders:							
Cash and property except in own stock.....	61,536,761	70,294,349	86,613,794	97,378,617	120,295,338	132,478,411	128,298,545
Corporation's own stock.....	2,675,787	2,346,329	3,132,795	3,525,549	3,634,323	3,642,024	4,810,283

N/A - Not applicable

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

<sup>1</sup>Includes all investments in Government obligations, that is, United States, state and local.<sup>2</sup>Includes United States and other interest, except for state and local.

NOTE: Detail may not add to total because of rounding. Tax law changes have affected the comparability of the data. See the appropriate Statistics of Income reports for a description of those law changes.

## Section 5

## Explanation of Terms

The following explanations include definitions and limitations of terms used, and adjustments made in preparing the statistics. These explanations are designed to aid the user in interpreting the statistical content of this report and should not be construed as interpretations of the Internal Revenue Code or policies. Code sections cited were those in effect for the Income Years of the report. Whenever a year is cited, it refers to the calendar year, unless otherwise stated.

The instructions for the tax forms in section 6 will provide additional information about many items. Finally, definitions marked with the symbol (#) have been modified from prior year reports to reflect processing or tax law changes as well as clarifications of the explanations.

### Accounting Periods

Among the several classifications used in this report, tax return data are classified according to the accounting periods used by corporations. For a detailed discussion of this classification, see "Time Period Employed" in section 1, Introduction.

### Accounts and Notes Payable

This item consisted of accounts payable and mortgages, notes, and bonds payable in less than one year. Each is described separately under its own heading below.

### Accounts Payable

Relatively short-term liabilities arising from the conduct of trade or business which were not secured by notes of indebtedness were generally included under this heading. Nontrade payables, on the other hand, were generally includable in the estimates for "Other Current Liabilities."

Banks and savings institutions may have reported deposits and withdrawable shares in accounts payable. When these amounts could be identified, they were transferred to "Other Current Liabilities."

### Accumulated Adjustments Account (#)

The Subchapter S Revision Act of 1982 established this new balance sheet account for S corporations for the most recent continuous period during which the corporation was an S corporation for taxable years beginning after December 31, 1982. The accumulated adjustments account was determined by taking into account all items of income, loss and deductions for the tax year (including nontaxable income and nondeductible losses and expenses). After the year-end income and expense adjustments were made, the account was reduced by distributions made during the tax year.

At the end of the tax year, if the corporation had a balance in its retained earnings account, the accumulated adjustments account was determined by taking into account only the taxable income and deductible losses and expenses for the current tax year.

### Additional Tax for Tax Preferences (#)

Additional tax for tax preferences, the so-called "minimum tax," was intended to make possible the taxation, to some extent, of selected income and deduction items (described by law as "tax preferences") afforded special tax treatment in the computation of taxable income.

For the most part, the 15 percent tax was levied on the sum of a corporation's tax preferences which exceeded \$10,000 or the current-year income tax (including tax from recomputing prior-year investment credit) reduced by foreign tax credit, investment credit, U.S. possessions tax credit, jobs credit, nonconventional source fuel credit, alcohol fuel credit, employee stock ownership plan credit, credit for increasing research activities and orphan drug credit.

Members of a controlled group of corporations filing separate returns were required to apportion a single \$10,000 statutory exclusion among the members of the group.

Tax preference items were: (1) accelerated depreciation (depreciation in excess of the amount computed under the straight-line method allowed on personal property subject to a lease, low-income rental housing, and other real property); (2) amortization of certified pollution control facilities (special rapid write-offs in excess of what otherwise would have been a depreciation deduction under Code section 167); (3) mining exploration and development costs; (4) circulation and research and experimental expenditures; (5) reserves for losses on bad debts of financial institutions (additions to reserves for bad debts in excess of actual bad debt losses, based on prescribed rules); (6) depletion (depletion deduction in excess of the cost or other basis of the property, reduced by depletion taken in prior years); (7) capital gains (net long-term capital gain in excess of net short-term capital loss) when this amount was taxed at the special lower capital gains rate; the preference item applied only if the alternative tax under Code section 1201 applied. (The preference item equaled the alternative tax minus the tax if alternative tax had not been used, divided by 0.46); and (8) intangible drilling costs. Tax preferences for "accelerated depreciation subject to a lease", "mining exploration and development cost", "circulation and research and experimental expenditures", and "intangible drilling costs" were not applicable to corporations other than S Corporations electing to be taxed through their shareholders and Personal Holding Companies. There were also special rules in effect for timber income, including both gains from the cutting of timber and the long-term gains from the sale of timber.

In general, all corporations, other than Domestic International Sales Corporations, were liable for the additional tax. However, regulated investment companies and real estate investment trusts were subject to the tax only on amounts attributable to tax preferences not passed through to their stockholders for taxation. S corporations were subject to the minimum tax only on capital gains imposed by section 1374. All other items of tax preference for

these corporations were divided among the stockholders and included in their income.

#### Advertising

Advertising expenses were allowable as a deduction under Code section 162, if they were ordinary and necessary and bore a reasonable relation to the trade or business of the corporation. The amount shown in the statistics includes advertising identified as a cost of sales and operations as well as advertising reported separately as a business deduction. However, for corporations whose principal business activity was the printing and publishing of newspapers and periodicals or engaging in radio and television broadcasting, the statistics do not include advertising expenses incurred in the preparation of customers' advertising; if identified, these amounts were treated as part of the cost of sales and operations.

The types of expenditures covered by the advertising deduction may have varied somewhat from company to company and a few companies did not separately identify advertising when it was included in the cost of sales and operations. In addition, certain kinds of advertising expenditures, such as for billboards, were capitalized and recovered only as part of depreciation.

#### Alcohol Fuel Credit

The Windfall Profit Tax Act of 1980 contained provisions for an alcohol fuel credit. If alcohol (other than alcohol produced from petroleum, natural gas, or coal) was used as a fuel (either blended or straight) of a type suitable for use in internal combustion engines, a nonrefundable income tax credit was provided. In general, the credit was available to the blender in the case of blended fuels and to the user or retail seller in the case of straight alcohol fuels. The amount of the credit was 40 cents per gallon for alcohol of at least 190 proof and 30 cents per gallon for alcohol between 150 and 190 proof. No credit was available for alcohol of less than 150 proof.

The credits were generally available for alcohol sold or used after September 30, 1980, and on or before December 31, 1992. A 7-year carryforward of unused credits was provided, except that no carryforward could be made to a year beginning after 1994. Also, a 3-year carryback of unused credits was provided. The Economic Recovery Tax Act of 1981 extended the carryforward provision from 7 years to 15 years; the carryback provision was not changed. The limitation on the amount of allowable credit for alcohol used as fuel and the carryover provisions were applied to the remaining tax liability after certain other credits had been applied.

#### Allowance for Bad Debts

Most corporations identified on their balance sheet the allowance or reserve set aside to cover uncollectible or doubtful notes, accounts, and loans as an adjustment to notes and accounts receivable. A few corporations, however, reported only net receivables and, thus, did not show their allowance for bad debts. In addition, tax return balance sheets used by life and certain mutual insurance companies did not require the allowance to be reported. The statistics for both the allowance and for the gross amount of "Notes and Accounts Receivable" are understated by these unidentified amounts.

Since corporation tax return balance sheets did not provide for the separate reporting of reserves for uncollectible mortgage and real estate loans,

many banks and savings and loan associations may have included the item in the allowance for bad debts. If, on the other hand, these reserves were reported in supporting schedules, they were later added to the allowance for bad debts during statistical processing. However, in some cases, the supporting schedules were not attached to the return and the amount may be understated.

#### Alternative Tax

See "Income Tax."

#### Amortization (#)

Amortization was a deduction for recovery of certain expenditures over a certain period of time in a manner similar to straight-line depreciation. Typically, the period of time over which the expenditure was written off was much shorter than if depreciation had been used; often, depending on the specific provision of the law, the period of time was only 60 months. The following types of amortization, applicable to the statistics in this report, were specifically mentioned in the Code as allowable deductions:

- bond premiums (Code section 171)
- certain business startup costs paid or incurred (Code section 195)
- child care facilities (Code section 188)
- construction period interest and taxes on real property (except low-income housing) (Code section 189)
- forestation and reforestation expenditures (Code section 194)
- lessee's improvements to leased property, leasehold improvements (Code section 178)
- motion picture film, videotape, sound recording and books (Code section 280)
- organizational expenditures of corporations (Code section 248)
- pollution control facilities (Code section 169 limited by Code section 291)
- railroad property (grading and tunnel bores) (Code section 184)
- railroad rolling stock (Code section 184)
- railroad tunnel bores and grading (Code section 185)
- research and experimental expenditures (Code section 174)
- trademark and trade name expenditures (Code section 177).

The amounts shown in the statistics include any identifiable amortization (as described above) reported as part of the cost of sales and operations or in the schedule in support of depreciation as described below.

On Forms 1120 prior to 1982, amortization was shown on a separate line of the income statement on page 1; however, for 1982 and 1983, amortization was shown separately only on Form 4562, Depreciation, and that amount was carried forward and included in line 26, other deductions, on page 1; Form 1120 (see Form 1120 return facsimile in section 6 of this report). Because some corporations may not have identified amortization separately on Form 4562, the statistics for "Amortization" may be understated and "Other Deductions" may be overstated by the same amounts.

See also "Additional Tax for Tax Preferences."

#### Bad Debts

Bad debts occurring during the year, or a reasonable addition to an allowance or reserve for bad debts, were allowable as a deduction under Code section 166.

Commercial banks, mutual savings banks, savings and loan associations, small business investment companies and other financial institutions were permitted to take a deduction for a reasonable addition to their bad debt balance which was far greater than that allowed other businesses. Unlike other businesses, which could deduct additions to their reserves only to the extent justified by their actual loss experience, these financial institutions could elect to increase their reserves based on percentages of outstanding loans. However, certain restrictions were introduced in 1969 to begin to bring these institutions in line with other businesses.

For commercial banks, beginning with 1969, deductible additions to the reserves were to decrease in three transitional steps. These steps were to be completed by 1988, at which time the deduction would have to be based on actual losses for the current and 5 preceding years, the same as for other businesses. For taxable years beginning after 1975, but before 1982, the percentage for eligible loans outstanding used as the basis for the deduction was 1.2 percent; 1.0 percent was used for taxable years beginning in 1982 and 0.6 percent for taxable years beginning after 1982.

For small business investment companies, deductions for additions to the reserves, using an industry average as the norm, were permitted during the first 10 years of a company's existence. Thereafter, additions to the reserves had to be based on a corporation's own experience.

For mutual savings banks, savings and loan associations, cooperative banks and certain stock associations, the deduction was 40 percent of an adjusted taxable income figure before reduction by the bad debts deduction, provided it did not increase the reserve beyond 6 percent of qualifying loans.

For banks and other financial institutions, corporate or government debts evidenced by certain bonds which became worthless during the year were chargeable as bad debts under Code section 582. For other corporations, such losses were subject to the special capital gain or loss provisions of the law. See the explanation for "Net Capital Gains" in this section.

Recoveries of bad debts previously deducted by corporations which used the reserve method were netted against the year's bad debts deduction. However, amounts of recovered bad debts reported by corporations which deducted actual bad debts were included in "Other Receipts."

See also "Additional Tax for Tax Preferences."

#### Book Net Income (or Deficit)

This was the after-tax profit as reported in tax return schedules reconciling income per books of account with income per Internal Revenue Code (see Schedule M-1, "Reconciliation of income per books with income per return," on the Form 1120 return facsimile in section 6 of this report) or, in the case of most insurance companies, from the annual statements filed with the return.

For the most part, tax law provisions agree with accepted accounting practices and recognize the application of general accounting principles to the conditions and practices of a particular trade or business. However, for certain kinds of income, deductions, or transactions, the law allowed or required special accounting that differed from generally accepted accounting methods.

Three fundamental reasons account for most of the disparity between tax and book profits: (1) different methods of depreciation or amortization; (2) ac-

counting differences in timing the receipt of income and the expensing of deductions, e.g., installment sales, income from construction contracts, prepaid income or anticipated future losses or expenses, income from foreign subsidiaries and expenses typically capitalized on the books but expensed on the tax return (e.g., intangible drilling costs), or vice versa; and (3) recognition of certain income and deductions for tax purposes only, e.g., the foreign dividend income resulting from foreign taxes deemed paid, or for book purposes only, e.g., interest on State and local Government obligations, lobbying expenses, and certain undistributed profits of foreign subsidiaries. Also, net income for tax purposes is likely to be more uniformly determined than net income for book purposes because of the necessity to conform to provisions of the Internal Revenue Code, although complete uniformity is lacking because of the various elections, special treatments, and other provisions in the law.

The data shown are subject to certain limitations. Although all corporations were required to provide data for a reconciliation of profits, some did not include them in their tax returns as originally filed, while others provided them in schedules of their own design from which total book net income could not always be determined. This last group included those consolidated returns in which book net income was shown separately for each affiliated corporation, but the consolidated net income after reduction by intercompany transactions was not shown. (See "Consolidated Returns" in this section.)

In addition, book net income was calculated after taxes were deducted. The income tax liability reported on the tax return often differs from the book amount because of the several methods of accounting for taxes on the books. The statistics may be slightly overstated depending on how parent corporations accounted for the earnings of their nonconsolidated subsidiaries. Duplication resulted when the parent reported its equity in subsidiaries in its book net income and the subsidiaries then also reported their individual book net incomes on their own returns.

On a historical basis, both book income and net income are affected by changes in accounting practices by particular companies, in generally accepted accounting principles, and in tax law. Moreover, because more definitive measures of the differences between tax and book profits are not available, there is no way of knowing how much of the difference is permanent (because of different definitions) or only temporary (timing differences would be expected to "wash out" over a number of years).

Table 14, Book Net Income or Deficit and Provision for Federal Income Tax, shows the comparison between book net income and deficit, provision for Federal income tax, net income (less deficit), and total income tax after certain credits and amounts. Corporations reported "book net income or deficit" as after income tax, however, "net income (less deficit)" was reported before taxes.

The last line of Table 14 was defined, for comparison purposes, to include the sum of the regular income tax, the additional tax for tax preferences, the taxes from recomputing the prior-year investment credit, tax on excessive net passive income tax (S corporations) and tax from income from U.S. sources that were not effectively connected with the conduct of a trade or business in the U.S. (Form 1120F, Section 1), reduced by the current year's investment, jobs, nonconventional source fuel, alcohol fuel, research, employee stock ownership, and orphan drug credits, but not by the foreign tax credit nor U.S. possessions tax credit. (This result

will be called "tax net income" in the discussion that follows.)

An "economic" or "accounting" approach was used to compute tax net income in regard to the treatment of foreign income and taxes to the extent that foreign income was included in the income statistics. It was felt that the corresponding income tax, whether domestic or foreign, should be uniformly reflected to the extent possible in the taxes used in this computation. By disregarding the foreign tax credit, foreign income taxes in effect were recognized as a deduction in arriving at tax net income, just as they were in arriving at book net income. To have done otherwise, by treating these taxes as a credit against U.S. tax, would have meant disregarding the effect of foreign income taxes on tax net income altogether. This was because corporations with a foreign tax credit could be thought of as having satisfied their U.S. income tax liabilities by paying taxes (to the extent of the credit) to foreign governments instead of the U.S. Government. The foreign tax credit was, after all, merely a device to prevent double taxation of foreign income.

This approach to foreign taxes for the statistics has drawbacks. The foreign tax credit, because of the limitations required in its computation, was not synonymous with total foreign income taxes. Because of the carryover provisions, some of the taxes credited for the current year were actually paid in other years while other amounts, paid on the current year income, had to be carried to other years for crediting. In addition, most foreign dividends had to be "grossed up" by the foreign taxes deemed paid on this income (see "Constructive Taxable Income from Related Foreign Corporations"). To the extent that such taxes were included as income, tax net income, conceptually, is overstated in comparison to book net income.

Aside from conceptual problems associated with the treatment of foreign income and taxes, it should be noted that Domestic International Sales Corporations (DISC's) and, for the most part, S Corporations electing to be taxed through stockholders, were not subject to the corporation income tax. Therefore, "Tax Net Income (or Deficit)" (the after-tax concept) for these companies is the same as "Net Income (or Deficit)" (the before-tax concept).

#### Business Receipts

Business receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances.

Business receipts included rents reported as a principal business income by real estate operators and by certain types of manufacturing, public utility, and service corporations. The latter corporations included manufacturers that frequently rented rather than sold products, such as automatic data processing equipment; lessors of public utility facilities, such as docks, warehouses, and pipelines; and companies engaged in rental services, such as the rental of automobiles or clothing.

Some corporations treated sales taxes and excise and related taxes which were included in the sales price of their products as part of their gross receipts from sales; others reported their receipts after adjustment for these taxes. When treated as receipts, sales taxes and excise and related taxes were deducted on the tax return as part of the cost of sales and operations or were included in the separately itemized deduction for taxes paid. In any case, the receipts as reported by the taxpayer were included in the statistics. See also "Cost of Sales and Operations" and "Taxes Paid."

In the finance, insurance, and real estate industries, business receipts included such banking items as fees, commissions, trust department earnings, exchange collections, discounts, and service charges, when identified in schedules attached to the return. Business receipts also included interest which could not be separately identified as such. (Interest, the principal operating income of banking and savings institutions, is shown separately in the statistics under "Other Interest" and is, therefore, excluded from business receipts.) Special statistical treatment was required for the few banking institutions which reported the purchase and sale of Federal funds as part of cost of sales and operations and business receipts, respectively. For the statistics, the amount paid by the banking institutions for these funds was excluded from the "Cost of Sales and Operations" and a corresponding amount was excluded from business receipts.

Also in the finance, insurance, and real estate industries, premium income of most insurance companies was included in business receipts. However, certain mutual insurance companies with total receipts of less than \$500,000 were not required to report premium income. Therefore, total business receipts for insurance carriers are slightly understated.

Generally, in the finance, insurance, and real estate industries, income from investments, when identified in schedules attached to the return, was allocated to one of the specific types of investment income for which statistics are shown separately. Rent reported by real estate operators, however, was accepted as business receipts.

Business receipts reported by stock and commodity brokers, dealers, and exchanges, by condominium management and cooperative housing associations, and by real estate subdividers, developers, and operative builders required special statistical treatment. For these operations, net profit or loss from the sale of stocks, commodities, or real estate, when identifiable, was allocated to the statistics for net gain or loss from sales or exchanges of noncapital assets. If the corporation reported both business receipts and cost of sales and operations without identifying the source, and the cost of sales and operations was 50 percent or more of the business receipts, the net gain or loss was allocated to the statistics for net gain or loss from sales of non-capital assets because the items were considered to include stock, commodity, or real estate transactions. Otherwise, business receipts for these companies were used as reported and included commissions and service fees.

For Domestic International Sales Corporations (DISC's), business receipts included only "qualified" export receipts, i.e., the sum of (1) gross receipts from noncommission sales of export property, leasing or renting of export property, services related and subsidiary to a qualified export sale or lease, engineering and architectural services, and export management services; and (2) commissions earned by DISC's acting as commission agents for someone else (rather than the gross receipts on which the commissions were earned). In other words, "qualified" receipts were those which were considered to be export-related and as such were the only receipts included in the statistics for business receipts. Receipts not considered to be export-related (i.e., "nongeneral" receipts) were included in "Other Receipts."

In addition to the income types described above which were uniquely treated by law, by the tax return, or for the statistics, there were certain other kinds of income from sales and operations that

are not reflected in business receipts. In general, this income was included as part of the much broader category, sales of property used in trade or business. For additional information about this income, see "Net Capital Gains" and "Net Gain (or Loss), Noncapital Assets."

#### Calendar Year Returns

Calendar year returns were those filed for the 12-month period beginning in January and ending in December. Most of the larger corporations filed for this period. Figure B in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report.

#### Capital Stock

This end-of-year balance sheet equity item included amounts shown for outstanding shares of both common and preferred stock.

#### Cash

This balance sheet asset item included the amount of actual money or instruments and claims which were usable and acceptable as money on hand at the end of the taxable year.

For Domestic International Sales Corporations (DISC's), this item was the sum of the following accounts shown separately on the tax return: working capital (i.e., cash and necessary temporary investments) and funds awaiting investment (i.e., cash in U.S. banks in excess of working capital needed to acquire other qualified assets).

#### Compensation of Officers

Salaries, wages, stock bonuses, bonds, and other forms of compensation were included in this deduction item if they were identified as having been paid to officers for personal services rendered. Understatement was possible to the extent compensation was reported as part of another deduction item (such as an overall employee compensation figure) and, if not clearly identified, was included in the statistics for "Cost of Sales and Operations" or "Other Deductions."

#### Consolidated Returns

Consolidated returns were income tax returns which contained the combined financial data of two or more corporations meeting the following requirements: (1) a common parent corporation owned at least 80 percent of the voting power of all classes of stock and at least 80 percent of each class of nonvoting stock (except stock which was limited and preferred as to dividends) of at least one member of the group; and (2) these same proportions of stock of each other member of the group were owned within the group.

Corporations electing to file consolidated returns in one year had to file consolidated returns in subsequent years, with certain exceptions. The consolidated filing privilege could be granted to all affiliated domestic corporations connected through stock ownership with a common parent corporation except: (1) regulated investment companies; (2) real estate investment trusts; (3) corporations for which an election to be treated as a possessions corporation under Code section 936(e) was in effect; (4) corporations designated tax-exempt under Code section 501; and (5) Domestic International Sales Corporations (DISC's). Under prior law, affiliated insurance companies were allowed to file a consol-

idated return if they were taxable under the same provisions of the Code. However, noninsurance companies with which they also may have been affiliated could not be included in the same return. Starting with taxable years beginning after December 31, 1980, insurance companies were allowed to file a consolidated return which included noninsurance companies as long as the noninsurance companies had been members of the affiliated group for 5 taxable years, that is, since January 1, 1976.

A consolidated return, filed by the common parent company, was treated as a unit, each statistical classification being determined on the basis of the combined data of the affiliated group. Therefore, filing changes to or from a consolidated return basis affect year-to-year comparability of certain statistics (such as data classified by industry and size of total assets).

#### Constructive Taxable Income from Related Foreign Corporations

This item represented the sum of (1) "Includable Income from Controlled Foreign Corporations" identified as "Income from Controlled Foreign Corporations under Subpart F" on the Form 1120 tax form and (2) "Foreign Dividend Income Resulting from Foreign Taxes Deemed Paid," identified as "Foreign Dividend Gross-Up (section 78)" on the Form 1120 tax form.

Includable income from Controlled Foreign Corporations represented amounts, not actually received, which a domestic corporation owning at least 10 percent of a Controlled Foreign Corporation was required by Code section 951 to include in its gross income. For most purposes, the foreign corporation was considered controlled if more than 50 percent of its voting stock was controlled by U.S. persons, including domestic corporations, each of whom owned at least 10 percent of its voting stock.

The includable income consisted of:

- (1) subpart F income, defined below;
- (2) any previously excluded subpart F income which had been invested in qualified assets in "less developed countries," but which was now either withdrawn from these countries or remitted to the U.S. stockholders and was thereupon taxable;
- (3) any previously excluded subpart F income which had been withdrawn from foreign base company shipping operations; and
- (4) any increase in Controlled Foreign Corporation earnings due to investment in U.S. property.

Subpart F income, defined in Code section 952, included:

- (1) income attributable to premiums received by foreign insurance companies that were Controlled Foreign Corporations whose insurance business was on U.S. risks (as determined under Code section 953); and
- (2) "foreign base company income," which included:
  - (a) "foreign personal holding company income" (income derived from portfolio investments or from "passive" investments);
  - (b) "foreign base company sales income" (generally from the sale of property produced in the United States or a foreign country by one corporation and sold by a related corporation, generally a trading company, organized in another country having a low rate of taxation, for use outside that country);
  - (c) "foreign base company services income" (in general, income from services performed or furnished for a related

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- person, which included corporations, outside the country of incorporation of the Controlled Foreign Corporation, but with certain exceptions);
- (d) "foreign base company shipping income" (in general, income derived from use of aircraft or vessels in foreign commerce or income derived in connection with the performance of services directly related to any such aircraft or vessel); and
- (e) "foreign base company oil-related income" (in general, income from oil or gas which was extracted from oil or gas wells in the foreign country or income from oil, gas, or a primary product of oil or gas which was sold by the foreign corporation for use or consumption within such country).

Foreign dividend income resulting from foreign taxes deemed paid related to certain foreign taxes on profits of companies which were 10 percent or more owned by domestic corporations. If dividends were distributed to a domestic corporation (from these foreign profits), the domestic corporation was required to increase (or "gross-up") such dividends by a proportionate amount of the foreign taxes deemed paid on the foreign profits for which the domestic corporation claimed a foreign tax credit. See also "Foreign Tax Credit."

Analysis of returns of some of the larger corporations revealed instances where amounts reported as foreign dividend income resulting from foreign taxes deemed paid were actually dividends received from foreign corporations, and instances where amounts reported as dividends received from foreign corporations were actually the gross-up of foreign taxes deemed paid. (Both of these items were reportable on the dividends received schedule of the income tax return.) If these amounts were so identified on supporting schedules, they were transferred to the correct item for the statistics.

In table 13 foreign dividend income resulting from foreign taxes deemed paid and includable income from controlled foreign corporations are shown separately. In all other tables these two items are combined and shown under the statistics for constructive taxable income from related foreign corporations.

#### Contributions or Gifts

Contributions or gifts to charitable, religious, educational, and similar organizations were deductible under Code sections 170, 809, and 882. In general, the deduction was limited to 10 percent (5 percent for tax years beginning before 1982) of taxable income computed without regard to:

- (1) the deduction for contributions;
- (2) special deductions for dividends received and for dividends paid on certain preferred stock of public utilities;
- (3) any net operating loss carryback; and
- (4) any capital loss carryback to the tax year.

Also, certain additional adjustments were required in the case of life insurance companies. Charitable contributions over the 10 percent limitation could be carried forward to the next 5 tax years; however, the carryover was not allowed if it increased a net operating loss carryover.

#### Cost of Property Used for Investment Credit

Amounts included under this heading are estimates for the total cost or basis of depreciable property (defined in Code section 48 and described under "Investment Credit" in this section) reported in

connection with the computation of the investment credit. Only property with a useful life of 3 years or more was eligible for investment credit.

Although corporations generally reported their investments at cost, most corporations claiming the investment credit for leased property used the fair market value instead.

The statistics include amounts reported but not used for the computation of the investment credit. A limitation, for instance, was placed on the amount of used property which could be taken into account in the computation of the credit. (See "Investment Credit".) Also included were amounts which were ultimately used in the computation of the credit by end-of-the-year shareholders of S corporations electing to be taxed through those shareholders.

#### Cost of Sales and Operations (#)

Cost of sales and operations generally consisted of the direct costs incurred by the corporation in producing goods or providing services. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and certain overhead expenses, such as rent, utilities, supplies, maintenance, and repairs. The valuation methods the corporation used to value its inventories consisted of

- (1) cost;
- (2) cost or market value (whichever was lower); or
- (3) any other method that was approved by the Commissioner of Internal Revenue.

Corporations with manufacturing or production operations were required to compute taxable income in accordance with the "full absorption" method of inventory costing as prescribed by the income tax regulations. In general, under full absorption costing, certain indirect production costs as well as direct production costs were allocated to goods produced during the taxable year, whether included as costs of the taxable year or as inventory at the close of the year determined in accordance with the corporation's method of identifying goods in inventory. In determining inventory costs, indirect production costs were: (1) always included, such as for repairs, indirect labor, and indirect materials and supplies; (2) not required to be included, such as for marketing expenses, selling or other distribution expenses, and interest; or (3) included or excluded from the cost of sales and operations depending on how such costs were treated in the corporation's books of account. These costs included insurance costs, taxes paid, and depletion expenses. Thus, the statistics also include certain indirect production costs reported by corporations as a cost of sales.

Included in cost of sales were costs incurred by Domestic International Sales Corporations (DISC's) for warehousing (which could include rental warehouse facilities, labor, heat and power) of export-related articles.

Sales taxes and excise and related taxes may have been reported in cost of goods sold schedules when corporations treated these taxes as part of the sales price of products. When taxes were identified in cost of goods sold schedules, they were added to the statistics shown for the separate deduction for "Taxes Paid." Similarly, expenses for depreciation, depletion, amortization, rent of buildings or real estate, advertising, contributions to pension plans, contributions to employee benefit programs, bad debts, compensation of officers, contributions to charitable organizations, intangible drilling costs and interest were transferred to their respective deduction categories when identified in cost of goods sold schedules.

The income or loss from sales of securities, commodities, or real estate by stock and commodity brokers, dealers, and exchanges, and by real estate subdividers, developers, and operative builders was transferred from business receipts, and the net profit or loss from these transactions included in net gain or loss from sales or exchanges of noncapital assets.

See also "Business Receipts."

#### Cost of Treasury Stock

This item was the total value of issued common or preferred stock which had been reacquired and was held at the end of the accounting year by issuing corporations. The stock, which was available again for resale or cancellation, may have been purchased by the corporation or acquired through donation or as settlement of a debt. Treasury stock was not a part of capital stock outstanding and did not include unissued capital stock.

The amounts shown may be somewhat understated. Treasury stock intended for resale may have been reported as an asset on some tax returns and, if not clearly identified as for resale, would have been included in the statistics for "Other Investments." When identified, though, such stock was transferred to the statistics for "Cost of Treasury Stock."

#### Credit for Tax on Special Fuels, Nonhighway Gasoline and Lubricating Oil (#)

Code section 39 allowed a credit in full or in stated amounts for excise taxes on:

- (1) gasoline used on farms for farming purposes (Code section 6420);
- (2) gasoline used for nonhighway purposes or by local transit systems (Code section 6421); and
- (3) fuel not used for taxable purposes (Code section 6427).

These taxes could be applied as a credit against income tax liability or could have been, under certain conditions, refunded directly. These items also included amounts refunded through Domestic International Sales Corporations (DISC's) although these corporations were nontaxable.

#### Credit for Tax Paid by Regulated Investment Companies

Regulated investment companies were required to pay a tax (at capital gains rates) on amounts of undistributed net long-term capital gain less net short-term capital loss. Stockholder corporations, for their part, were required to include in the computation of their long-term capital gains any such gains designated by the parent as undistributed dividends. The stockholder corporations were then deemed to have paid the tax on the undistributed long-term capital gain dividends and were allowed a credit (or a refund) for the tax they were deemed to have paid. It is this credit which comprises this item.

#### Deficit

See "Net Income (or Deficit)."

#### Depletable Assets

Depletable assets represented, in general, the gross end-of-year value of mineral property, oil and gas wells, other natural deposits, standing timber, intangible development and drilling costs capitalized, and leases and leaseholds, each subject to

depletion. Accumulated depletion represented the cumulative adjustment to these assets shown on the corporation's books of account. In some instances, depletable assets may have been included with "Depletable Assets," or may have been reported as land or as "Other Investments" by the taxpayer, and could not be identified for this report.

The value of depletable assets and accumulated depletion may not be closely related to the current year depletion deduction. The depletable assets and accumulated depletion balance sheet accounts reflected book values; the depletion reflected the amount claimed for tax purposes.

#### Depletion (#)

This deduction was allowed for the exhaustion of mines, oil and gas wells, other natural deposits and timber. For standing timber, depletion was computed on the basis of cost. In the case of natural deposits, the depletion could be computed either on the basis of cost or upon a fixed percentage of the gross income, less rents and royalties, from the depletable property. Generally, for gas and oil wells the gross income was the actual sales price, or representative market or field price if the gas or oil was later converted or manufactured prior to sale. For other natural deposits, gross income was the gross income from mining, defined to include extractive and certain treatment processes. Also included as gross income were exploration expenditures, previously deducted, that were required under provisions of Code section 617 to be recaptured when the mine reached the production stage.

Under elective provisions of the Code, exploration and development expenditures connected with certain domestic natural deposits (except gas and oil) could be deducted currently, treated as deferred expenses, or capitalized. The write-offs of amounts deferred or capitalized were not included as part of depletion.

Percentage depletion, though based on percentages of gross income from depletable property, was limited. Generally, it could not exceed 50 percent of the taxable income from the property computed without the depletion deduction. Percentage rates of gross income for each type of natural deposit were listed in Code section 613 and ranged from 5 to 22 percent.

Generally, percentage depletion could not be used for oil and gas wells. However, independent producers (and royalty owners) could have used percentage depletion, provided they did not refine more than the taxpayer's depletable oil quantity of domestic crude oil in any day and that the taxpayer's average daily production of domestic natural gas does not exceed the taxpayer's depletable natural gas quantity. The depletion rate for small producers was 16 percent (for tax year 1983) for a maximum daily average of 1,000 barrels.

As explained under "Net capital gains", the cutting of timber was eligible for net long term capital gain treatment under Code section 1231. If timber depletion was used in the computation of gain (or loss), it could not be identified for the statistics. Because of taxpayer reporting variations involving the computation of gain or loss, or of gross receipts from sales (and the cost of sales and operations or depletion deduction), the depletion statistics may be incomplete for industries in which sales of cut timber or of lumber or wood products are a major source of income.

The amounts shown in the statistics include any identifiable depletion reported as part of the cost of sales and operations.

See also "Additional Tax for Tax Preferences."

### Depreciable Assets

Depreciable assets, reported on the corporation's end-of-year balance sheet, consisted of tangible property (such as buildings and equipment) which was used in the trade or business or held for the production of income and which had a useful life of 1 year or more. The statistics for this item could include fully depreciated assets still in use and partially completed assets for which no deduction was allowed, when the corporation reported them as depreciable in its balance sheet. The statistics for depreciable assets exclude those intangible assets which were depreciable or amortizable only for tax purposes. Such assets, patents and copyrights for example, were includable in "Intangible Assets." The amounts shown as accumulated depreciation represent the portion of the assets that were written off in the current year, as well as in prior years.

The amounts shown for depreciable assets are, in general, the gross amounts before adjustments for depreciation or amortization charged in current and prior years. Some corporations, however, reported only the net amount of depreciable assets after adjusting for these depreciation or amortization charges. Among the corporations reporting only a net amount of depreciable assets were many insurance carriers reporting balance sheet information in the format required by State insurance regulations. This format usually provided for the reporting of only net depreciable assets and only the home and branch office buildings and equipment were included. Other real estate holdings of these corporations were reported as "other investments."

The value of depreciable assets and accumulated depreciation may not be closely related to the current-year depreciation deduction. The depreciable assets and accumulated depreciation balance sheet accounts reflected book values; the depreciation deduction reflected the amount claimed for tax purposes.

### Depreciation

The Accelerated Cost Recovery System (ACRS) was enacted in the Economic Recovery Tax Act of 1981 (ERTA). Under ACRS, companies were allowed to recover the capital costs for most tangible new or used depreciable property by means of new accelerated methods, over statutory recovery periods that were unrelated to, and shorter than, the Asset Depreciation Range (ADR) property class lives prior to ERTA. Furthermore, the methods of cost recovery and the recovery periods were the same for both new and used property. Under this new system, the taxpayer merely applied a statutory percentage to the unadjusted basis of property. The percentage applied depended on the class of the property and the number of years since the property was placed in service. Salvage value was not taken into account and, if the property were sold, no deduction was allowed for the year in which the asset was disposed of.

Under the new system, the cost of eligible personal property was to be recovered over periods of 3, 5, 10, or 15 years, depending on the recovery class of a particular type of property. The 3-year class included tangible depreciable property (that was covered under Code section 1245). In general, 5-year property included all section 1245 depreciable personal property that was not 3-year, 10-year, or 15-year. The 10-year class included public utility property with an ADR life of more than 18 but less than 25 years (other than 3-year class property or section 1250 property), section 1250 class property with an ADR life of 12.5 years or less. The property falling in the 15-year class was public utility property (except that regarded as 3-year property or

covered under section 1250) with an ADR class life of over 25 years. There was also a separate 15-year class for real property covered by section 1250 with an ADR class life of 12.5 years or less.

In assigning public utility property to a recovery period, a company first had to take note of the fact that such property could only qualify as recovery property if the company used a normalization method of accounting in setting the rates charged to customers. Otherwise, the depreciation was determined under previous rules, using the pre-existing depreciation methods and useful lives.

Each of the four classes of depreciable personal property had its own statutory percentage for use in each year of the recovery period. For property placed in service in 1981-1984, these percentages approximated the beneficial effect of the 150-percent declining-balance method for the early years and the straight-line method for the later years. A "half-year convention" was prescribed, whereby a half-year's depreciation was allowed for the year the property was placed in service, regardless of when during the year the property was actually placed in service. The half-year convention was also required in the year following the end of the recovery period, assuming the property was held for the full period.

For depreciable real property, recovery deductions had to approximate the beneficial effect of the 200-percent declining-balance method for low-income housing and the 175-percent declining-balance method for other real property for the early years, and the straight-line method, in both cases, for the later years. The basis for most property was recoverable over a 15-year period. The recovery deductions in the years of acquisition and disposition were to be based on the number of months the property was held, rather than on the half-year convention used for personal property. The full-year writeoffs for the intervening years therefore had to take into account the number of months the property was in service during the first year.

The ERTA no longer permitted the use of the retirement-replacement-betterment (RRB) method for depreciating railroad property as of January 1, 1981. Property placed in service after 1980 that would have been RRB property was to be treated as 5-year property under ACRS. During a transition period (1981-84), a special rule was provided for replacement property that would have been normally expensed under RRB. Under this rule, property placed in service in 1981 could be fully expensed, while property placed in service in 1982 through 1984 was to be recovered over 2, 3 and 4 years, respectively, using an accelerated method based on the 200-percent declining-balance method for the earlier years with a switch to the sum-of-the-years digits method for the later years. Except for property placed in service in 1981, only one-half of a year's depreciation was allowed for the year the property was placed in service, regardless of when during the year the property was placed in service.

Capitalized costs under the RRB property that had not yet been recovered through retirement as of December 31, 1980, could be recovered over a period of not less than 5 years and no more than 50 years, using a method which included the 200-percent declining-balance method for the earlier years and then the sum-of-the-years digits method at such time as that method maximized the deduction.

Unlike depreciation under prior law, special rules applied to the cost recovery of foreign property. Property used outside the United States for more than half the taxable year generally was considered a foreign asset. The cost of personal property used predominantly outside the United States was recovered using a recovery period equal to the ADR class life for the property as of January 1,

1981. For depreciable personal property for which there was no ADR midpoint life as of January 1, 1981, a 12-year recovery period was to be used. The recovery percentages were to be based on the 200-percent declining-balance method for the early years and the straight-line method for the later years. In addition, the half-year convention was not used and there was no salvage value limitation. For depreciable real property, the recovery period was 35 years, with the recovery deduction based on the 150-percent declining-balance method for the early years and the straight-line method for the later years. In addition, the half-year convention was not used and there was no salvage value limitation.

The taxpayer was also given the option to use straight-line depreciation for a given class of property, instead of the regular ACRS deduction based on the accelerated methods mentioned above, although the rules varied depending on whether the asset was personal or real property and whether it was used predominantly outside the United States. For personal property, the taxpayer could choose to use certain longer periods instead. These optional periods were:

- (1) 5 or 12 years for 3-year property,
- (2) 12 or 25 years for 5-year property,
- (3) 25 or 35 years for 10-year property, and
- (4) 35 or 45 years for 15-year property.

The half-year convention was required under this election for both the year the property was placed in service and the year following the end of the recovery period. The same recovery period then had to be used for all property in the class. Other classes of property were subject to separate elections, at the option of the taxpayer. For real property, the optional recovery periods when the straight-line method was elected were 15, 35, and 45 years and the election was made separately for each property. For foreign property, the rules applicable to personal and real property were the same as those used for U.S. personal and real property, with one exception. This exception was for the optional recovery periods for real property, whereby in addition to the optional recovery periods listed above the ADR class life was also included.

ERTA repealed the additional first-year depreciation allowance for property placed in service after 1980 and replaced it with a provision that permitted a taxpayer to treat the cost of qualifying property, Code section 179 property, as a currently deductible expense rather than as a capital expenditure. The deduction of costs for this property was allowed in the tax year the property was placed in service. Neither an ACRS deduction nor investment tax credit was allowed for the costs that were expensed. The new law set an annual dollar limitation of \$5,000 for the cost that could be expensed for property placed in service in taxable years beginning in 1982 and 1983.

#### Distributions to Stockholders (#)

Distributions to stockholders consisted of the corporation's own stock, and of cash and other property, generally reported as part of the analysis of unappropriated retained earnings. Liquidating dividends, when identified, were excluded.

In those instances where a corporation reported only a single total for distributions to stockholders and did not identify these distributions as cash or stock or other property, that total was treated as a distribution to stockholders in cash and property other than in the company's own stock.

Regulated investment companies and real estate investment trusts could treat certain dividends paid after the close of their taxable year as

distributions during the current taxable year. In a similar manner, for S corporations electing to be taxed through stockholders, distributions of money made within 2-1/2 months after the close of the taxable year were considered to be distributions of the corporation's undistributed taxable income of the preceding taxable year. Otherwise, the statistics do not include amounts taxed to stockholders in the current year, but which would not actually be distributed to them until a future year. The Schedules M-1 and M-2 were abolished for the 1983 Forms 1120S. Therefore, distributions were not abstracted for these returns.

For Domestic International Sales Corporations (DISC's), only amounts actually distributed (i.e., distributions that were made to meet the DISC qualification requirement under Code section 992, including "deficiency distributions" made after the close of the taxable year to avoid disqualification as a DISC, or other actual distributions) were included in the statistics. Dividends which were not actually distributed, but rather deemed distributed under section 995, were excluded.

#### Dividends Received from Domestic Corporations

Dividends received from domestic corporations represented most distributions from current as well as accumulated earnings and profits of companies incorporated in the United States. (For a discussion of other distributions of domestic corporations, see "Other Receipts" in this section.) For the most part, dividends received from domestic corporations represented those recognized in computing the special deduction from net income for domestic intercorporate dividends received. (See also "Statutory Special Deductions.")

Certain domestic dividends, although not deductible, were nevertheless included in dividends received from domestic corporations. These were dividends received by regulated investment companies, real estate investment trusts, and S corporations electing to be taxed through stockholders. Dividends from Domestic International Sales Corporations (DISC's) were also included as domestic dividends received, but were not deductible. Certain other dividends, not deductible, were treated for the statistics as "Other Receipts."

For most of the domestic dividends received, the deductible portion was equal to 85 percent (about 60 percent for dividends received on certain preferred stock of public utilities). However, a 100-percent deduction was allowed for dividends received by members of a controlled group from other members of the same controlled group when a consolidated return was not used to report for the group as a whole. This deduction was allowed when the group did not elect to file a consolidated return and agreed instead to apportion a single surtax exemption among the group members in computing income tax.

Dividend distributions among member corporations electing to file a consolidated return were eliminated from the statistics as part of the consolidated reporting of tax accounts. For tax purposes, dividends reported on these returns represented amounts received from corporations that were outside the tax-defined affiliated group.

For a discussion of the dividends received from a DISC see "Domestic International Sales Corporation Returns."

#### Dividends Received from Foreign Corporations

These dividends were paid from current as well as accumulated earnings and profits of companies incorporated in foreign countries.

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Dividends received from foreign corporations consisted of:

- (1) dividends, subject to the 85-percent deduction, received by U.S. corporations from those foreign corporations at least 50 percent or more of whose gross income was "effectively connected" with business conducted in the United States;
- (2) dividends, subject to the 100-percent deduction, received by U.S. corporations from wholly-owned foreign subsidiaries all of whose gross income was "effectively connected" with the conduct of a U.S. trade or business; and
- (3) any other foreign dividends, not subject to a deduction, which included: certain gains from the sale, exchange, or redemption of Controlled Foreign Corporation stock and foreign dividends received by S corporations electing to be taxed through stockholders.

Excluded from the dividend statistics was the "gross-up" of foreign taxes deemed paid on the profits from which the dividends of foreign subsidiaries were distributed. This was done even though "foreign dividend income resulting from foreign taxes deemed paid" (gross-up) was considered by law to be part of the dividends received. Dividends only constructively received from foreign subsidiaries, reported on the tax returns as "includable income from Controlled Foreign Corporations," were also excluded. If these amounts were actually distributed at a later date, they were neither retaxed nor reported. For the statistics, both items were combined and shown under "Constructive Taxable Income from Related Foreign Corporations."

The foreign dividend statistics presented in this report are subject to certain limitations. Some corporations reported certain foreign dividends as "includable income from Controlled Foreign Corporations," while others did the reverse, since both were reported in the schedule for dividends received. Also, some corporations included as foreign dividends the gross-up of dividends by foreign taxes paid or deemed paid while others did the reverse. Where these variations in taxpayer reporting were identified, the amounts were transferred to the correct item for the statistics.

#### Domestic International Sales Corporation Returns

Form 1120-DISC, Domestic International Sales Corporation Return, was filed by corporations which were established under the Revenue Act of 1971 in order to provide a system of tax deferral on profits derived from exports of U.S. goods and services.

To qualify as a DISC, a corporation must have been organized under the laws of any State or the District of Columbia, have only one class of stock, issued outstanding capital stock with a par or stated value of at least \$2,500, and satisfied the "gross receipts" and "gross assets" tests.

The gross receipts test required that at least 95 percent of the corporation's gross receipts consist of "qualified export receipts." Qualified export receipts were: gross receipts from the sale, exchange, or other disposition of "export property" (described below); gross receipts from the lease or rental of export property, which were used by the lessee of such property outside the United States; gross receipts from the sale, exchange, or other disposition of "qualified export assets" (other than export property); gross receipts from services which were related and subsidiary to any qualified sale, exchange, lease, rental, or other disposition of

export property; dividends with respect to stock of a related foreign export corporation; interest on any obligation which was a qualified export asset; gross receipts from engineering or architectural services for construction projects located (or proposed for location) outside the United States; and gross receipts from the performance of managerial services in furtherance of the production of other qualified export receipts of a DISC.

The gross assets test required that at least 95 percent of the corporation's assets be "qualified export assets." In general, qualified export assets were inventories of "export property" (i.e., property which: (1) had been manufactured, produced, grown or extracted in the United States by other than a DISC; (2) was held primarily for sale or lease in the ordinary course of business for direct use, consumption, or disposition outside the United States; and (3) had at the time of sale or lease by the DISC not more than one-half of its fair market value attributable to imported articles); necessary operational equipment and supplies; trade receivables from export sales (including commissions receivable); producer's loans (i.e., loans of the DISC's profits to a U.S. export producer whether or not related to the DISC); working capital (i.e., cash and necessary temporary investments); investments in related foreign export corporations (including real property holding companies and associated foreign corporations); obligations issued, guaranteed, or insured by the Export Import Bank or the Foreign Credit Insurance Association; and, obligations of the Private Export Funding Corporation.

A DISC, which for a taxable year failed to satisfy the gross receipts test or the gross assets test, could nevertheless satisfy these qualification requirements by making a "deficiency distribution" for such a year, whereby the DISC made a distribution to its stockholders after the close of the taxable year. The DISC, at this time, had to demonstrate that the failure to make these distributions prior to the close of the year was due to reasonable cause.

To qualify as a DISC, a new or previously existing corporation had to file an election requesting to be treated as a DISC. For the election to be valid, all stockholders of the corporation on the first day of the election year must have consented in writing. The election remained valid unless the corporation revoked it or failed to qualify as a DISC for 5 consecutive years.

A DISC usually acquired export property from its parent or an affiliated corporation ("related suppliers") and then sold the property abroad; however, it could act simply as a commission agent on export sales of related suppliers. The method used for allocating income between a DISC and its related suppliers was achieved through special intercompany pricing rules. This allocation of income was affected to the extent that the DISC itself incurred "export promotion expenses" (i.e., the ordinary and necessary expenses incurred to obtain qualified export receipts).

The types of corporate organizations not eligible to be treated as a DISC were: (1) tax-exempt corporations; (2) Personal Holding Companies; (3) banks and trust companies; (4) mutual and savings banks, domestic building and loan associations, and cooperative banks; (5) insurance companies; (6) regulated investment companies; and (7) S corporations electing to be taxed through their stockholders.

For additional information regarding DISC's see Annual Reports, The Operation and Effect of the Domestic International Sales Corporation Legislation issued by the Department of the Treasury as required by the Revenue Act of 1971.

Employee Benefit Programs

Contributions made by employers to such plans as death benefit plans, health plans, accident and sickness plans, and other welfare plans were deductible under Code section 162. The statistics for this item include amounts identified in the cost of sales and operations schedules.

Employee Stock Ownership Credit (#)

ERTA contained revised provisions for an employee stock ownership (ESOP) tax credit. The investment-based credit for employer contributions to ESOP's for industries that were more capital-intensive was terminated at the end of 1982 and was replaced by a new credit tied to payroll. The new credit, reported on Form 8007, was designed to encourage formation of such plans in industries that were more labor-intensive and was based on the lesser of (a) the value or employer stock (or cash with which to buy such stock) contributed by the corporation to the plan each year, or (b) a specified percentage of the total compensation of those employees participating in the plan that was paid or accrued during the portion of the corporation's accounting period that fell within a given calendar year. The percentage for 1983 (and 1984) was .5; for 1985-87, it was .75. The new credit was then due to expire, on January 1, 1988. No credit was allowed regulated public utility companies, if, for example, it resulted in a reduced cost of service for rate making purposes or as shown in its regulated books of account or if it served to reduce the base to which the employer's rate of return was computed for rate making purposes. The credit allowed was limited to \$25,000 plus 90 percent of the tax in excess of \$25,000. The income tax against which the credit was applied was after reduction by foreign tax, possessions tax, investment, jobs, alcohol fuel, nonconventional source fuel, and research credits. Unused credits could be carried back for use in the 3 preceding years and then, if necessary, carried over to the 15 succeeding years. After the fifteenth year any amount remaining could be deducted as part of the deduction for employer contributions to qualifying plans.

Estimated Tax Payments

Corporations subject to taxation under Code sections 11, 1201(a) or subchapter L of Chapter 1 (relating to insurance companies) were required to make quarterly tax payments if the estimated tax for the taxable year was expected to be \$40 or more. Estimated tax was the excess of the income tax (estimated) imposed by Code sections 11, 1201(a), or Subchapter L of Chapter 1 (including tax from recomputing prior-year investment credit and additional tax for tax preferences) over the amount the corporation estimated as the sum of credits against tax (including foreign tax, possessions tax, investment tax, jobs, nonconventional source fuel, alcohol fuel, research, employee stock ownership and orphan drug credits). Also, the Tax Equity and Fiscal Responsibility Act of 1982 increased the percentage of current year tax liability which corporations had to pay in estimated tax payment from 80 to 90 percent for taxable years beginning after 1982.

Estimated tax payments shown in this report may be somewhat less than the legal maximum percentages of tax due because, under the provisions of Code section 6655, certain tolerances were allowed in the relationship of the installment payments to the tax. For example, a corporation was not required to pay an estimated tax greater than the amount of tax liability for the previous year provided that the corporation had a tax liability for the previous

year. Besides the limitations based on law, payments shown in the statistics may be slightly understated because of taxpayer reporting variations and the inability to identify all of the amounts from the tax returns.

Separate statistics are presented for the components of net estimated tax payments which include 1982 overpayments claimed as a credit, 1983 estimated tax payments, and refund of estimated tax payments.

Excessive Net Passive Income Tax

In general, under prior law (Code section 1372), an S corporation was not allowed to have passive investment income greater than 20 percent of its gross receipts unless that taxable year was the first or second year the corporation commenced the active conduct of any trade or business or the passive investment income for such taxable year was less than \$3,000.

Effective for tax years beginning in 1982, the Subchapter S Revision Act of 1982, Public Law 97-354 repealed the old 20 percent limitation on passive income for S corporations. The new law increased the limit on passive income to 25 percent for S corporations that had accumulated earnings or profits from prior subchapter C status and provided for a 46 percent tax on excessive net passive income. Passive investment income, in general, was gross receipts derived from royalties, rents, dividends, interest, annuities, or the sales or exchange of stock or securities.

Foreign Tax Credit

Code section 901 allowed a credit against the U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions including Puerto Rico. Credit was also allowed against the U.S. tax under Code sections 902 and 960 for foreign taxes "deemed paid." Foreign taxes included amounts paid by partnerships that were allocated directly to the partners (including those that were corporations) for their use as a credit (or a deduction, as described below). Also, credit was allowed for taxes deemed paid on distributions constructively received from controlled foreign corporations under Code section 951. The credit was allowed for these distributions if the domestic corporation owned 10 percent or more of the voting stock of the first-tier controlled foreign corporation.

The credit could be claimed by domestic corporations, and also by foreign corporations engaged in trade or business in the United States for foreign taxes on income "effectively connected" with the U.S. business.

However, the credit was not allowed for S Corporations electing to be taxed through stockholders even when these corporations were taxed on certain capital gains income. These corporations had to deduct from gross income any foreign taxes they paid and could not pass them on to their stockholders for their use as a foreign tax credit. The credit was also not allowed, for regulated investment companies which elected under Code section 853 to allow their stockholders to claim the credit for the foreign taxes paid by these companies. Since Domestic International Sales Corporations (DISC's) themselves were not taxable, the foreign tax credit was not applicable; however, DISC stockholders could claim an indirect credit for foreign taxes paid by a DISC.

A corporation that claimed the foreign tax credit could not also claim a business deduction for foreign taxes paid. The U.S. income tax which could be reduced by the credit excluded the tax from recomputing prior-year investment credit, the additional

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' tax for tax preferences (minimum tax), and the Personal Holding Company tax.

Generally, four types of income from foreign sources were specified for purposes of computing the foreign tax credit. For taxes paid in connection with certain interest income, the credit was computed separately. Also, for dividends received from DISC's or former DISC's that were attributed to certain export receipts (and were thereby regarded as foreign dividends), the foreign tax credit limitation was computed separately with respect to aggregate dividends received from all DISC's, and then to other foreign source income. Additionally, corporations had to compute their foreign tax credit separately for foreign oil-related income, which included foreign oil and gas extraction income. Finally, all other sources of income were treated, in the aggregate, separately.

Foreign taxes in excess of the limitation for any one year could be carried back, chronologically, to the 2 preceding years and then carried over to the 5 succeeding years to reduce income tax, subject to the foreign tax credit limitation of the years to which they were carried. (Excess taxes carried back or carried over were applied against the amount by which a limitation exceeded the creditable foreign taxes in a given year.).

#### Income Subject to Tax

The 1954 Code provided different tax bases upon which tax was levied for different types of corporations. These were the "taxable income" base defined by Code section 63, used by the majority of corporations, and to which the tax rates applied; a variation of this base in combination with long-term capital gain when the lower capital gains rate was applicable; the special capital gains tax base of S corporations electing to be taxed through their stockholders; the several tax bases applicable to insurance companies; and the amounts taxable to regulated investment companies and real estate investment trusts. All of these tax bases are under the heading, Income Subject to Tax. However, small amounts of regulated investment company undistributed long-term capital gains (described below) were excluded. Since Domestic International Sales Corporations (DISC's) themselves were not taxable, income subject to tax for these corporations was not applicable (see "Domestic International Sales Corporation Returns").

For most corporations, income subject to tax consisted of net income minus certain "statutory special deductions" (described in this report under a separate heading). However, there were certain exceptions. In some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. For these returns, income subject to tax was reduced to zero and the excess of the two special deductions became the statutory loss for the year, available for net operating loss deduction purposes over the prescribed carryback and carryover periods.

Also, the tax bases applicable to S corporations electing to be taxed through their shareholders, life insurance companies, regulated investment companies, and real estate investment trusts were not defined as net income less statutory special deductions.

Depending on which resulted in the lowest tax, the tax base for S corporations electing to be taxed through their shareholders was: (1) net income; (2) net long-term capital gain in excess of \$25,000, when net long-term capital gain was more than 50 percent of a net income that was over \$25,000; or (3) the amount attributed to gain from the disposition of

property using a "substituted basis" (i.e., the basis that was transferred from another corporation which was not a S corporation electing to be taxed through its shareholders). No net operating loss or "special deductions" were available. In addition, effective for tax years beginning in 1982, S corporations were subject to a 46 percent tax on excessive net passive income, which is described in this section.

For the life insurance company statistics, net income was derived from gain or loss from operations to which statutory special deductions were added back; income subject to tax was the smaller of gain from operations (which included statutory special deductions) or taxable investment income. To this amount the following were added: (1) when taxable investment income was smaller than gain from operations, 50 percent of the difference between these two amounts, and (2) amounts subtracted from the policyholders' surplus account (which contained income nontaxable in the year earned, but taxable later on when withdrawn from this reserve account, even if the company had no current-year net income).

In addition, the life insurance company provisions applied to life insurance departments of mutual savings banks, where the departments were separately taxed from the remainder of the banks. However, data for the banking and life insurance departments were combined in the statistics.

In the case of regulated investment companies and real estate investment trusts, any net long-term capital gain (reduced by net short-term capital loss) which was not distributed to stockholders was taxed to the companies at the capital gains rate, even though the alternative tax method was not allowed. The balance of undistributed income was taxed at the normal tax rates. Undistributed net long-term capital gain taxed at the capital gains rate was not available from the income tax computation schedule of the return form and no attempt was made to obtain it from attached schedules for the statistics.

See also "Income Tax."

#### Income Tax (#)

Income tax was the gross amount of income tax liability before deducting the foreign tax, U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research, employee stock ownership and orphan drug credits. (This item did not apply to DISC's, which are taxable through their stockholders; see "Domestic International Sales Corporation Returns" in this section.)

For taxable years beginning after December 31, 1981, the corporate tax rates were:

<u>Taxable income</u>	<u>Tax rate</u>
Under \$25,000 .....	16 percent
\$25,000 to \$50,000 .....	19 percent
\$50,000 to \$75,000 .....	30 percent
\$75,000 to \$100,000 .....	40 percent
Over \$100,000 .....	46 percent

Effective for taxable year beginning after December 31, 1982, the corporate tax rates were:

<u>Taxable income</u>	<u>Tax rate</u>
Under \$25,000 .....	15 percent
\$25,000 to \$50,000 .....	18 percent
\$50,000 to \$75,000 .....	30 percent
\$75,000 to \$100,000 .....	40 percent
Over \$100,000 .....	46 percent

For fiscal year taxpayers, the lower corporate rate applied to the parts of their fiscal years that

fell after December 31, 1982. This effected accounting periods with their beginning date in 1982 and ending date in 1983.

For corporations with net long-term capital gains, an alternative method of tax computation was required if using the alternative method resulted in a lower tax liability than the regular method. For these corporations the excess of net long-term capital gain over net short-term capital loss was taxed at the capital gains rate while the balance of income was taxed at the regular tax rate. This method of computing income tax was not available to regulated investment companies and real estate investment trusts. The alternative capital gains rate was 28 percent. (See "Net Capital Gains" in this section.)

In addition to the regular and alternative taxes, the statistics for income tax also include:

- (1) an additional tax for tax preferences ("minimum tax" described under a separate heading);
- (2) the tax from recomputing a prior-year investment credit (described under a separate heading);
- (3) the Personal Holding Company Tax (described under a separate heading);
- (4) the excessive net passive income tax for S corporations (described under a separate heading);
- (5) the tax from Section 1 for Foreign Corporations (described under a separate heading);
- (6) the 28-percent tax on certain long-term capital gains of S corporations electing to be taxed through their stockholders; and
- (7) the 28-percent tax on undistributed net long-term capital gain (reduced by net short-term capital loss), and the regular tax and surtax on the balance of undistributed income of regulated investment companies and real estate investment trusts.

Income tax shown in this report for returns without net income was attributable to the small number of returns showing:

- (1) income tax under special provisions of the Internal Revenue Code applicable to life insurance businesses;
- (2) tax from recomputing a prior-year investment credit;
- (3) additional tax for tax preferences ("minimum tax");
- (4) personal holding company tax; and
- (5) tax from Section 1 (Form 1120F) for foreign corporations.

Statistics for income tax do not reflect any adjustments to the tax liability such as those resulting from:

- (1) recomputation of the current year taxable income to reflect the carryback of net operating losses and certain capital losses for future years;
- (2) reduction of income tax by foreign tax, investment, U.S. possessions tax, jobs, nonconventional source fuel, alcohol fuel, research, employee stock ownership and orphan drug credits recomputed to take account of the carryback of unused investment credits and of unused foreign taxes, of certain future years;
- (3) audit examinations and other enforcement activities; and
- (4) uncollectible taxes.

Therefore, the statistics differ somewhat from the actual income tax collections and the final income tax liability of corporations for the Tax Year. Publication 55, Annual Report of the Commissioner and Chief Counsel of Internal Revenue, contains income tax collection data on a fiscal year basis as opposed to the income year basis used in

this publication. Publication 55 is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, 20402.

#### Intangible Assets

The total gross value (before the reduction by amounts of accumulated amortization) of contracts, copyrights, formulas, licenses, patents, registered trademarks, research or experimental expenditures and similar assets were included in this category only if amortization (or depreciation) was actually being taken. These assets could be amortized only if they had a definite life and value. Other intangible assets which were not amortizable were included in the statistics under "Other Assets."

Accumulated amortization represented the cumulative adjustment to these intangible assets as shown on the corporation's books of account. Amounts of accumulated depreciation shown as adjustments to intangible assets are included in the statistics with "Accumulated Amortization."

#### Interest

Taxable interest, a component of total receipts, was received from obligations issued by the United States, its agencies, or its instrumentalities.

Also included in this item were amounts received on loans, notes, mortgages, bonds, bank deposits, and corporate bonds. The amounts shown for this item were reduced by the amortizable bond premium. For installment sales, interest received included amounts stated in the contract and certain unstated amounts of interest, as provided in Code section 483.

For Domestic International Sales Corporations (DISC's), this item included "Interest on Producer's Loans." See the explanation of "Domestic International Sales Corporation Returns" in this section.

#### Interest on Government Obligations: State and Local

The interest on obligations issued by States, municipalities and other local Governments, the District of Columbia, and U.S. possessions, including Puerto Rico, was exempt from the income tax. The amounts shown for this item are reduced by the amortizable bond premium.

For statistical presentation, this interest is shown as part of the income statement and is included in "Total Receipts." Most corporations reported this tax-exempt interest in the "Reconciliation of income per books with income per returns" (see Schedule M-1 on the Form 1120 tax return facsimile in section 6 of this report). Because of taxpayer reporting variations this item could not always be identified and therefore the state and local interest statistics may be understated.

#### Interest Paid

These amounts include interest paid by corporations on business indebtedness including amounts paid on installment purchases if they were stated in the contract, as well as certain "unstated" amounts under Code section 483. For banking and savings institutions the amounts also included interest paid on deposits and withdrawable shares.

#### Inventories

Based on amounts reported on the balance sheet, inventories included such items as raw materials, finished and partially finished goods (work in progress), merchandise on hand or in transit, and growing crops reported as assets by agricultural concerns. Inventories were generally valued at cost

or at the lower of cost or market price. When valued at cost, inventories were generally identified by first-in, first-out (FIFO) or last-in, first-out (LIFO) methods.

Amounts reported by mutual life insurance companies, life insurance companies and life insurance departments of mutual savings banks were excluded from inventories and included in the statistics for "Other Current Assets." Amounts reported by nonconsolidated security and commodity brokers, dealers and exchanges, subdividers and developers, and holding and other investment companies (except bank holding companies) were excluded from inventories and included in "Other Investments." For other nonconsolidated corporations within the "Finance, Insurance, and Real Estate" industrial division and for all bank holding companies, amounts reported as inventories were excluded and included in "Other Current Assets."

See also "Cost of Sales and Operations."

#### Investment Credit (#)

Investment credit was the reduction of income tax allowed corporations for investment in qualifying depreciable (or amortizable) property with a useful life of at least 3 years. Such property could not be disposed of or cease to be qualifying property prior to the end of the useful life used as the basis of the credit; otherwise, the credit already taken had to be repaid as an additional tax for the year in which the disposition or disqualification occurred. (See "Tax from Recomputing Prior-Year Investment Credit.")

The Tax Equity and Fiscal Responsibility Act of 1982 reduced the depreciable basis of property placed in service after December 31, 1982 by 50 percent of the regular, energy, or certified historic structure investment tax credit taken for the property. The corporation either reduced the depreciable basis of the property by one-half of the investment credit taken or made an election to take a reduced credit. See the Changes in Law section in this report for a detailed explanation.

Generally, investment credit property included the following:

- (1) tangible personal property defined in Code section 48(a)(1). Tangible personal property comprised all property contained in or attached to a building, such as machinery or equipment. Certain types of property, even though physically located outside a building or accessory to a building, were also considered tangible personal property;
- (2) elevators and escalators;
- (3) other tangible property, including certain real property, used as an integral part of manufacturing, production, or extraction, or used as a research facility or bulk storage facility;
- (4) livestock other than horses as long as not sold and replaced by substantially identical animals during a relatively short period of time;
- (5) certain single-purpose agricultural or horticultural structures defined in Code section 48(p);
- (6) rehabilitation expenditures for qualified 30-year buildings, 40-year buildings, and certified historic structures;
- (7) forestation and reforestation expenditures that are amortizable under Code section 194; and
- (8) petroleum storage facilities.

Property ineligible for the investment credit were:

- (1) property used for lodging, except for coin-operated machines in apartment buildings;
- (2) property used predominately outside the United States, except for commercial communication satellites, submarine telephone cable used exclusively in communication links between the United States and foreign countries, and drilling equipment used in international or territorial waters;
- (3) property used by certain tax-exempt organizations;
- (4) property used by governmental units, or international organizations;
- (5) property consisting of horses, or of other livestock if sold and replaced by substantially identical animals during a relatively short period of time;
- (6) amortized or depreciated pollution control facilities, railroad rolling stock, coal mine safety equipment, on-the-job training and child care facilities, and expenditures for the rehabilitation of low-income rental housing;
- (7) property expensed under Code section 179 (certain depreciable business assets); and
- (8) certain property acquired or constructed from grants made after September 30, 1979 under any program listed in Code section 126(a) or by grants under the Energy Security Act.

Property eligible for business energy was not included in the cost of property used for investment credit. Business energy investment credit was, however, included in the investment credit amount.

Property eligible for investment credit also included "qualified progress expenditures" property the corporation elected to claim advance credits for taxable years before the qualified property was placed in service. The investment credit (before limitations) was equal to 10 percent for "investment qualified for credit" (total qualified investment in 10 percent property) for all corporate taxpayers. The investment-related ESOP credit was terminated at the end of 1982 and replaced by a payroll-related credit. See "ESOP Credit" also included in this section.

Generally a corporation could claim an investment credit of half of the regular investment credit for certain vessels, as specified in Code sections 46(g)(1) through (6).

Certain limitations on the credit were applicable to special classes or kinds of corporations. Code section 46(e) limited the applicability of the credit for mutual savings banks, regulated investment companies and real estate investment trusts. Also, Code section 48(k) placed limitations on figuring investment credit for movie and television films or tapes.

The income tax available for investment credit did not include the tax from recomputing prior-year investment credit, the additional tax for tax preferences, the Personal Holding Company tax, and the special capital gains tax on S corporations electing to be taxed through their stockholders. (Since these corporations were not eligible to claim the investment credit, their investment was allocated among the stockholders who then claimed the credit.) In addition, the tax available for credit was after reduction by the foreign tax credit and the U.S. possessions tax credit, but before reduction by the jobs credit, the nonconventional source fuel credit, the alcohol fuel credit, research credit, employee stock ownership credit, and orphan drug credit.

The investment credit could equal the income tax available for the credit, unless the available tax was in excess of \$25,000 plus 50 percent of the excess over \$25,000. The \$25,000 limitation was

uniquely applied to members of controlled groups (as defined by Code section 1563) in that it was applied to the group as a whole and, thus, had to be apportioned among the component members of the group when separate tax returns were filed for each member.

#### Investment Credit Carryover

If part of an investment credit earned in any year ending after December 31, 1973, could not be used because of tax liability limitations, it could be carried back three years or forward fifteen years. The unused credit was applied first to the earliest of the years to which it could be carried, and then to each of the other tax years, in chronological order. Because the data in this book do not include any information from amended returns, the statistics will not reflect any changes in tax liability due to investment credit carryback.

#### Investment Qualified for Credit

See "Investment Credit."

#### Investments in Government Obligations

This balance sheet asset item comprised (1) bonds or other obligations of a State or U.S. possession (including Puerto Rico), including obligations of political subdivisions and of the District of Columbia, and (2) U.S. obligations, including those of instrumentalities of the Federal Government.

#### Jobs Credit (#)

The Revenue Act of 1978 created the targeted jobs credit to encourage hiring of needy youths and others who often had difficulty finding jobs. The credit was allowed to taxpayers who hired individuals from any of the following targeted groups: (1) vocational rehabilitation referrals; (2) economically disadvantaged youth; (3) Vietnam era veterans from an economically disadvantaged family; (4) Supplemental Security Income (SSI) benefit recipients; (5) general assistance recipients; (6) economically-disadvantaged former felons; and (7) youths participating in a qualified cooperative education program. The credit was limited to the sum of 50 percent of "qualified first-year wages" and 25 percent of "qualified second-year wages." The 1978 Act also limited the amount of qualified wages that could be taken into account in computing the credit. Under ERTA the time period for which the targeted jobs tax credit certain was extended beyond 1981 and definitions of certain target groups were revised. Under prior law the credit was applied to wages paid or incurred before January 1, 1982; ERTA extended the credit for wages paid to eligible individuals who began work for the employer before January 1, 1983. For these individuals, the employer could claim the credit for qualified first-year and second-year wages paid to employees attributable to service rendered in 1983 and 1984, respectively.

Prior to ERTA first-year wages qualifying for the targeted jobs credit were limited to 30 percent of the total wages paid to all employees. This rule was repealed for taxable years beginning after 1981, which resulted in the credit not being affected by wages paid to non-targeted group members.

Four changes to the definitions of targeted groups were made as outlined below:

1. The target group of youth participating in cooperative education programs was limited to those who were from an economically disadvantaged family.

2. Work incentive registrants, previously covered by the credit for work incentive program (WIN), were added to the target groups. Thus, those who claim a WIN credit for 1981 for first-year wages were entitled to claim a targeted jobs credit for second-year wages under the jobs credit provision. The WIN credit, available for 1981, was repealed for 1982.

3. Some Comprehensive Employee Training Act (CETA) employees were included in the target groups if they were involuntarily terminated after December 31, 1980, and began work between August 13, 1981, and December 31, 1982.

4. The exclusion of Vietnam veterans over 35 years old who would otherwise qualify for this target group was repealed.

Jobs credit wages are limited to \$6,000 for each employee. Under TEFRA, the credit was made available with respect to any eligible individual who began work before January 1, 1985. Also, TEFRA added a new targeted group consisting of economically disadvantaged youths age 16 or 17; the wages were limited (85 percent of up to \$3,000) to those paid for any 90-day period between May 1 and September 15, beginning in 1983.

The Revenue Act of 1978 further limited the credit to 90 percent of the employer's income tax liability. Furthermore, the credit was allowed only after the foreign tax, U.S. possessions tax, investment and work incentive credits (WIN) 1975-1982 were taken. If after applying those nonrefundable credits, the remaining tax liability for the year was less than the targeted jobs credit, the excess could be carried back three years and carried forward seven years, beginning with the earliest year. The Economic Recovery Tax Act of 1981 extended the carry forward to fifteen years for credit generated after 1976.

#### Land

Land, which was reported as a separate capital asset on the balance sheet, may be understated in this report because it could not always be identified. Some corporations may have included land as part of depreciable or depletable assets or included it in "other investments." Whenever corporations included and identified land as part of depreciable assets, the amount was reclassified as land.

#### Loans from Stockholders

This balance sheet liability item was regarded as long-term in duration and included loans to the company from holders of the company's stock.

#### Loans to Stockholders

This balance sheet asset item was regarded as long-term in duration and included loans to persons who held stock in the corporation.

#### Members of Controlled Groups

Members of controlled groups were those corporations related to one another generally through 80 percent or more common stock ownership and which could file separate tax returns, under special provisions of the Code.

These provisions also effectively covered the filing prerequisites for most consolidated returns since the stock ownership requirement used to define an affiliated group eligible to file a consolidated return was similar to the controlled group ownership requirements. In computing income tax, Code section

1561 limited the taxable income brackets to a maximum amount in such brackets, whether or not the group was included in a consolidated return. (See "Consolidated Returns.")

The controlled group provisions applied when (1) a common parent corporation had 80 percent or more control of one or more chains of subsidiaries (parent-subsidiary group), or (2) five or fewer persons (individuals, estates, or trusts), individually or in combination, had 80 percent or more control of each of two or more corporations, but where the sum of each person's "identical" ownership in the group totaled more than 50 percent (brother-sister group). "Identical" ownership was considered to be the lowest common percent of ownership of an individual owner in each of the corporations comprising the group. Thus, if a company had ownership in each corporation in a given group and the smallest percent ownership was, for example, 5 percent of corporation A, that company's identical ownership in the entire group was considered to be 5 percent. Combination groups were possible when a person or persons controlled two or more corporations, one of which was the parent of one or more subsidiary corporations.

Under prior law, two or more related life insurance companies were required to be treated as a controlled group separate from any other corporation to which they have been related. Starting with taxable years beginning after December 31, 1980, insurance companies were allowed to be included with noninsurance companies as long as the noninsurance companies had been members of the affiliated group for 5 taxable years (see "Consolidated Returns"). Domestic International Sales Corporations (DISC's) were generally members of controlled groups, however, control was defined in terms of 50 percent stock ownership.

#### Mortgage and Real Estate Loans

In general, mortgage and real estate loans were the total amount a corporation loaned on a long-term basis, accepting mortgages, deeds of trust, land contracts, or other liens on real estate as security.

Because the return form did not provide a separate place for reporting any reserve for uncollectible mortgage and real estate loan accounts, such reserves may have been included in the "Allowance for Bad Debts," shown in this report as an adjustment to "Notes and Accounts Receivable." If a corporation reported an uncollectible mortgage and real estate loan reserve on a separate schedule, those amounts were moved, in this report, to "Allowance for Bad Debts."

#### Mortgages, Notes, and Bonds Payable

These liabilities were separated on the balance sheet according to the length of time to maturity of the obligations payable in less than one year or payable in more than one year. The length of time to maturity was based on the date of the balance sheet rather than on the date of issue of the obligations. Accordingly, long-term obligations, maturing within the coming year were included together with short-term obligations in the statistics for mortgages, notes, and bonds payable in less than one year.

Deposits and withdrawable shares may have been reported in mortgages, notes, and bonds payable by banks and savings institutions. When identified, such amounts were transferred to "Other Current Liabilities."

#### Net Capital Gains (Net long-term capital gain reduced by net short-term capital loss) (Net short-term capital gain reduced by net long-term capital loss)

Net capital gains represented the excess of gains over losses from the sales or exchanges of capital assets subject to the limitations described below. Gains and losses were short-term if the asset was held for 12 months or less, or long-term if the asset was held for more than 12 months.

Net short-term gains (reduced by net long-term losses) were taxed as ordinary income. However, net long-term gains (reduced by net short-term losses) were taxed at a rate of 28 percent.

Excess net losses could be carried back as short-term losses to be applied against the net capital gains of the 3 preceding years; any losses remaining after carryback were carried over the 5 succeeding years. Use of the carryback for excess net losses was limited; it was not allowed to increase or cause a deductible "net operating loss" for prior years and was not allowed for foreign expropriation capital losses (although a special carryover period of 10 years for such losses was allowed instead) or for capital losses of S corporations electing to be taxed through their shareholders. If the unused capital loss carryover was not eliminated within the prescribed span of years, it could not be taken.

In general, "capital assets" for tax purposes meant property regarded or treated as an investment, such as stocks and bonds. Code section 1221 defined the capital assets (or transactions) to which special treatment applied as all property held by the corporation except:

- (1) stock in trade, or property of a kind includable in inventories;
- (2) property held for sale to customers in the ordinary course of business;
- (3) notes and accounts receivable acquired in the ordinary course of business;
- (4) certain short-term Government obligations sold at a discount;
- (5) depreciable property used in the trade or business;
- (6) real property used in the trade or business; and
- (7) certain copyrights, literary, musical, or artistic compositions or similar properties.

Net gains from dispositions of some of the property types excluded from the definition of capital assets under Code section 1221 could receive capital gain treatment under special conditions set forth in other sections, while net gains from some of the property types included under the definition could be denied capital gain treatment under still other sections. The latter are referred to under the heading, "Net Gain (or Loss), Noncapital Assets."

Property used in trade or business, excluded from the tax definition of capital assets, received special treatment under Code section 1231. Gains and losses from sales or other dispositions of this property had to be aggregated first. If the overall result was a net gain, it was included in the computation of net long-term capital gain or loss. If the overall result was a net loss, it was included in the computation of net gain or loss from sales of property other than capital assets. Thus, a net gain under section 1231 could receive the more beneficial treatment of a long-term capital gain taxable at the alternative tax rate, while a net loss under section 1231 could receive the more beneficial treatment as an ordinary loss fully deductible against all types of income and not just against capital gain income.

The types of property (or transactions) to which Code section 1231 applied were:

- (1) real and depreciable property used in the trade or business, held for more than 12 months and not includable in inventory or not held for sale in the ordinary course of business;

- (2) timber cut by the taxpayer during the year, if owned, or held under contract to cut, for more than 12 months and if an election was made under Code section 631 to treat the cutting as a sale or exchange of property used in trade or business (the holding period was measured up to the time of cutting);
- (3) domestic iron ore, timber, or coal, held for more than 12 months, if disposed of under a royalty contract whereby the owner retained an economic interest in the property, so that under Code section 631, the net gain or loss on the royalty income was treated as a net gain or loss on a sale or exchange of property used in trade or business;
- (4) unharvested crops disposed of with the land on which they were growing and used in the business of farming if the land was held for more than 12 months; and
- (5) certain livestock.

The amounts of gain eligible for capital gains treatment under Code section 1231 was reduced in the case of certain real and depreciable property by Code sections 1245, 1251, 1252, and 1254, and in the case of certain mining property, by section 617.

Net gains and certain net losses under Code section 1231 also resulted from "involuntary conversions," not only of the property types or transactions otherwise covered by Code section 1231, but also of the capital assets defined in Code section 1221, if they were held for more than 6 months. Gain or loss from involuntary conversions such as by condemnation were included in the regular consolidation of Code section 1231 gains and losses previously described. However, a separate netting of gains and losses was required for involuntary conversions by theft, or from fire, storm, shipwreck or other casualty, whether insured or uninsured. If the result was a net loss, it was treated as a fully deductible loss (without regard to other Code section 1231 transactions) and was excluded from the capital gain statistics. If, on the other hand, the result was a net gain, then it was consolidated with other gains and losses under Code section 1231. See the discussions of "Net Gain (or Loss), Noncapital Assets" and "Other Deductions."

See also, "Additional Tax for Tax Preferences."

#### Net Gain (or Loss), Noncapital Assets

In general, "noncapital assets" related to property of a business nature. The computation of net gain or loss, noncapital assets, resulted mostly from the sale or exchange of: (1) certain depreciable, depletable, and real property (described below); (2) notes and accounts receivable acquired in the ordinary course of business for services rendered or from the sale of property includable in inventory, or ordinarily held for sale; (3) certain copyrights, literary, musical, or artistic compositions or similar properties; (4) securities by dealers; (5) securities, including Government obligations, and other evidence of indebtedness, such as convertible debentures, by banking, savings, and certain other financial institutions; (6) certain patents, inventions or designs, secret formulas or processes, and similar property rights by domestic corporations to their more-than-50-percent owned foreign subsidiaries; and (7) qualified export assets by Domestic International Sales Corporations (DISC's). Also included in the computation were amounts resulting from certain "involuntary conversions" including net losses from casualty and theft, and amounts resulting from certain sales, exchanges, or redemptions of Controlled Foreign Corporation stock (see "Dividends Received from Foreign Corporations").

With respect to the statistics for net gain or loss, noncapital assets, the following assumption was made in the case of sales of stocks and commodities by stock and commodity dealers, and sales of real estate by real estate subdividers, developers, and operative builders. If these transactions were included on the tax return in gross receipts and cost of goods sold, instead of in net gain or loss from noncapital assets, the resulting profit or loss from the transactions (representing the difference between the receipts and the cost of sales) was transferred to the statistics for net gain or loss, noncapital assets, but only if the cost of sales was 50 percent or more of the receipts (if less than 50 percent, the receipts were regarded as commission income). The tax return data for receipts and cost of sales were accordingly adjusted for the statistics.

As explained under "Net Capital Gains," a net gain from dispositions of (or certain transactions involving) specified types of business assets that were considered noncapital assets based on Code section 1221 could receive capital gains treatment under section 1231. Gains and losses from these dispositions or transactions first had to be aggregated. If the overall result was a net gain, it was included in the computation of net long-term capital gain, but if the overall result was a net loss, it was included in the computation of net gain or loss, noncapital assets. The special treatment in this computation of gains and losses resulting from involuntary conversions, due mostly to casualty and theft, is described under "Net Capital Gains." Form 4797, Supplemental Schedule of Gains and Losses, called for net losses from casualty and theft to be included in the computation of "net gain or loss, noncapital assets" (although some corporations reported them in "other deductions").

The amount of gains (but not losses) on dispositions of property includable in the computation of net gain or loss under Code section 1231, was limited as a result of sections 1245, 1250, 1251, 1252, 1254 (described below), and 617. To the extent the amount eligible for capital gains treatment was thereby reduced, the amount included in the statistics for net gain or loss, noncapital assets, was increased.

Code sections 1245 and 1250 applied to certain depreciable property. Sections 1251 and 1252 prescribed additional rules for much of this same property if it was used in the business of farming, as well as for certain other types of property used in farming and covered under section 1231. Section 617 applied to certain depletable property.

#### Code sections 1245 and 1250:

The depreciable property to which Code section 1245 applied was: (1) personal property other than livestock, whether tangible (such as machinery and equipment) or intangible (such as patents and copyrights); and (2) other tangible property including certain realty other than buildings and their structural components, if it was an integral part of specified business activities, or which constituted research or storage facilities used in connection with such activities. The business activities qualifying were manufacturing, production, or the providing of transportation, communications, electrical energy, gas, water, or sewage disposal services.

ERTA contained provisions that effected the computation of gain or loss of Section 1245 and 1250 property when sold or disposed of. Gain from the sale of residential rental property that was equal to the excess of accelerated depreciation over straight-line depreciation was recaptured as ordinary income.

Under ERTA, treatment of the gain from disposition of nonresidential real property was unchanged if straight-line depreciation was used, that is, all gain on property held for more than one year would have been a capital gain. However, for nonresidential real property depreciated under an accelerated method, the gain was treated as ordinary income up to the amount of deduction taken and any excess was treated as a capital gain.

The depreciable property to which Code section 1250 applied was real property not already covered by section 1245. In general, this property consisted of buildings and their structural components, in the case of tangible property; or leaseholds of land, in the case of intangible property.

The amount of gain on dispositions of depreciable property under Code sections 1245 and 1250, treated as ordinary income and included in the statistics for net gain or loss, noncapital assets, generally depended upon the amount of depreciation claimed on the asset after a certain date prior to its disposition, although other factors were also considered in the case of section 1250 dispositions.

Under Code section 1245, the amount of gain treated as ordinary income was based on the depreciation (or amortization in the case of defense "emergency facilities") allowed or allowable after 1961 (after 1963 for elevators and escalators and after 1969 for livestock (including fur-bearing animals such as chinchillas, minks, and foxes)). This "depreciation recapture" applied to dispositions of property made during taxable years beginning after 1962 (after 1963 for elevators and escalators and after 1969 for livestock).

Under Code section 1250, the amount of gain treated as ordinary income was based, in general, on the excess of accelerated over straight-line depreciation allowed or allowable after 1963. However, this "depreciation recapture" was further qualified in the case of depreciation taken during 1963-69 so that if the property was held for more than 20 months, the "recapture" was further reduced to a proportion of this difference until, when the property was held for 10 years, the "recapture" as ordinary gain was not applicable at all. For depreciation taken after 1969, these qualifications were rescinded (with certain exceptions for residential rental housing, housing rehabilitation expenditures, and Government subsidized housing), so that the entire amount of post-1969 excess depreciation was "recaptured" as ordinary income.

#### Code sections 1251 and 1252:

Under Code section 1251, net gain or loss from noncapital assets included ordinary gains from the sale or other disposition of certain types of farm business property which would otherwise have been eligible for long-term capital gain treatment under section 1231. Dispositions already regarded as ordinary gain or loss using section 1250 rules were excluded.

Amounts treated as ordinary gain were based on farm net losses accumulated after 1969. These net losses were before consideration of the gain or loss under Code section 1231 and, over the years, were first offset against any farm net income. The resulting accumulated loss was then applied against the gain on farm property. If the gain exceeded the accumulated loss, it was treated as ordinary gain to the extent of the loss and only the excess gain was eligible for capital gains treatment. If the reverse was the case, the gain was similarly treated and the excess loss was carried over for use in connection with future gains. For electing S corporations, this recapture of farm losses was less restrictive and was applicable only if farm net loss exceeded \$25,000,

nonfarm net income exceeded \$50,000, and none of the stockholders had a farm net loss of their own. Section 1251 was not applicable if farming operations were accounted for on an accrual basis, inventories used, and deductible amounts capitalized and recovered over the years through depreciation, even though the law permitted expensing of the full amount currently on an elective basis.

Code section 1231 property subjected to these recapture rules included depreciable personal property; livestock (including fur-bearing animals such as chinchillas, minks, and foxes), except poultry; unharvested crops sold with the land on which they were growing; and land. For land, there was a limitation under section 1251 on the amount of gain treated as ordinary income: the amount recaptured could not exceed accumulated deductions for soil and water conservation and land clearance expenditures in the current and 4 preceding taxable years. However, there was an additional recapture for land, under section 1252. This recapture was based on a declining annual percentage of total post-1969 deductions for these same expenditures. The percentage was reduced to zero when land was held for 10 years or more, at which time the additional recapture did not apply.

#### Code section 1254:

Code section 1254 required recapture of amounts deducted for intangible drilling expenses on productive wells to the extent that those amounts deducted exceeded the amounts which were allowable had the intangible drilling expenses been capitalized and amortized over the useful life of the well. This was in addition to the requirement that the gain on the sale of oil and gas property be recognized as ordinary income to the extent of depreciation of tangible personal property.

#### Code section 617:

Under Code section 617, corporations engaged in domestic mining operations that elected to claim unlimited deductions for exploration and development expenses (except for oil and gas) had to "repay" their post-1969 deductions when the mine reached the producing stage or when it was sold. If the mine was sold, the profit was treated as an ordinary net gain from a noncapital asset to the extent that the gain was equal to or less than any post-1969 deductions not already "recaptured" prior to the sale. Such gains are reflected in the statistics for net gain (or loss), noncapital assets. Any net gain in excess of the deductions was a net gain under section 1231, and eligible for capital gains treatment.

#### Net Income (or Deficit)

This was the difference between gross receipts and the ordinary and necessary business deductions allowed by the Code, and reflected not only actual receipts but "constructive" receipts (i.e., certain income from Controlled Foreign Corporations and foreign dividend income resulting from foreign taxes deemed paid) as well. Interest from State and local government obligations was excluded from these items.

Because certain statutory special deductions including the net operating loss deduction were allowed most corporations in computing their income subject to tax, the statistics for net income are generally larger than the amounts shown for "Income Subject to Tax." Included in the net income statistics are amounts for S corporations (only certain long-term capital gains were taxable to these corporations). Also, the net income statistics include amounts for Domestic International Sales Corporations (DISC's); these corporations were not taxable.

For mutual insurance companies other than life or marine and other than certain fire or flood insurance companies, the net income (or deficit) in this report is the sum of the net investment income or loss, the statutory underwriting income or loss, and the subtractions from the Protection Against Loss (PAL) account before reduction by the statutory special deductions allowed corporations in general. Consequently, net income (or deficit) reflects not only the ordinary business deductions, but the statutory deductions from underwriting income allowed only to these mutual insurance companies. Net income (or deficit) also reflects the additions (if any) to taxable income of amounts in the PAL account previously deferred from taxation. Further, for some small mutual insurance companies electing to report under Code section 821(c), net income was net investment income only. (Elected companies were not required to report underwriting income.) The section 821(c) provisions were applicable only to companies with income from investments (other than capital gains), with premiums of less than \$500,000, and with no reserve in the PAL account.

For life insurance companies, the net income (or deficit) used for statistical purposes comprised the gain or loss from operations adjusted by adding back the dividends received and the operations loss deductions. Gain or loss from operations (which included both underwriting and investment income) represented gross taxable receipts reduced by ordinary and necessary business deductions and by additions to required reserves, certain other statutory deductions pertinent only to these companies, and by the dividends received and operations loss deductions.

#### Net Long-Term Capital Gain Taxed at Alternative Rate

This part of the tax base was used for the tax computation for those returns using the alternative tax rate. The alternative method, allowed under Code section 1201, was used if it provided a lower tax liability than did the use of the tax rates on total taxable income. See the discussions of "Income Subject to Tax" and "Income Tax."

Income subject to tax for returns with alternative tax was the sum of (1) net long-term capital gain (reduced by net short-term capital loss), and (2) income taxed at regular rates (the balance of taxable income).

For most corporations, use of the alternative tax did not affect the amount shown as "Income Subject to Tax." However, when net long-term capital gain (reduced by net short-term capital loss) was greater than taxable income (net income minus statutory special deductions), the alternative rate (28 percent) applied to the capital gains was less than the regular rates applied to taxable income. Therefore, the capital gains, rather than taxable income, became the tax base and was used for the "Income Subject to Tax" statistics.

#### Net Worth (#)

Net worth represented the stockholders' equity in the corporation (total assets minus the claims of creditors). In the statistics, net worth comprises the net sum of the following items:

- (1) capital stock;
- (2) paid-in or capital surplus;
- (3) retained earnings, appropriated;
- (4) retained earnings, unappropriated;
- (5) less the cost of treasury stock;
- (6) shareholders' undistributed taxable income (Form 1120S only);

For tax year 1983, two new 1120S items were included in net worth:

(7) accumulated adjustments account; and

(8) other adjustments account.

Each of these items is explained under its own heading in this section.

#### Noncalendar Year Returns

Returns filed for a 12-month accounting period ending in other than December were included in this classification. Figure B in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report.

#### Nonconventional Source Fuel Credit

Prior to 1980, no income tax credit was available for the production and sale of fuel derived from energy sources other than oil and conventional sources of natural gas. Congress believed that the use of fuels derived from energy sources other than oil and conventional natural gas should be encouraged by providing a tax incentive for their production and sale. Because these alternative fuels frequently compete with oil and gas, Congress believed that production incentives should be linked to the uncontrollable price of domestic oil and should phase out as that price rose to the level where efficiently produced alternative fuels could compete effectively with oil.

Generally, the credit was equal to \$3 for each 5.8 million British Thermal Units (BTU's) of energy produced from qualified sources. (One barrel of crude oil contains approximately 5.8 million BTU's.) The Crude Oil Windfall Profit Tax Act of 1980 provided a tax credit for the domestic production and sale of qualified fuels to unrelated persons. Such fuels generally had to be produced and sold after December 31, 1979, and before January 1, 2001, from facilities placed in service after December 31, 1979, and before January 1, 1990, or from wells drilled after December 31, 1979, and before January 1, 1990, on properties which began production after December 31, 1979.

The credit was available for production and sale of the following:

- (1) fuel produced from shale and tar sands;
- (2) gas produced from geopressurized brine, Devonian shale, coal seams, or a tight formation;
- (3) gas produced from biomass;
- (4) liquid, gaseous, or solid synthetic fuel (including alcohol) produced from coal (including lignite), including such fuels when used as feedstocks;
- (5) qualifying processed wood fuels; and
- (6) steam from solid agricultural byproducts (not including timber byproducts).

The tax credit was to be phased out proportionately as the annual average wellhead price for a barrel of uncontrolled domestic oil (the "reference price") rose, adjusted for inflation. The reference price was to be estimated by the Secretary of the Treasury and published, together with the inflation adjustment factor, by April of the year following that for which the credit was to be computed.

The credit was claimed on Form 6602, Nonconventional Source Fuel Credit, for taxable years ending after December 31, 1979. The limitation on the amount of the allowable Nonconventional Source Fuel Credit was applied to the remaining tax liability after other credits had been applied.

#### Nonqualifying Interest and Dividends (#)

This was a new income item for the 1120S corporation. Nonqualifying interest was taxable interest

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that was included in ordinary income from all sources. It did not include interest exempt from tax and interest on tax-free covenant bonds. Nongqualifying dividends were taxable dividends that were included in ordinary income and for which the individual shareholder was not entitled to an exclusion under section 116.

Notes and Accounts Receivable

In general, notes and accounts receivable were the gross amounts arising from business sales or services to customers on credit during the ordinary course of trade or business which would normally be converted to cash within 1 year. Current nontrade receivables were generally included in "Other Current Assets."

The balance sheets on most corporation income tax forms called for the reporting of both "gross" receivables and the "allowance for bad debts" (explained under a separate heading in this section). However, some corporations reported only the net amount. In the case of insurance companies filing balance sheets in the form required under State law, only the net amount was reported.

Loans and mortgages may have been reported in notes and accounts receivable by savings and loan associations. When identified, such mortgage loans were transferred to "Mortgage and Real Estate Loans."

The "Allowance for Bad Debts," shown as an adjustment, may also include the reserves for the separate account "Mortgage and Real Estate Loans." As a result, it was possible for the "Allowance for Bad Debts" to exceed the amount of notes and accounts receivable.

In those tables where the item "Notes and Accounts Receivable, Net" appears, the amount shown includes a deduction of "Allowance for Bad Debts."

Number of Returns

Returns of inactive corporations were excluded from the statistics. (See "Returns of Inactive Corporations.") The number of Form 1120-DISC and Form 1120S returns filed, respectively, by Domestic International Sales Corporations and S corporations for which an election was made to be taxed through stockholders are included in each total number (except for those tables which specifically exclude these returns) and are also shown separately in some of the tables.

See also "Consolidated Returns" and "Returns of Active Corporations."

Orphan Drug Credit (#)

Orphan drug credit was a credit against tax for an amount equal to 50 percent of the qualified clinical testing expenses for certain drugs for rare disease or conditions. Form 6765 is used for filing Credit for Increasing Research Activities (or for claiming the orphan drug credit). The income tax against which the credit was applied was after reduction by foreign tax, possessions tax, investment, jobs, alcohol fuel, nonconventional source fuel, research and employee stock ownership credits.

Other Adjustments Account (#)

The other adjustments account was maintained only by corporations that had retained earnings at year end. The account was adjusted for tax-exempt income and nondeductible expenses of the corporation. After these adjustments the account was reduced for distributions made during the tax year.

Other Assets

In general, other assets comprised noncurrent assets which were not allocable to a specific account on the balance sheet, and certain accounts for which no distinction could be made between current and noncurrent status.

Includable were items such as deposits on contracts reported as noncurrent by the corporation, interest discounts when reported as noncurrent by the corporation, guaranty deposits, and intangible assets not subject to amortization. Other assets of life insurance companies included the market value of real estate and that portion of stock and bond holdings in excess of book value. For Domestic International Sales Corporations (DISC's), this item also included "nongqualified assets" (i.e., assets that were not export-related or that failed to meet the requirements indicated for "qualified export assets" in Code section 993).

Other Capital Assets Less Reserves

This item on our tables in Section 4 consisted of depletable assets less accumulated depletion, land, and intangible assets less accumulated amortization. Each is described separately under its own heading in this section.

Other Current Assets (#)

Other current assets included assets not allocable to a specific current account in the return balance sheet, and assets specifically reported as short-term by the corporation, such as marketable securities.

Includable were prepaid expenses (unless reported as long-term), nontrade receivables, coupons and dividends receivable, and similar items. For construction corporations, amounts reported as current for contract work in progress in excess of billings were includable.

Also includable in other current assets were amounts reported as inventories on nonconsolidated returns of banks, credit agencies, insurance companies, insurance agents, brokers, real estate operators, lessors, condominium management and cooperative housing associations. Also, inventories for all bank holding companies were included.

Other Current Liabilities

Other current liabilities included, for the most part, certain amounts due and payable within the coming year. The account comprised accrued expenses, as well as current payables not arising from the purchase of goods and services. Examples of other current liabilities were taxes accrued or payable (unless reported as long-term), accrued employee accounts such as for payrolls and contributions to benefit plans (unless reported as long-term), dividends payable, overdrafts, accrued interest or rent, and deposits and withdrawable shares of banking and savings institutions.

For construction corporations, amounts for uncompleted contracts or jobs in progress were included in this item, if reported as current.

Other Deductions

Other deductions comprised (1) business expenses which were not allocable to a specific deduction item on the return form, or which were not included elsewhere on the return form, and (2) certain amounts which were given special treatment in the course of statistical processing.

The first category included such items as administrative, general, and selling expenses; bonuses and commissions (unless reported as cost of goods or salaries and wages); delivery, freight, and shipping expenses; sales discounts; travel and entertainment expenses; utility expenses not reported as part of the cost of goods sold; and similar items.

The second category included amortization of financial items, amortization of intangible drilling costs, unrealized profit on current-year installment sales, direct pensions (paid by a company to an individual but not to pension plans), employee welfare (but not payments to welfare or benefit plans), moving expenses (for employees), partnership net losses, and patronage dividends paid. Also included were itemized business deductions and other deductions unique to Domestic International Sales Corporations (DISC's), life and most mutual insurance companies. In the case of DISC's, the statistics include deductions such as those for market studies, sales commissions, and freight and other expenses (whether or not they were considered export promotion expenses).

The statistics for other deductions may include losses resulting from involuntary conversions by theft, or from fire, storm, shipwreck, or other casualty, if these losses were reported in the taxpayer's own schedule for other deductions. For the statistics, no attempt was made to transfer the data to the ordinary gains or losses computation. Losses from involuntary conversions which were reported as ordinary losses derived from Form 4797, Supplemental Schedule of Gains and Losses, were included in the estimates for "Net Gain (or Loss), Noncapital Assets." See also the discussion under "Net Capital Gains" in this section.

#### Other Investments

This category generally included long-term non-Government investments and certain investments for which no distinction could be made as to their current or long-term nature. Non-Government investments generally not held for conversion to another form within the coming year included stocks, bonds, loans on notes or bonds, loans to subsidiaries, and other types of financial securities. Also included in this category were investments unique to Domestic International Sales Corporations (DISC's), such as investments in related foreign export corporations, Export-Import Bank obligations, and producer's loans.

Real estate not reported as a fixed asset could also be included. In certain instances, land and buildings owned by real estate operators (except lessors of real property other than buildings), and real holdings of insurance carriers (other than their home office and branch office buildings and equipment), were reported as "other investments."

In one respect the statistics may be somewhat overstated. Treasury stock held for resale or for future distribution may have been reported as an asset on some tax returns and would have been included in the statistics for "Other Investments."

Also includable in other investments were amounts reported as inventories on nonconsolidated returns of holding and other investment companies (except operating holding companies); security and commodity brokers, dealers, and exchanges; and real estate subdividers and developers.

#### Other Investments and Loans

This item on our tables in Section 4 is the sum of loans to stockholders, mortgage and real estate loans, and other investments. Each is described separately under its own heading in this section.

#### Other Liabilities

Other liabilities were obligations which were not allocable to a specific account on the balance sheet and which were either noncurrent accounts, in general not due within 1 year, or accounts which could not be identified as either current or long-term.

Examples of other liabilities were deferred or unearned income not reported as part of a current account, provisions for future taxes based on the effects of either accelerated depreciation or possible income tax adjustments such as for the investment credit, and principal amounts of employee and similar funds.

#### Other Receipts

Other receipts included amounts not elsewhere reported on the return form, such as: profits from sales of commodities other than the principal commodity in which the corporation dealt; income from minor operations; cash discounts; income from claims, license rights, judgments, and joint ventures; net amount earned under operating agreements; profit from commissaries; profit on prior-years' collections (installment basis); profit on the purchase of a corporation's own bonds; recoveries of losses and bad debts previously claimed for tax purposes; refunds for the cancellation of contracts; and income from sales of scrap, salvage, or waste. Also regarded as other receipts were certain dividends received, such as from Federal Reserve and Federal Home Loan Banks, and from the following special classes of corporations: corporations deriving a large percent of their gross income from sources within a U.S. possession; and tax-exempt charitable, educational, religious, scientific and literary organizations, and mutual and cooperative societies including farmers' cooperatives.

For Domestic International Sales Corporations (DISC's), other receipts comprised all "nonqualified" gross receipts reported on the return except non-qualified dividends. In addition, in the case of DISC's acting as commission agents for someone else, only the commissions earned and not the underlying gross receipts on which the commissions were earned were included in the statistics. Nonqualified gross receipts thus took into account: (1) sales of goods and services for ultimate use or consumption in the United States; (2) exports subsidized by the U.S. Government; (3) certain direct or indirect sales or leases for use by the U.S. Government; and (4) sales to other DISC's in the same controlled group of corporations.

See also "Business Receipts."

#### Overpayments Claimed as a Credit

This was the amount of the 1982 overpayment the corporation specifically requested to be credited to the 1983 year's estimated tax, in lieu of requesting a refund in 1982. The credit is reflected in the amount shown as estimated tax payments in table 8.

#### Paid-In or Capital Surplus

This balance sheet item comprised additions to the corporation's capital from sources other than earnings. These sources included appreciation of assets, receipts from the sale of capital stock in excess of stated value, stock redemptions or conversions, and similar transactions. The amounts shown are after deducting any negative amounts.

Part-Year Returns

Part-year returns were those filed for accounting periods of less than 12 months. Such returns were filed as a result of business liquidations, reorganizations, mergers, and changes to new accounting periods. Figure B in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report. Data from part-year returns are included in the statistics.

Payments With Applications for Extension of Filing Time (Form 7004) (#)

These statistics were derived from the income tax returns rather than from the application for extension of time to file, Form 7004. For tax years ending after December 31, 1982, the automatic extension of time to file a corporate tax return was extended from 3 months to 6 months. Form 7005 previously used for the additional extension of 3 months was obsoleted.

Requesting the extension of time to file the return did not postpone the payment of tax. When an extension was filed on Form 7004, the full amount of tax liability was due. (Table 8 shows the amount of tax paid for returns with net income other than Forms 1120-S and 1120-DISC when the corporation filed Form 7004.)

The statistics may be slightly understated because of taxpayer reporting variations and because of the inability to identify the total amount from the tax returns.

Pension, Profit-Sharing, Stock Bonus, and Annuity Plans

Contributions made by employers to these plans were deductible under Code section 404. The Code imposed limitations on the amounts deductible for the taxable year and provided a carryover feature for certain amounts paid in excess of these limitations. Deductions were also allowed for employer contributions made to benefit plans established for certain U.S. citizens employed for foreign subsidiaries and branches of domestic corporations. The statistics for this item include such amounts identified in the cost of sales and operations schedules.

Personal Holding Company Tax

In addition to being subject to regular income tax and additional tax for tax preferences, corporations classified as Personal Holding Companies were subject to another tax equal to 50 percent of their "undistributed Personal Holding Company income."

The term Personal Holding Company was applied to certain closely-held corporations whose income was from passive sources (generally investments and personal service contracts) rather than from the actual active conduct of a trade or business. The 50 percent tax was imposed on the taxable income (specifically defined) from passive sources reduced by amounts distributed to owners.

Since most Personal Holding Companies distributed all of their Personal Holding Company income, only a small number were actually subject to the tax. In addition, the tax is slightly understated because the Personal Holding Company tax was not always reported separately from the regular income tax.

The tax appears in the statistics for industries other than "Holding and Other Investment Companies" because a personal holding company could be a subsidiary included in a consolidated return classified in some other industry.

Provision for Federal Income Tax (#)

In general, this was the net amount of Federal income tax accrued, or the provision for such tax, for the taxable year as reported in corporations' books of account and in tax return schedules reconciling book and tax profits (see Schedule M-1, "Reconciliation of income per books with income per return," on the Form 1120 return facsimile in section 6 of this report), or in the case of most insurance companies, from the annual statements filed with the returns.

Beginning with 1983 Income Year, if the corporation identified the amount of Federal income tax as current and deferred amounts, the entire amount was used for the statistics. In previous years, only the current amount was used.

Corporations occasionally reported foreign and State taxes together with Federal taxes and the components were not separately identified. The resulting effect on the statistics was to overstate the provision for Federal income tax. This had no effect, of course, on the after-tax profit amount shown in the statistics as "Book Net Income (or Deficit)."

Refunds of Estimated Tax Payments

A corporation which had determined that it had overpaid its estimated tax could have filed for a quick refund or adjustment of the overpayment even before it had filed its return. To have done so, the estimated tax overpayment had to be at least \$500 and be at least 10 percent of the expected "final" income tax liability reported on the tax return.

The application for refund had to be made within 2-1/2 months after the close of the taxable year and before the corporation had filed its income tax return.

Rent Paid on Business Property

This deduction consisted of rents paid for the use of land or structures, and rents paid for leased roads, rolling stock, and work equipment for railroad companies. Identifiable amounts of taxes paid and other expenses of lessees in connection with rent paid were included in their respective deduction headings.

Rents

These were the gross amounts received for the use or occupancy of property. Expenses related to rental property, such as depreciation, repairs, interest paid, and taxes paid, were not deducted directly from the rental income, but were reported as business deductions from total receipts. The rental income of manufacturing, public utility, and service corporations, which frequently leased rather than sold their products, was included in the "Business Receipts" rather than in rents.

Repairs

Repairs reported as an ordinary and necessary business expense were the costs of maintenance and incidental repairs and could include the cost of labor, supplies and other items which did not add to the value or appreciably prolong the life of the property. Expenditures for new buildings, machinery or equipment, or for permanent improvements which increased the cost or basis of the property were not deductible currently and were charged to capital expenditures, which were generally depreciable.

Research Activities Credit

The Economic Recovery Tax Act of 1981 set forth provisions for a nonrefundable income tax credit of 25 percent for qualifying expenses incurred after June 30, 1981, and before January 1, 1986, for increased activity in research. This credit applied whether the expense was deducted or capitalized. It was limited to 25 percent of the "incremental" amount of research expense, over the average expenditures during a specified base period. For the first two years of the credit, its base period was either the first preceding year or the first two preceding years. When the credit was fully implemented, the base period was the three prior taxable years. The base period research expenses could never comprise less than half of the qualified research expenses for the tax year for which the credit was computed. In the case of a short taxable year, research expenditures were annualized.

Two types of research were considered to be qualified for his credit. The first type consisted of the expenses incurred for the taxpayer's own wages and supplies for research, plus certain other charges for the use of research equipment. The other type consisted of the expenses paid to qualified organizations, such as colleges and other tax-exempt organizations, for basic research. The taxpayer was allowed a credit for 65 percent of this latter type of expense. Research in the social sciences or humanities, and research funded by another person, by a grant, or by a government agency were ineligible for the credit.

Controlled groups and other businesses under common control were treated as a single taxpayer for credit purposes. Each member of the group was limited to its proportionate share of the increase in the expenses generating the credit. S corporations electing to be taxed through their shareholders had to apportion the credit among shareholders.

All research credits paid or incurred in the United States were to be allocated or apportioned to United States source income for a two-year period, effective for the first taxable year beginning after the date of enactment. Corporations were also allowed an increased deduction subject to limitations for contributions of certain research and experimental property to educational institutions.

Table 17 provides data on the research credit.

Retained Earnings, Appropriated

Earnings set aside for specific purposes and not available for distribution to stockholders were included under this heading. Included were guaranty funds and reserves for plant expansion, bond retirements, contingencies for extraordinary losses and general loss reserves. Specifically excluded were the reserves for bad debts, for depreciation, for depletion, and for amortization, which are shown separately in this report. Unrealized profits were included in other liabilities. Unearned income, if not current, was included in other liabilities.

Retained Earnings, Unappropriated

Retained earnings, unappropriated, consisted of the retained earnings and profits of the corporation less any reserves (shown in the statistics as "Retained Earnings, Appropriated"). Included were undistributed earnings (income or profits) and undivided earnings (income or profits). Also included for railroads were funded debt retired through income and surplus, and additions to property through income and surplus. The statistics shown are net figures after deduction of any negative amounts.

For Domestic International Sales Corporations (DISC's), this item included previously taxed income, accumulated DISC income, and other earnings and profits.

Similarly, for S corporations electing to be taxed through their shareholders, this item included earnings from before the corporation's election as well as earnings since the election, to the extent that they had not yet been distributed to the shareholders. (See "Shareholders' Undistributed Taxable Income Previously Taxed.")

Returns of Active Corporations

These returns were the basis for all financial statistics presented in the report. They comprised the vast majority of the returns filed, and were defined for the statistics as returns of corporations reporting any income or deduction items including tax-exempt interest.

Returns of Inactive Corporations

Corporations in existence during any portion of the taxable year were required to file a return even though they may have been inactive (Code Sec. 6012(a)(2)). Inactive corporations are defined for this report as returns showing no item of income or deduction. Financial data from these returns were excluded from the statistics.

Returns With Net Income

Returns with net income were those showing gross taxable receipts exceeding the ordinary and necessary business deductions allowed by the Code. (See "Net Income (or Deficit).")

Returns Without Net Income

Returns without net income were those for which ordinary and necessary business deductions allowed by the Code exceeded gross taxable receipts. In addition to deficit returns, this classification also included returns whose gross taxable receipts and business deductions were equal. (See "Net Income (or Deficit).")

Royalties

Royalties were payments received, generally on an agreed percentage basis, for the use of property rights. Included were amounts received from such properties as copyrights, patents, and trademarks; and from natural resources such as timber, mineral mines, and oil wells. The amount reported was the gross amount received. Expenses relating to royalties, depletion or taxes, for example, were not deducted directly from this income, but were reported among the various business deductions from total gross income.

Excluded from the statistics were certain royalties received under a lease agreement on timber, coal deposits, and domestic iron ore deposits, which were allowed special tax treatment. Under elective provisions of Code section 631, the net gain or loss on such royalties was included in the computation of net gain or loss on sales or exchanges of certain business property under section 1231. If the overall result of this computation was a net gain, it was eligible for treatment as a long-term capital gain, taxable at the capital gains rates. If the overall result was a net loss, it was fully deductible in the current year as an ordinary noncapital loss. See the discussions of "Net Capital Gains" and "Net Gain (or Loss), Non-capital Assets."

S Corporation Returns (#)

Form 1120S, U.S. Small Business Corporation Income Tax Return, was filed by corporations electing to be taxed through stockholders under section 1372 of the Code. The Subchapter S Revision Act of 1982 extensively revised the laws for S corporations (previously referred to as "Small Business Corporations") with tax years beginning after December 31, 1982. The provisions of that act are covered in Section 2 "Changes in Law".

To qualify as an S corporation, a firm had to be a domestic corporation which was not a member of an affiliated group (as defined by Code section 1504) and did not:

- (1) have more than 35 shareholders (effective for tax years beginning after 1982); or
- (2) have as a shareholder a person (other than an estate and other than a trust) who was not an individual; or
- (3) have a nonresident alien as a shareholder; or
- (4) have more than one class of stock; or
- (5) for each of three consecutive tax years, have both Subchapter C earnings and profits, and gross receipts more than 25 percent of which are derived from passive investment income as defined in Section 1362(d)(3)(D).

Net income of S corporations was computed in the same manner as for most corporations. The net operating loss deduction and other statutory special deductions allowed most corporations, such as for dividends received, could not be taken.

An electing S corporation was generally not taxed. However, an existing corporation that elected (under Code section 1372) to become an S corporation was subject to a special tax for the first 3 taxable years of the election. On the other hand, a new corporation which had been in existence for less than 4 years and which was an electing S corporation for each year of its existence was not subject to the special tax at all. Section 1378 of the Code provided that the amount of the tax was the lower of the following: (1) 28 percent of the excess of net long-term capital gain (reduced by net short-term capital loss) over \$25,000 when net long-term capital gain was more than 50 percent of a net income that was over \$25,000; (2) 30 percent of the gain from the disposition of property using a "substituted basis" (i.e., the basis that was transferred from another corporation which was not also an electing S corporation); or (3) the tax rates applied to net income. Foreign tax credit, investment credit, U.S. possessions tax credit, orphan drug credit, jobs credit, nonconventional source fuel credit, alcohol fuel credit, research credit and employee stock ownership credit were not available to the corporation to reduce this tax (although the cost of investment credit property was allocated to shareholders for their use in computing the credits). Also, see "Excessive Net Passive Income Tax."

The Subchapter S Revision Act of 1982 provides for partnership-type treatment for income, loss, expenses and other tax items of an S corporation. The corporation's ordinary income is passed through (deemed distributed) as one amount. Generally, each shareholder's share of the income (loss) and expenses of the corporation is passed through pro-rata on a per-share, daily basis.

The corporation no longer pays dividends from its current earnings and profits. Dividends are only paid from prior year earnings (retained earnings).

Shareholders' Undistributed Taxable Income Previously Taxed (#)

Stockholders' undistributed taxable income previously taxed is now referred as shareholders'

undistributed taxable income previously taxed. Table 9 of the basic tables does not reflect this change for 1983. This end-of-year balance sheet item was the accumulated taxable income, i.e., net income (or deficit), earned by S corporations since they had first elected to be taxed through their shareholders, to the extent that it had not yet been distributed to the shareholders. Taxable income, whether distributed or not to the shareholders, was taxable to the shareholders in the year earned so that later distributions from this account were nontaxable. (See "S Corporation Returns.") This item is reflected in the statistics for "Retained Earnings, Unappropriated" and "Net Worth" in those tables which show these items.

Size of Business Receipts

Size of business receipts was based on the gross amounts from sales and operations for industries except those in the finance, insurance, and real estate divisions. For these industries, total receipts, which is the sum of business receipts and investment income, were used as the basis for classification. See the discussions of "Business Receipts" and "Total Receipts."

Size of Income Tax After Credits (#)

Income tax after credits was the net amount of income tax liability after deducting the foreign tax, investment, possessions tax, jobs, nonconventional source fuel, alcohol fuel, research, employee stock ownership and orphan drug credits. It included the regular tax and alternative tax, personal holding company tax, tax from recomputing prior-year investment credit, additional tax for tax preferences, excessive net passive income tax, and tax from Section 1 (Form 1120F).

Size of Total Assets

Size of total assets was based on the amount reported in the end-of-year balance sheet. Returns with zero assets were used as a classification for returns of: (1) liquidating or dissolving corporations which had disposed of all their assets and whose income tax returns were final returns; (2) merging corporations whose assets and liabilities were included in the returns of the acquiring corporations; (3) corporations filing a part-year tax return because of a change in accounting period; and (4) foreign corporations with income effectively connected with the conduct of a trade or business within the United States (except foreign insurance companies providing balance sheet information for U.S. branches). See also "Total Assets and Total Liabilities."

Statutory Special Deductions (#)

Statutory special deductions is the term used for the statistics to describe the deductions for: (1) net operating losses of prior years, and (2) total "special deductions" as defined by the Code, i.e., the sum of deductions for intercorporate dividends received and for dividends paid on certain preferred stock of public utilities. Since these deductions were allowed by law, in addition to ordinary and necessary business deductions, they are shown as deductions from net income.

In general, net income less statutory special deductions equalled income subject to tax. However, the two dividend deductions were not restricted to returns with net income, nor, in general, to the amount of net income, and thus became part of the statutory "net operating loss" for some corporations. Statutory special deductions were not allowed to S

corporations for which an election was made to be taxed through shareholders, nor to regulated investment companies and real estate investment trusts.

Although Domestic International Sales Corporations (DISC's) were not taxable, in order to compute "tax deferred income and income taxable to stockholders," two of the statutory special deductions, i.e., net operating loss deduction and intercorporate dividends received deduction, discussed below, were allowed.

Definitions for the statutory special deductions contained in the statistics are as follows:

(1) Net operating loss deduction.--The total net operating loss deduction was based on statutory net operating losses of prior or subsequent years which could be used to reduce taxable income for a specified number of years. The amount shown in this report, however, consists only of losses from prior years actually used to reduce taxable income for the current year. Losses incurred after the current year and carried back to that year at a later date could not be reported on the returns used for this report. In general, losses were carried back over a 3-year period, chronologically, and any amount not offset against income during that time could then be carried forward against income for a period not exceeding 5 years (for losses incurred before 1976) and to 15 years (for losses incurred for 1976 and thereafter).

Net operating losses on which the current-year deduction was based included: (a) the excess of ordinary and necessary business expenses over income in the previous loss years, and (b) statutory special deductions claimed in the loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

The net operating loss deducted for the current year was limited to net income reduced, first, by the deductions for dividends received and, second, for dividends paid on certain preferred stock of public utilities.

Net operating losses incurred by Domestic International Sales Corporations (DISC's) were deductible from net income only if the DISC had been a corporation prior to its election to become a DISC and only for losses incurred prior to the election. The statistics are overstated to the extent small amounts of net operating loss deductions were reported by DISC's without net income; no attempt was made to suppress these amounts for the statistics.

(2) Total special deductions.--The total special deductions contained in this report was the sum of the following deductions:

(a) Intercorporate dividends received deduction.--The intercorporate dividends received deduction, under Code sections 243-246, was the sum of the following components:

(1) A deduction equal to 85 percent of dividends received from domestic corporations which were themselves subject to the income tax. This particular deduction accounted for the major portion of the intercorporate dividends received deduction. Since DISC's were not subject to tax, the intercorporate dividends received deduction was not allowed for dividends received by their stockholders. However, if the dividends were paid out of earnings and profits from a

year before the election was made to become a DISC, the stockholders were entitled to the deduction for such dividends.

(2) A deduction equal to 85 percent of certain dividends received from foreign corporations (a) which had been engaged in a trade or business within the United States for at least 3 years, and (b) which also had at least 50 percent of their gross income "effectively connected" with the U.S. trade or business.

(3) A deduction equal to 100 percent of certain intragroup dividends allowed members of controlled groups not electing to file consolidated returns, but sharing instead, one \$25,000 amount in each of the four income tax brackets under Code section 1561.

(4) A deduction equal to 100 percent of dividends received from wholly-owned foreign subsidiaries whose entire gross income was "effectively connected" with the conduct of a trade or business within the United States.

(5) A deduction equal to about 59.13 percent of dividends received on certain preferred stock of public utilities for which a dividends paid deduction, described below, was also allowed the distributing corporation. The applicable percentage was based on the income tax rate.

(6) A deduction equal to 100 percent of dividends received by small business investment companies. For tax returns with net income for the taxable year, there was a limitation on the deduction, based on net income, for dividends received not subject to the 100 percent deduction (Code section 246). For these returns the deduction could not exceed 85 percent of net income less any 100 percent deduction for domestic intragroup dividends. This limitation was not applicable if the corporation had no net income for the year. In this case, the deduction became part of the statutory net operating loss previously described. In the case of life insurance companies, the above percentage deductions were further reduced by the ratio of investment yield less total exclusions (operations) to investment yield.

(b) Deduction for dividends paid on certain preferred stock of public utilities.--For public utility companies, as defined by law, a special deduction was allowable under Code section 247 for dividends if paid on certain preferred cumulative stock deemed issued prior to October 1, 1942. This deduction, based on the income tax rate, amounted to about 30.4 percent of the dividends paid on such stock.

If the dividends paid were greater than net income reduced (in general) by all other statutory special deductions for the year, the deduction could not exceed the above-described percentage of net income after this adjustment.

#### Stockholders' Undistributed Taxable Income Previously Taxed (#)

See "Shareholders' Undistributed Taxable Income Previously Taxed."

Taxable Income

See "Domestic International Sales Corporation Returns."

Tax Due at Time of Filing (#)

Tax due was the amount of income tax liability reported as due at the time the return was filed. To show a tax due the return had to have income tax after foreign tax, investment, possessions tax, jobs, nonconventional source fuel, alcohol fuel, research, employee stock ownership, and orphan drug credits. For this purpose, the income tax included tax from recomputing prior-year investment credit, additional tax for tax preferences, tax on undistributed Personal Holding Company income, Tax from Section 1 (tax on income from U.S. sources not effectively connected with a U.S. trade or business), and excess net passive income tax. Tax due based on this total tax was the amount payable after taking into account (a) credit for taxes deemed paid by regulated investment companies on undistributed capital gain dividends; (b) payments with applications for extension of time in which to file; (c) payments and refunds on estimated tax; (d) credit for taxes on special fuels, nonhighway gasoline, and lubricating oil; (e) U.S. income tax paid or withheld at source (for Form 1120F returns); and (f) overpaid windfall profit tax.

The entire tax due could be paid with the return at the time of filing, or the corporation could elect to pay the tax due in two equal installments. One installment had to be paid at the prescribed time of filing. The balance was due not later than 3 months after that date.

The amounts shown do not reflect adjustments made after the return was filed. The results of tax audit, the carryback of net operating losses, the carryback of foreign taxes paid or accrued in future years, the carryback of unused tax credits or the carryback of certain capital losses, may affect the final tax liability and the tax due.

Tax from Recomputing Prior Year Investment Credit (#)

This tax, a recapture of investment credit, was required when depreciable (or amortizable) property used in computing the investment credit of a prior year was either disposed of or ceased to be qualifying property before the end of its useful life assumed at the time the credit was originally computed.

The tax was payable for the year in which the property was disposed of or became disqualified. It amounted to the difference between the credit originally claimed based on the intended life in the year of acquisition and the credit that would have been allowed based on the actual life in the year of disposition or disqualification.

The Economic Recovery Tax Act of 1981 changed the recapture rules for when eligible property was disposed of. Under prior law, if property with a useful life of 7 years was not held for the full 7-year period, some and maybe all of the credit was recaptured. If the property was disposed of within the sixth or seventh year, one-third of the credit was recaptured; if disposed of within the fourth or fifth, two-thirds of the credit was recaptured; if disposed of within three years, all of the credit was recaptured. Under the new law, for investment credit property placed in service after 1980, a new "2-percent" recapture rule applied (see "Changes in Law"). As stated above, a 6-percent investment credit was applied to 3-year property and a 10-percent credit for other property. Under the Act, the regular credit was computed upon early

disposition by allowing a 2 percent credit for each year the property was held. Therefore, no recapture was required for eligible 5-year, 10-year, or 15-year recovery property held for at least 5 years or for eligible 3-year property held for at least 3 years.

Unless otherwise indicated, tax from recomputing prior-year investment credit is included in the statistics for "Income Tax" in this report.

See "Investment Credit" in this section.

Tax from Section 1 (Form 1120F) (#)

Income from U.S. sources that was not effectively connected with the conduct of a trade of business in the United States was subject to a 30 percent tax rate, however, in certain cases it was taxed at a lower rate due to a tax treaty. This income included, in general:

- (1) interest, dividends, rents, royalties, salaries, wages, premiums, annuities, compensation and other fixed or determinable periodic income;
- (2) gains from disposal of timber, coal or domestic iron ore;
- (3) gains from sale or exchange of patents, copyrights, and other intangible property; and
- (4) bonds or other evidences of debts.

See also "Income Tax."

Tax Overpayment (#)

This was the amount reported as the excess of payments and credits for the tax already paid over total income tax liability at the time the return was filed. For this purpose, the income tax liability included tax from recomputing prior-year investment credit, additional tax for tax preferences, tax on undistributed Personal Holding Company income, and tax from Section 1 (Form 1120F), (tax on income from U.S. sources not effectively connected with a U.S. trade or business). Tax overpayment was also after reduction by the foreign tax, possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research, employee stock ownership and orphan drug credits. Overpayment then, was the excess of payments and credits over total tax liability after taking into account (a) credit for taxes deemed paid by regulated investment companies on undistributed capital gain dividends; (b) payments with applications for extension of time in which to file; (c) payments and refunds on estimated tax; (d) credit for taxes on special fuels, nonhighway gasoline, and lubricating oil, and (e) U.S. income tax paid or withheld at the source (for Form 1120F returns) and (f) overpaid windfall profits tax.

The overpayment could be credited toward the following year's estimated tax, refunded, or partially refunded and partially credited.

The amounts shown do not reflect adjustments made after the return was filed. The results of audit, the carryback of net operating losses incurred in future years, the carryback of certain foreign taxes paid or accrued in future years used to increase the current year foreign tax credit, the carryback of unused tax credits, or the carryback of certain capital losses, may affect the final tax liability and the tax overpayment.

Since Domestic International Sales Corporations (DISC's) were not taxable, tax overpayment reported on Form 1120-DISC consisted solely of the refund of U.S. excise tax on special fuels, nonhighway gasoline, and lubricating oil.

Also, see "Tax Due at Time of Filing."

Tax Preference Items (#)

See "Additional Tax for Tax Preferences."

Taxes Paid

Taxes paid included the amounts reported as an ordinary and necessary business deduction as well as identifiable amounts reported in the cost of sales and operation schedules. Included among the deductible taxes were ordinary State and local taxes paid or accrued during the year; social security and payroll taxes; unemployment insurance taxes; import and tariff duties; and business, license and privilege taxes. Income and profit taxes paid to foreign countries or U.S. possessions were also deductible unless claimed as a credit against income tax. However, S corporations electing to be taxed through their shareholders had to deduct from gross income any foreign taxes they paid. They could not claim a foreign tax credit, nor could they pass these taxes on to their shareholders for their use as a foreign tax credit. (See "Foreign Tax Credit.")

Taxes not deductible included Federal income and excess profits taxes, gift taxes and taxes assessed against local benefits.

Some corporations included sales taxes and excise and related taxes, which were part of the sales price of their products, as receipts. When this occurred, an equal and offsetting amount was usually included in the cost of sales and operations or as part of the separate deduction for taxes paid. When included in the cost of sales and operations, these taxes often were not identifiable and, therefore, could not be included in the statistics for taxes paid.

Tentative Investment Credit

See "Investment Credit."

Total Assets and Total Liabilities

Total assets and total liabilities were those reported in the end-of-year balance sheet in the corporations' books of account. Total assets were net amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the reserve for bad debts. When reserves for bad debts were reported as liabilities, they were treated as reductions from the asset accounts to which they related and the totals of assets and liabilities were adjusted accordingly. When used in this report, the term total liabilities includes both the claims of creditors and stockholders' equity (see "Net Worth"). In addition, total liabilities were net amounts after reduction by the cost of Treasury stock.

Asset and liability estimates for returns of corporations that failed to provide complete balance sheet information were imputed from data in other schedules on the return form or by using either reference books or relationships between income statement and balance sheet items on similar returns in the same industrial group.

Because Forms 1120L and 1120M used by life insurance companies and certain mutual insurance companies did not provide for the complete reporting of balance sheet information, asset and liability data for these companies were obtained from reference books or from balance sheets filed with the returns in the form required by State law. These sources were also used for any other insurance companies, not filing returns on Forms 1120L or 1120M, which filed balance sheets in the form required by State law in lieu of the income tax return schedule. (See also "Size of Total Assets.")

Total Deductions

As presented in the tables of this publication, total deductions comprised (1) the cost of sales and

operations, (2) the ordinary and necessary business deductions from gross income, and (3) net loss from sales of noncapital assets. Components of total deductions are shown in the income statement segment of various tables throughout this report.

For certain mutual insurance companies, with total receipts under \$500,000, total deductions represents only investment expenses; business expenses were excluded by law.

Total Income Tax

See "Income Tax."

Total Qualified Investment in 10 Percent Property

See "Investment Credit."

Total Receipts

The components of total receipts are shown in the income statement segment of various tables throughout this report. This amount was derived as follows:

Included items--(1) Gross taxable receipts (before deduction of cost of sales and operations, ordinary and necessary business expenses, and net loss from sales of noncapital assets), and (2) Nontaxable interest received from State and local Government obligations.

Excluded items--(1) Other nontaxable income recognized by the corporation, and (2) Certain taxable income from related foreign corporations only constructively received.

For certain mutual insurance companies, with total receipts under \$500,000, the gross taxable receipts included in the statistics represent only the receipts from investments; operating income was excluded by law.

Total Receipts Less Total Deductions

This item differed from net income (less deficit) for tax purposes in that it included nontaxable "Interest on State and Local Government Obligations" and excluded "Constructive Taxable Income from Related Foreign Corporations." As such, it included all of the income "actually" (as opposed to "constructively") received by the corporation and reported on the income tax return.

Unused Investment Credit

This was the portion of the tentative investment credit (plus the carryover of unused credit from prior years) which was in excess of the actual investment credit claimed for the current year. Subject to limitations, the unused credit could be carried back or carried over for use in other years as described under "Investment Credit."

The amounts shown in the statistics were computed on a return-by-return basis by taking the difference between the credit claimed and the sum of the tentative credit and the credit carryover.

U.S. Possessions Tax Credit

In order to provide a tax incentive for domestic corporations to invest in Puerto Rico and U.S. possessions (including American Samoa, Guam, Johnston Island, Midway Islands, and Wake Island, but not the Virgin Islands), the Tax Reform Act of 1976 added, under Code section 936, a tax credit - the U.S. possessions tax credit. Under Code section 936, the U.S. possessions tax credit was equal to the U.S. tax on the corporations' income from sources within a possession in which the corporations actively conducted a trade or business.

**Corporation Returns/1983 • Explanation of Terms**

Before the U.S. possessions tax credit could be claimed, a domestic corporation had to make an election and satisfy two tests: (1) receive for the "applicable" period immediately preceding the close of the taxable year at least 80 percent of its gross income from sources within a U.S. possession, and (2) receive for the "applicable" period at least 50 percent of its gross income from the active conduct of a trade or business within a U.S. possession. "Applicable" period was the lesser of 3 years or the period during which the corporation was engaged in the active conduct of a trade or business within a U.S. possession.

For additional information regarding the possessions tax credit, see Operation and Effect of the Possessions Corporation System of Taxation, Fourth Report, issued by the Department of the Treasury as required by the Tax Reform Act of 1976.

**Zero Assets**

In general, returns in this total assets-size class were:

- (1) final returns of liquidating or dissolving corporations which had disposed of all assets;
- (2) final returns of merging corporations whose assets and liabilities were reported in the returns of the acquiring corporations;
- (3) part-year returns of corporations (except initial returns of newly incorporated businesses); and
- (4) returns of foreign corporations with income "effectively connected" with the conduct of a trade or business in the United States (however, balance sheet data for U.S. branches of foreign insurance companies are included in the statistics and are classified by the size of total assets of these branches).

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## **Section 6**

## **Forms and Instructions**

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**1120 U.S. Corporation Income Tax Return**

Form 1120 (1983)  
Department of the Treasury  
Internal Revenue Service

For calendar year 1983 or other tax year beginning ..... 1983, ending ..... 19 ..... **1983**

> For Paperwork Reduction Act Notice, see page 1 of the instructions.

<b>Check if a—</b>	<b>Use IRS label.</b>	<b>Name</b>	<b>B. Employer identification number</b>
I. Consolidated return <input type="checkbox"/>			
II. Personal Holding Co. <input type="checkbox"/>			
C. Business Code No. (See page 9 of instructions)			
<b>E. Check box if there has been a change in address from the previous year</b>			
1 (a) Gross receipts or sales \$ ..... (b) Less returns and allowances \$ ..... Balance ► 1(c) ..... 2 Cost of goods sold (Schedule A) and/or operations (attach schedule) ..... 3 Gross profit (subtract line 2 from line 1(c)) ..... 4 Dividends (Schedule C) ..... 5 Interest ..... 6 Gross rents ..... 7 Gross royalties ..... 8 Capital gain net income (attach separate Schedule D) ..... 9 Net gain or (loss) from Form 4797, line 14(a), Part II (attach Form 4797) ..... 10 Other income (see instructions—attach schedule) ..... 11 <b>TOTAL income—Add lines 3 through 10 and enter here</b> ► 11 ..... 12 Compensation of officers (Schedule E) ..... 13 (a) Salaries and wages \$ ..... (b) Less jobs credit \$ ..... Balance ► 13(c) ..... 14 Repairs (see instructions) ..... 15 Bad debts (Schedule F if reserve method is used) ..... 16 Rents ..... 17 Taxes ..... 18 Interest ..... 19 Contributions (not over 10% of line 30 adjusted per instructions) ..... 20 Depreciation (attach Form 4562) ..... 21 Less depreciation claimed in Schedule A and elsewhere on return ..... 21(a)( ) 21(b) ..... 22 Depletion ..... 23 Advertising ..... 24 Pension, profit-sharing, etc. plans (see instructions) ..... 25 Employee benefit programs (see instructions) ..... 26 Other deductions (attach schedule) ..... 27 <b>TOTAL deductions—Add lines 12 through 26 and enter here</b> ► 27 ..... 28 Taxable income before net operating loss deduction and special deductions (subtract line 27 from line 11) ..... 29 Less: (a) Net operating loss deduction (see instructions—attach schedule) ..... 29(a) ..... (b) Special deductions (Schedule C) ..... 29(b) ..... 30 Taxable income (subtract line 29 from line 28) ..... 31 <b>TOTAL TAX (Schedule J)</b> ..... 32 Credits: (a) Overpayment from 1982 allowed as a credit ..... (b) 1983 estimated tax payments ..... (c) Less refund of 1983 estimated tax applied for on Form 4466 ( ) ..... (d) Tax deposited with Form 7004 ..... (e) Credit from regulated investment companies (attach Form 2439) ..... (f) Federal tax on special fuels and oils (attach Form 4136) ..... 33 <b>TAX DUE</b> (subtract line 32 from line 31—if line 32 is greater than line 31, skip line 33 and go to line 34). See instruction C3 for depositary method of payment (Check ► <input type="checkbox"/> if Form 2220 is attached. See instruction D.) ► \$ ..... 34 <b>OVERPAYMENT</b> (subtract line 31 from line 32) ..... 35 Enter amount of line 34 you want: Credited to 1984 estimated tax ► Refunded ► 35 .....  <b>Please Sign Here</b> ► Signature of officer Date Title  <b>Paid Preparer's Use Only</b> Preparer's signature Date Check if self-employed <input type="checkbox"/> Preparer's social security number Firm's name (or yours, if self-employed) and address E.I. No. ► ZIP code ►			

Form 1120 (1983) Page 2

**SCHEDULE A—Cost of Goods Sold**  
(See instructions for Schedule A)

1 Inventory at beginning of year	1
2 Merchandise bought for manufacture or sale	2
3 Salaries and wages	3
4 Other costs (attach schedule)	4
5 Total—Add lines 1 through 4	5
6 Inventory at end of year	6
7 Cost of goods sold—Subtract line 6 from line 5. Enter here and on line 2, page 1	7

## 8 (a) Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market as described in Regulations section 1.471-4 (see instructions)
- (iii)  Written down of "subnormal" goods as described in Regulations section 1.471-2(c) (see instructions)
- (iv)  Other (Specify method used and attach explanation) ►

(b) Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) □

(c) If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

(d) If you are engaged in manufacturing, did you value your inventory using the full absorption method (Regulations section 1.471-11)?

(e) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory?  Yes  No  
If "Yes," attach explanation.**SCHEDULE C—Dividends and Special Deductions**  
(See instructions for Schedule C)

	(A) Dividends received	(B) %	(C) Special deductions: multiply (A) X (B)
1 Domestic corporations subject to 85% deduction		85	
2 Certain preferred stock of public utilities		59.13	
3 Foreign corporations subject to 85% deduction		85	
4 Wholly-owned foreign subsidiaries subject to 100% deduction (section 245(b))		100	
5 Total—Add lines 1 through 4. See instructions for limitation			
6 Affiliated groups subject to the 100% deduction (section 243(e)(3))		100	
7 Other dividends from foreign corporations not included in lines 3 and 4			
8 Income from controlled foreign corporations under subpart F (attach Forms 5471)			
9 Foreign dividend gross-up (section 78)			
10 DISC or former DISC dividends not included in line 1 (section 246(d))			
11 Other dividends			
12 Deduction for dividends paid on certain preferred stock of public utilities (see instructions)			
13 Total dividends—Add lines 1 through 11. Enter here and on line 4, page 1			
14 Total deductions—Add lines 5, 6 and 12. Enter here and on line 29(b), page 1			

**SCHEDULE E—Compensation of Officers** (See instruction for line 12, page 1)

Complete Schedule E only if your total receipts (line 1(a), plus lines 4 through 10, of page 1, Form 1120) are \$150,000 or more.

1. Name of officer	2. Social security number	3. Percent of time devoted to business	Percent of corporation stock owned	6. Amount of compensation
		4. Common	5. Preferred	
		%	%	%
		%	%	%
		%	%	%
		%	%	%
		%	%	%
		%	%	%

Total compensation of officers—Enter here and on line 12, page 1.

**SCHEDULE F—Bad Debts—Reserve Method** (See instruction for line 15, page 1)

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1978						
1979						
1980						
1981						
1982						
1983						

Form 1120 (1983)

**SCHEDULE J.—Tax Computation**

(See instructions for Schedule J on page 7)

				Page 3
1 Check if you are a member of a controlled group (see sections 1561 and 1563) ► <input type="checkbox"/>				
2 If line 1 is checked, see instructions and enter your portion of the \$25,000 amount in each taxable income bracket:				
(i) \$ .....	(ii) \$ .....	(iii) \$ .....	(iv) \$ .....	
3 Income tax (see instructions to figure the tax; enter this tax or alternative tax from Schedule D, whichever is less). Check if from Schedule D ► <input type="checkbox"/>				3
4 (a) Foreign tax credit (attach Form 1118) .....		4(a)		
(b) Investment credit (attach Form 3468) .....		(b)		
(c) Jobs credit (attach Form 5884) .....		(c)		
(d) Employee stock ownership credit (attach Form 8007) .....		(d)		
(e) Research credit (attach Form 6765) .....		(e)		
(f) Possessions tax credit (attach Form 5735) .....		(f)		
(g) Alcohol fuel credit (attach Form 6478) .....		(g)		
(h) Credit for fuel produced from a nonconventional source (see instructions) .....		(h)		
5 Total—Add lines 4(a) through 4(h) .....		5		
6 Subtract line 5 from line 3 .....		6		
7 Personal holding company tax (attach Schedule PH (Form 1120)) .....		7		
8 Tax from recomputing prior-year investment credit (attach Form 4255) .....		8		
9 Minimum tax on tax preference items (see instructions—attach Form 4626) .....		9		
10 Total tax—Add lines 6 through 9. Enter here and on line 31, page 1 .....		10		

**Additional Information (See page 8 of instructions)**

Yes	No	(e) Enter highest amount owed to you by such owner during the year ►	Yes	No
H Did you claim a deduction for expenses connected with:				
(1) Entertainment facility (boat, resort, ranch, etc.)? .....				
(2) Living accommodations (except employees on business)? .....				
(3) Employees attending conventions or meetings outside the North American area? (See section 274(h)) .....				
(4) Employees' families at conventions or meetings? .....				
If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h)) .....				
(5) Employee or family vacations not reported on Form W-2? .....				
I (1) Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) .....				
If "Yes," attach a schedule showing: (a) name, address, and identifying number; (b) percentage owned; (c) taxable income or (loss) before NOL and special deductions (e.g., if a Form 1120 from Form 1120, line 28, page 1) of such corporation for the tax year ending with or within your tax year; (d) highest amount owed by you to such corporation during the year; and (e) highest amount owed to you by such corporation during the year.				
(2) Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of your voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (e). .....				
(a) Attach a schedule showing name, address, and identifying number.				
(b) Enter percentage owned ► .....				
(c) Was the owner of such voting stock a person other than a U.S. person? (See instructions.)				
If "Yes," enter owner's country ► .....				
(d) Enter highest amount owed by you to such owner during the year ► .....				
(e) Enter highest amount owed to you by such owner during the year ► .....				

Form 1120 (1983)

**SCHEDULE L.—Balance Sheets**

Assets	Beginning of tax year		End of tax year	
	(A)	(B)	(C)	(D)
1 Cash .....				
2 Trade notes and accounts receivable .....				
(a) Less allowance for bad debts .....				
3 Inventories .....				
4 Federal and State government obligations .....				
5 Other current assets (attach schedule) .....				
6 Loans to stockholders .....				
7 Mortgage and real estate loans .....				
8 Other investments (attach schedule) .....				
9 Buildings and other depreciable assets .....				
(a) Less accumulated depreciation .....				
10 Depletable assets .....				
(a) Less accumulated depletion .....				
11 Land (net of any amortization) .....				
12 Intangible assets (amortizable only) .....				
(a) Less accumulated amortization .....				
13 Other assets (attach schedule) .....				
14 Total assets .....				
<b>Liabilities and Stockholders' Equity</b>				
15 Accounts payable .....				
16 Mortgages, notes, bonds payable in less than 1 year .....				
17 Other current liabilities (attach schedule) .....				
18 Loans from stockholders .....				
19 Mortgages, notes, bonds payable in 1 year or more .....				
20 Other liabilities (attach schedule) .....				
21 Capital stock: (a) Preferred stock .....				
(b) Common stock .....				
22 Paid-in or capital surplus .....				
23 Retained earnings—Appropriated (attach schedule) .....				
24 Retained earnings—Unappropriated .....				
25 Less cost of treasury stock .....				
26 Total liabilities and stockholders' equity .....				

**SCHEDULE M-1.—Reconciliation of Income Per Books With Income Per Return**

Do not complete this schedule if your total assets (line 14, column (D), above) are less than \$25,000.

1 Net income per books .....			
2 Federal income tax .....			
3 Excess of capital losses over capital gains .....			
4 Income subject to tax not recorded on books this year (itemize) .....			
5 Expenses recorded on books this year not deducted in this return (itemize)			
(a) Depreciation .....			
(b) Contributions carryover .....			
6 Total of lines 1 through 5 .....			
7 Income recorded on books this year not included in this return (itemize)			
(a) Tax-exempt interest .....			
8 Deductions in this tax return not charged against book income this year (itemize)			
(a) Depreciation .....			
(b) Contributions carryover .....			
9 Total of lines 7 and 8 .....			
10 Income (line 28, page 1)—line 6 less line 9 .....			

**SCHEDULE M-2.—Analysis of Unappropriated Retained Earnings Per Books (Line 24 above)**

Do not complete this schedule if your total assets (line 14, column (D), above) are less than \$25,000.

1 Balance at beginning of year .....			
2 Net income per books .....			
3 Other increases (itemize) .....			
4 Distributions: (a) Cash .....			
(b) Stock .....			
(c) Property .....			
5 Other decreases (itemize) .....			
6 Total of lines 5 and 6 .....			
7 Total of lines 1, 2, and 3 .....			
8 Balance at end of year (line 4 less line 7) .....			

# 1983 Instructions for Form 1120 U.S. Corporation Income Tax Return

(Section references are to the Internal Revenue Code, unless otherwise noted.)

## Tax Highlights

Please note these important tax changes.

### A. Reduction In Corporate Tax Rates

Effective for tax years beginning after 1982, the tax rates are reduced for the two lowest taxable income brackets. For the taxable income bracket of \$25,000 or less, the tax rate decreases for 1983, from 16% to 15%. For the taxable income bracket over \$25,000 but not over \$50,000, the tax rate decreases for 1983, from 19% to 18%. The remaining tax rates of 30%, 40%, and 46% did not change.

### B. Reduction In Tax Preference Items

Corporations may be required to reduce the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities; bad debts deduction for financial institutions, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

### C. Basis Adjustment for Investment Tax Credits

A taxpayer may be required to reduce the basis of property placed in service after December 31, 1982, by 50 percent of the regular, energy, or certified historic structure investment tax credit taken for the property. See the instructions for Form 3468, Computation of Investment Credit.

### D. Accelerated Tax Payments

To avoid the estimated tax penalty for tax years beginning after December 31, 1982, the amount of estimated tax payments required by a corporation is increased from 80% to 90% of the tax shown on the return for the tax year. See sections 6555(b)(1) and (d)(3).

For tax years beginning after December 31, 1982, a corporation must pay the amount of unpaid taxes on line 33 within 2½ months after the end of the tax year. The election to pay in two equal installments is no longer available.

### E. New Method for Depositing Taxes

Beginning January 1, 1984, a new method for depositing taxes will take effect. The IRS will send you a Federal Tax Deposit Coupon Book (Form 8109) containing 15 coupons for depositing all types of taxes. Indicate the type of tax on the coupons and include a coupon with each deposit made. If you do not receive these coupons, please contact your IRS district office.



## A. Purpose of Form

In general, Form 1120 is used to report income, gains, losses, deductions, and credits of U.S. corporations.

## B. Filing Form 1120

### Who Must File

The organizations listed below must file Form 1120. Note: If an organization more nearly resembles a corporation than a partnership or trust, it will be considered an association taxed as a corporation.

- Domestic corporations, whether or not they have any taxable income, unless exempt under section 501.
- Real estate investment trusts defined in section 856.
- Regulated investment companies defined in section 851.
- Insurance companies described in section 831.

### Special Returns for Certain Organizations

Certain organizations, listed below, may have to file special returns.

- Foreign corporations other than life and mutual insurance companies filing Forms 1120L and 1120M: File Form 1120F.
- Life insurance companies (section 802): File Form 1120L.
- Mutual insurance companies (section 821): File Form 1120M.
- Farmers' cooperatives (section 1381): File Form 990-C.
- Exempt organizations with unrelated trade or business income: File Form 990-T.
- S corporations (section 1361): File Form 1120S.
- Domestic International Sales Corporations (section 992): File Form 1120-DISC.
- Political organizations (section 527): File Form 1120-POL.
- Homeowners associations (section 528): File Form 1120-H.

## When to File

In general, a corporation must file Form 1120 by the 15th day of the 3d month after the end of the tax year. A new corporation filing a short period return must generally file by the 15th day of the 3d month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3d month after the date it dissolved.

**Extension.**—File Form 7004 to request an automatic 6-month extension of time to file Form 1120.

**Period covered.**—File the 1983 return for calendar year 1983 and fiscal years that begin in 1983 and end in 1984. For a fiscal year, fill in the tax year space at the top of the form.

**Final return.**—If the corporation ceases to exist, write "Final return" at the top of the form.

## F. New Six-Month Automatic Extension of Time to File Corporate Return

For tax years ending after December 31, 1982, the automatic extension of time to file a corporate tax return has been extended from 3-months to 6-months. Use Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Report, to apply for this 6-month extension. Such automatic extension does not extend the time for payment of the tax. Form 7005 previously used for the additional extension of 3-months has been obsolete.

## G. Filing Requirements for Nonexempt Farmers' Cooperatives

For tax years beginning after December 31, 1982, a nonexempt farmers' cooperative now files Form 990-C. Farmers' Cooperative Association Income Tax Return, instead of Form 1120. Exempt farmers' cooperatives will continue filing Form 990-C.

## H. Real Property Construction Period Interest and Taxes

For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189(d)) shall be allowed for real property construction period interest and taxes.

## Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt," with the tax return. These amounts are tax-deductible, subject to the rules and limitations for charitable contributions. Please keep the contribution to reduce the public debt separate from any amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

## General Instructions Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

## Where to File

If the corporation's principal business, office, or agency is located in Use the following Internal Revenue Service Center address

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester Holtsville, NY 10501

New York (all other counties), Connecticut, Massachusetts, New Hampshire, Rhode Island, Vermont Andover, MA 01501

Alabama, Florida, Georgia, Mississippi, South Carolina Atlanta, GA 31101

Michigan, Ohio Cincinnati, OH 45999

Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas Austin, TX 73301

Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming Ogden, UT 84201

Illinois, Iowa, Missouri, Wisconsin Kansas City, MO 64999

California, Hawaii Fresno, CA 93388

Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia Memphis, TN 37501

Delaware, District of Columbia, Maryland, Pennsylvania Philadelphia, PA 19255

Generally, anyone who is paid to prepare Form 1120 must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120 to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, for more details.

## C. Figuring and Paying the Tax

### 1. Accounting

#### Accounting methods.

Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Generally, corporations engaged in farming operations must use the accrual method of accounting. See section 447 for exceptions.

Unless the law specifically permits otherwise, the corporation may change the method of accounting used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method. Also see Publication 538, Accounting Periods and Methods.

#### Change in accounting period.

Before changing an accounting period, the Commissioner's approval must be obtained (Regulation section 1.442-1) by filing Form 1128, Application for Change in Accounting Period. Also see Publication 538.

#### 2. Rounding Off To Whole—Dollar Amounts

The corporation may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

## 3. Depository Method of Tax Payment

The corporation must pay the tax due in full within 2½ months after the end of the tax year. "Tax due" is the amount on line 33, determined without regard to any penalty from Form 2220. However, if line 33 includes a penalty as reported on Form 2220, that amount should be paid in full at the time the return is filed.

Deposit corporation income tax payments (and estimated tax payments) with a Federal Tax Deposit Payment Coupon (Form 8109). Make these tax deposits with either a financial institution qualified as a Depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) serving the geographic area where the corporation is located. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more information. There will no longer be periodic mailouts of FTD deposit forms. To get more deposit forms, use the reorder form (Form 8109A) provided in the coupon book.

Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a 5% FTD penalty.

For more information concerning deposits, see Publication 583, Information for Business Taxpayers.

### 4. Estimated Tax

A corporation must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be \$40 or more. Use Form 1120-W, Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the Payment Coupons (Forms 8109) in making deposits of estimated tax.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both 1. at least 10% of expected income tax liability and 2. at least \$500. To apply, file Form 4466 within 2½ months after the end of the tax year and before Form 1120 is filed.

### D. Penalties

Avoid penalties and interest by correctly filing and paying the tax when due. The corporation may have to pay the following penalties unless it can show that failure to file or to pay was due to reasonable cause and not willful neglect. (These penalties are in addition to the interest charge on unpaid tax at a rate under section 6621.)

• A corporation that fails to file its tax return when due (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due.) The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

• A corporation that fails to pay the tax when due may be subject to a penalty of  $\frac{1}{2}\%$  a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. (The penalty is imposed on the net amount due.)

• A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty for tax years beginning after December 31, 1982, the amount of estimated tax payments required by a corporation is increased from 80% to 90%. See sections 6655(b)(1) and (d)(3).

If the corporation underpaid estimated tax, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets. Also be sure to check the box below line 33. If the corporation owes a penalty, enter the amount in the space below line 33.

If there is tax due on line 33, include the amount of the penalty in the total. If there is a refund due, subtract the amount of the penalty from the overpayment on line 34.

**Penalty for Overstated Tax Deposits.**—If deposits are overstated, the corporation may be subject to a penalty. See section 6655(b).

## E. Other Forms, Returns, Schedules, and Statements That May Be Required

### a. Forms.

The corporation may have to file any of the following:

**Forms W-2 and W-3.** Wage and Tax Statement; and Transmittal of Income and Tax Statements.

**Form W-2P.** Statement for Recipients of Periodic Annuities, Pensions, Retired Pay, or IRA Payments.

**Form 966.** Corporate Dissolution or Liquidation.

**Form 1096.** Annual Summary and Transmittal of U.S. Information Returns. (For transmitting Form 1099 information, use Form W-3G, Transmittal of Certain Information Returns.)

### Form 5452, Corporate Report of Nontaxable Dividends.

**Forms 1099-B, DIV, INT, MISC, OID, PATR, and R.** Information returns for reporting interest on bearer certificates of deposit, certain dividends and distributions, payments for certain fishing boat crew members, interest income, proceeds from brokers and barter exchange transactions, medical and health care payments, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements. Also use these returns to report amounts that were received as a nominee on behalf of another person.

**Form 5498, Individual Retirement Arrangement.** Information is to be used to provide IRS with contribution information on individual retirement accounts and simplified employee pension plans.

**Form 5713, International Boycott Report,** for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott, may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and DISC benefits.

**b. Consolidated return.**

The parent corporation of an affiliated group of corporations must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122, Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments:

- Items of gross income and deductions.
- A computation of taxable income.
- Balance sheets as of the beginning and end of the tax year.
- A reconciliation of retained earnings.
- A reconciliation of income per books with income per return.

Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

**c. Real estate investment trusts.** Attach the appropriate schedules. See sections 856-860 for special rules.

### d. Statements.

**Stock ownership in foreign corporations.** Attach the required statement if the corporation owned 5% or more in value of the outstanding stock of a foreign personal holding company. See section 551(c).

A corporation that controls a foreign corporation, or that is a 10% or more shareholder of a controlled foreign corporation, may have to file Form 5471, Information Return with Respect to a Foreign Corporation.

**Transfers to a corporation controlled by the transferor.** If a person receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the person (transferor) and the transferee must attach the information required by Regulation section 1.351-3.

**Corporations that liquidate within one calendar month under section 333.** These corporations must attach a computation of accumulated earnings and profits, including all items of income and expense accrued up to the date the transfer of all property is completed. Use the format in Rev. Proc. 75-17, 1975-1 C.B. 677.

### e. Amended return.

Use Form 1120X, Amended U.S. Corporation Income Tax Return, to correct any error in a previously filed income tax return.

### f. Financial statements.

Do not complete Schedules M-1 and M-2 if your total assets at the end of the tax year (line 14, column (D) of Schedule L) are less than \$25,000.

### g. Attachments.

Attach Form 4136, Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil, after page 4, Form 1120. Attach schedules in alphabetical order and other forms in numerical order after the Form 4136.

If more space is needed on the forms or schedules, attach separate sheets and show the same information in the same order as on the printed forms. Be sure to show totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the taxpayer's name and employer identification number (EIN) on each sheet.

## Specific Instructions

**Employer Identification Number.** If the employer identification number (EIN) on the label is wrong or if the corporation did not receive a label, enter the correct number at the top of the return.

A corporation that does not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number. Obtain this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120 is mailed. If the EIN has not been received by the filing time for Form 1120, write "Applied for" in the space for the EIN.

For more information concerning an EIN, see Publication 583.

**Total Assets.** Enter the total assets of the corporation. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

## Gross Income

### Line 1

#### Gross receipts

Enter gross receipts or sales from all business operations except those that must be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see Regulation sections 1.451-3 and 1.451-5.

If the installment method is used, enter on line 1 the gross profit on collections from installment sales, and carry the same amount to line 3. Attach a schedule showing the following for the current year and the 3 preceding years: a. gross sales, b. cost of goods sold, c. gross profits, d. percentage of gross profits to gross sales, e. amount collected, and f. gross profit on amount collected.

### Line 2

#### Cost of goods sold

See the instructions for Schedule A.

### Line 4

#### Dividends

See the instructions for Schedule C.

### Line 5

#### Interest

Enter interest on U.S. obligations and on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

### Line 6

#### Gross rents

Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

### Line 8

#### Capital gain net income

Every sale or exchange of a capital asset must be reported in detail on Schedule D (Form 1120), Capital Gains and Losses, even though no gain or loss is indicated.

If the net long-term capital gain is more than the net short-term capital loss, or if there is only a net long-term capital gain, compute the alternative tax to see if it produces a smaller tax.

### Line 9

#### Net gain or (loss)

Enter the net gain or loss from Form 4797, Supplemental Schedule of Gains and Losses, line 14(a), Part II.

### Line 10

#### Other income

Enter any other taxable income not listed above, and explain its nature on an attached schedule. Examples of other income are recoveries of bad debts

deducted in prior years under the specific charge-off method; the amount of credit for alcohol used as fuel (determined without regard to the limitation based on tax) that was entered on Form 6478, Credit for Alcohol Used as Fuel; and refunds of taxes deducted in prior years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, explain what it is in parentheses on line 10.

## Deductions

**Transaction between related taxpayers.** See section 267 for limitation on deductions for unpaid expenses and interest.

**Limitation on deductions for tax preference items.** Corporations may be required to reduce deductions for the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities, bad debt deduction for financial institutions, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

### Line 17

**Taxes** Enter taxes paid or accrued during the tax year.

Do not include the following: 1. Federal income taxes; 2. foreign or U.S. possession income taxes if a tax credit is claimed; or 3. taxes not imposed on the corporation.

See section 164(d) for apportionment of taxes on real property between seller and purchaser.

### Line 18

#### Interest

Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (For exceptions, see section 265(2).)

Mutual savings banks, building and loan associations, and cooperative banks can deduct the amounts paid or credited to the accounts of depositors as dividends, interest, or earnings. (See section 591.)

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, a cash basis calendar year taxpayer, who in 1983 prepaid interest allocable to any period after 1983, can deduct only the amount allocable to 1983. Please see Publication 545, Interest Expense.

Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized. See section 263(g).

### Line 19

#### Salaries and wages

Enter on line 13(a) the amount of total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on the return, such as contributions to a Simplified Employee Pension which are deducted on line 24.

Enter on line 13(b) the amount of jobs credit from Form 5884, Jobs Credit (and WIN Credit Carryover).

### Line 14

#### Repairs

Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life. However, see the instructions for line 20.

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(X)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3d month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

If a contribution is in property other than money, attach a schedule describing the kind of property contributed and the method used in determining its fair market value. If you made a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the donation, the type of legal interest contributed, and describe the conservation purpose furthered by the donation.

If a contribution carryover is included, show the amount and how it was determined.

**Special rule for contributions of certain property.** For a charitable contribution of property, you must reduce the contribution by the sum of:

1. the ordinary income, short-term capital gain and
2. for certain contributions, 60.87% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to 1. contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and 2. contributions of any property to or for the use of certain private foundations. (See section 170(e) and Regulation section 1.170A-4.)

For special rules for contributions of inventory and other property to certain organizations, see section 170(X)(3) and Regulation section 1.170A-4A.

**Charitable Contributions of Scientific Property Used for Research.** A corporation (other than a personal holding company or a service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. For further information, see section 170(e).

#### Line 20

##### Depreciation

Besides depreciation, include in line 20 the part of the cost (up to \$5,000) you elect to expense of certain recovery property placed in service during tax year 1983. See the instructions for Form 4562, Depreciation and Amortization.

#### Line 22

##### Depletion

See sections 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T (Timber). Forest Industries Schedules, if you claim a deduction for depletion of timber.

#### Line 24

##### Pension, profit-sharing, etc., plans

Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. There are penalties for failure to timely file these forms.

**Form 5500.**—Complete this form for each plan with 100 or more participants.

**Form 5500-C or 5500-R.**—Complete the applicable form for each plan with fewer than 100 participants.

#### Line 25

##### Employee benefit programs

Enter the amount of contributions to employee benefit programs (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

#### Line 26

##### Other deductions

Include in line 26 the deduction taken for amortization of pollution control facilities, organization expenses, etc. See Form 4562.

Generally, a deduction may not be taken for the amount of any item or part thereof allocable to a class of exempt income. (See section 265(2) for exceptions.)

Generally, you can deduct all ordinary and necessary travel and entertainment expenses paid or incurred in your trade or business. However, you cannot deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation. (Note: The corporation may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2 for an employee or Form 1099-MISC for an independent contractor.)

See Publication 463, Travel, Entertainment, and Gift Expenses, for more details.

**Note: Do not deduct penalties imposed on corporations such as those included in General Instruction D.**

#### Line 28

##### Taxable income before NOL deduction and special deductions

Special "at risk" rules under section 465 generally apply to closely held corporations engaged in any activity as a trade or business or for the production of income. Such corporations may have to adjust the amount on line 28. See below. However, the "at risk" rules do not apply to 1. holding real property other than mineral property and 2. equipment leasing under section 465(c)(4), (5), and (6). These "at risk" rules apply to a closely held corporation that may or may not be a personal holding company.

**A closely held corporation that is NOT a personal holding company.** Adjust the amount on line 28 for section 465(d) losses. These losses are limited to the amount for which the closely held corporation is "at risk" for each separate activity at the close of the tax year.

For a corporation involved in more than one activity that incurs a loss for the year, report each loss separately. Attach a schedule reflecting the amount "at risk" and gross income and deductions for each activity that has a loss.

If the corporation sells or otherwise disposes of an asset or its interest (either total or partial) in an activity to which the "at risk" rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the "at risk" rule.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year.

**A closely held corporation that is a personal holding company.** For the amount to enter on line 28, see Schedule PH (Form 1120), Computation of U.S. Personal Holding Company Tax, Specific Instructions for line 1, regarding section 465 losses.

#### Line 29(a)

##### Net operating loss deduction

The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(a).)

Generally, a corporation may carry a net operating loss back to each of the 3 years preceding the year of the loss and carry it over to each of the 15 years following the year of the loss. A corporation may carry back 10 years the part of the net operating loss attributable to a product liability loss. (See section 172(b)(1).) There is also an available election to carry a net operating loss over to just each of the 15 years following the year of the loss. The election may be made by attaching a statement to a return that is filed on time (including extensions). The election is irrevocable.

After applying the net operating loss to the first tax year to which it may be carried, the portion of the loss you may carry to each of the remaining tax years is the excess, if any, of the loss over the sum of the taxable income for each of the prior tax years to which you may carry the loss. (See section 172(b).)

If there is a carryback of a net operating loss, net capital loss, an unused investment credit, unused jobs credit, unused research credit, or unused employee stock ownership credit, file Form 1139, Corporation Application for Tentative Refund, within 12 months after the close of the tax year for a "quick refund" of taxes. (See section 6411.)

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers. Also see Publication 536, Net Operating Losses and the At-Risk Limits.

#### Line 29(b)

##### Special deductions

See the instructions for Schedule C.

#### Line 32(e)

##### Credit for overpaid windfall profit tax

A corporation that has overpaid its windfall profit tax may claim a credit on its income tax return. Use Form 6249, Computation of Overpaid Windfall Profit Tax, to figure the credit. Include the amount of the credit in the total for line 32(e). Write in the margin, next to the entry on line 32(e), the amount of the credit and identify it as "Overpaid Windfall Profit Tax."

#### Schedule A

##### Cost of Goods Sold

**Valuation Methods.** Inventories can be valued at: 1. cost; 2. cost or market value (whichever is lower); or 3. any other method that is approved by the Commissioner of Internal Revenue and that conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such change should be made by filing Form 3115. For more information about the change, see Regulation section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

In line 8(a), check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions where there is a current price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that

occurred near the date the inventory is valued. For more requirements, see Regulation section 1.471-4.

Inventory may be valued below cost when the merchandise is 1. unsalable at normal prices or 2. unsalable in the normal way because the goods are "subnormal" (that is because of damage, imperfections, shop wear, etc.) within the meaning of Regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price minus direct cost of disposition (but not less than scrap value) if such a price can be established. See Regulation section 1.471-2(c) for more requirements.

So-called dividends or earnings received from mutual savings banks, etc., are really interest. Do not treat them as dividends.

#### Line 2, Column (A)

Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

#### Line 3, Column (A)

Enter dividends that are received from foreign corporations and that qualify for the 85% deduction provided in section 245(a).

#### Line 4, Column (A)

Enter dividends that are received from wholly-owned foreign subsidiaries and that are eligible for the 100% deduction provided in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which 1. all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends and 2. all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

#### Lines 1, 2, 3, 4, Column (C)

A small business investment company operating under the Small Business Investment Act of 1958 may deduct 100% of dividends received from domestic corporations subject to income tax. (Section 243(a)(2).)

No deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)) to the extent the dividend 1. is paid out of the corporation's accumulated DISC income or previously taxed income, or 2. is a deemed distribution under section 995(b)(1).

In general, no dividends-received deduction will be allowed on any share of stock 1. that is disposed of if the corporation held it 15 days or less, or 2. to the extent the corporation is under an obligation to make corresponding payments for substantially identical stock or securities.

#### Line 5, Column (C)

**Limitation on dividends-received deduction.** Line 5 of column (C) may not be more than 85% of line 28, page 1, Form 1120, minus line 6 of column (C). For this purpose, compute line 28 (Form 1120) without regard to any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 85% limitation does not apply.

even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

For a small business investment company, the dividends-received deduction of 100% included in line 5 of column (C) is not subject to the overall 85% limitation.

Financial institutions should see section 596 for the special limitation on the dividends-received deduction.

#### Line 6, Columns (A) and (C)

Enter only those dividends that are subject to the elective provisions of section 243(b) and that are entitled to the 100% dividends-received deduction under section 243(a)(3). Corporations making this election are subject to the provisions of section 1561.

#### Line 7, Column (A)

Enter foreign dividends not reportable on lines 3 and 4 of column (A). Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F (sections 951-964).

#### Line 8, Column (A)

Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported in line 5, Schedule J, Form(s) 5471.

#### Line 9, Column (A)

Include gross-up for taxes deemed paid under sections 902 and 960.

#### Line 10, Column (A)

Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% deduction.

#### Line 11, Column (A)

Include the following:

- Dividends (other than capital gain dividends and exempt interest dividends) that are received from regulated investment companies and that are not subject to the 85% deduction.
- Dividends from tax-exempt organizations.
- Dividends (other than capital gain dividends) received from a real estate investment trust which, for the tax year of the trust in which the dividends are paid, qualify under sections 856-860.
- Dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock.
- Any other taxable dividend income not properly reported above (including distributions under section 934(e)(3) or 936(h)(4)). If patronage dividends or per-unit retain allocations are included in Schedule C, line 11, column (A), identify the total of these amounts in a schedule attached to Form 1120.

#### Line 12, Column (C)

Deduction for dividends paid on certain preferred stock of public utilities. Section

247 allows public utilities a deduction of 30.435% of either 1. dividends paid on their preferred stock during the tax year, or 2. taxable income computed without regard to this deduction, whichever is less. In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). (See section 172(d).)

#### Schedule J

##### Tax Computation

A corporation that is not a member of a controlled group (these members should see lines 1 and 2 below) will compute the tax on its taxable income as follows:

If the amount on Form 1120, Line 30, Page 1 is:	Enter on Form 1120, Schedule J, Line 3:	
Over—	But not over—	amount over—
0	\$25,000	15%      0
\$25,000	50,000	\$3,750 +18%      \$25,000
50,000	75,000	8,250 +30%      50,000
75,000	100,000	15,750 +40%      75,000
100,000	-----	25,750 +46%      100,000
-----	-----	-----

If the alternative tax does not apply, enter on line 3 of Schedule J, the amount computed above. If the alternative tax applies, see Schedule D (Form 1120).

(Personal holding companies—see instructions for line 7, Schedule J, before figuring your tax.)

#### Lines 1 and 2

Members of a controlled group, as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the \$25,000 in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulation section 1.1561-3(b) for them and for the time and manner of making the consent.

**Equal Apportionment Plan.** If no apportionment plan is adopted, the members of the controlled group must divide the \$25,000 in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an unequal apportionment plan. Therefore, corporation A is entitled to

\$12,500 (one-half of \$25,000) in each taxable income bracket. Corporation B is also entitled to \$12,500 in each taxable income bracket.

**Unequal Apportionment Plan.** Members of a controlled group may elect an unequal apportionment plan and divide the \$25,000 in each taxable income bracket as they wish. There is no need for consistency between taxable income brackets. Any

member of the controlled group may be entitled to all, some, or none of the \$25,000 in a taxable income bracket. (But the total amount for all members of the controlled group cannot be more than \$25,000 in any taxable income bracket.) Each member of a controlled group must compute the tax as follows:

**Note:** If alternative tax applies, corporations should do the following: (1) Complete lines 1 and 2 of Schedule J. (2) On line 1 below, instead of entering amount from line 30, page 1, Form 1120, enter amount from line 14, Schedule D. (3) Complete lines 2 through 15 below, and, (4) Enter amount from line 15 below on line 15 of Schedule D and complete balance of Schedule D.

#### Line 4(b)

**Investment credit.** If the corporation invested in certain types of trade or business property, or qualified energy property, it may be able to take the investment credit, or the energy investment credit, or both credits.

Use Form 3468, Computation of Investment Credit, to figure these credits.

#### Line 4(c)

**Jobs credit.** The jobs credit, if elected, is allowed for hiring members of targeted groups (including the new group for summer youth employees) during the tax year. Generally, the allowable credit is equal to 50% of qualified first-year wages paid or incurred and 25% of qualified second-year wages paid or incurred. See Form 5884, Jobs Credit (and WIN Carryover), for definitions, special rules, and limitations. Also see Publication 906, Jobs and Research Credits.

Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the amount of the jobs credit (determined without regard to the limitation based on the tax (section 53)).

Any WIN credit carryover should be claimed with the jobs credit. See the instructions for Form 5884 for more information.

#### Line 4(d)

**Employee stock ownership credit.** Corporations may take a tax credit equal to the value of employer stock (or money used to buy stock) that they contribute to a tax credit Employee Stock Ownership Plan (ESOP). The credit is limited to a percentage of the total compensation of participating employees. See Form 8007, Credit for Employee Stock Ownership Plan, for definitions, limitations and the computation of the credit.

#### Line 4(e)

**Research credit.** Amounts paid or incurred before January 1, 1986, for increasing qualified research expenses in carrying on a trade or business are allowed as a credit. Use Form 6765, Credit for Increasing Research Activities, to figure the credit.

#### Line 4(f)

**Possessions tax credit.** See Form 5712, Election to Treat as a Possessions Corporation Under Section 936, for rules on how to elect to claim the possessions tax credit (section 936). Compute the credit on Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936.

#### Line 4(g)

**Alcohol fuel credit.** The corporation may be able to take a credit for alcohol used as fuel. This applies to straight alcohol sold at retail or used as fuel in the corporation's trade or business. It also applies to an

alcohol mixture produced by the corporation and sold or used as fuel in its trade or business. Use Form 6478, Credit for Alcohol Used As Fuel, to figure the credit.

#### Line 4(h)

**Credit for fuel produced from a nonconventional source.** A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 44D contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

#### Line 7

**Personal holding company tax.** A corporation is taxed as a personal holding company under section 542 if:

- At least 60% of its adjusted ordinary gross income, defined in section 543(b)(2), for the tax year is personal holding company income as defined in section 543(a), and
- At any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by not more than 5 individuals.

Use Schedule PH (Form 1120), Computation of U.S. Personal Holding Company Tax, to figure this tax.

#### Line 8

**Tax from recomputing prior-year investment credit.** If property is disposed of or ceases to be qualified property before the end of the life-years used in computing the regular or energy investment credit, there may be a recapture of the credit. (See Form 4255, Recapture of Investment Credit.)

#### Line 9

**Minimum tax.** Attach Form 4626, Computation of Minimum Tax—Corporations, if the corporation has tax preference items in excess of \$10,000, OR if there is any minimum tax liability deferred from a prior tax year.

#### Line 10

**Real estate investment trust excise tax.** An excise tax is imposed on certain real estate investment trust taxable income not distributed during the tax year (section 4981). Attach a copy of the tax computation and include the amount of tax in the total for line 10, Schedule J (Form 1120). Write in the margin, next to the entry on line 10, the amount of the tax and identify it as "section 4981 tax."

#### Schedule M-2 Unappropriated Retained Earnings

#### Line 5

**Distributions under the Bank Holding Company Act.** If an election under section

1103(g) or (h) applies to a section 1101 distribution, the bank holding company making the distribution must enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be, in the right-hand margin next to line 5, Schedule M-2 (Form 1120).

#### Additional Information

Be sure to answer questions H through P on page 3, Form 1120. The instructions that follow are keyed to these questions.

#### Question I(2)(c).

##### U.S. person

The term "U.S. person" means: 1. a citizen or resident of the United States; 2. a domestic partnership; 3. a domestic corporation; or 4. any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

"Owner's country," for individuals, is the owner's country of residence. For all others, it is the country where incorporated, organized, created, or administered.

#### Question L.

##### Foreign financial accounts

Check the Yes box if either 1. or 2. below applies to you. Otherwise, check the No box.

- At any time during the year the corporation had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country AND
  - The combined value of the accounts was more than \$5,000 at any time during the year; AND
  - The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.
- The corporation owns more than 50% of the stock in any corporation that would answer the question "Yes" based on item 1 above.

Get Form 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the corporation is considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If Yes is checked for Question L, file Form 90-22.1 by June 30, 1984, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

Obtain Form 90-22.1 from many IRS offices.

Also, if Yes is checked to Question L, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

### Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

Using the list below, enter on page 1, under C, the code number for the specific industry group

Agriculture, Forestry, and Fishing	Code	Transportation and Public Utilities	Finance, Insurance, and Real Estate
<b>Chemicals and allied products:</b>			
2815 Industrial chemicals, plastics materials and synthetics.			
2830 Paints, varnishes, lacquers.			
2840 Soap, cleaners, and toilet goods.			
2850 Parts and allied products.			
2898 Other chemical and allied products.			
from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1(a), page 1) plus all other income (lines 4 through 10, page 1).			the principal product or service may be "Cereal preparations."
On page 3, under J, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products,"			If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing".
<b>Mining</b>			
<b>Metal mining:</b>			
1010 Iron ores.			
1070 Copper, lead and zinc, gold and silver ores.			
1098 Other metal mining.			
1150 Coal mining.			
<b>Oil and gas extraction:</b>			
1330 Crude petroleum, natural gas, and natural gas liquids.			
1380 Oil and gas field services.			
<b>Nonmetallic minerals, except basic:</b>			
1430 Dimension, crushed and broken stone; sand and gravel.			
1498 Other nonmetallic minerals, except fuels.			
<b>Construction</b>			
<b>General building contractors and operative builders:</b>			
1510 General building contractors.			
1521 Operative builders.			
<b>Heavy contractors:</b>			
1600 Heavy contractors.			
<b>Special trade contractors:</b>			
1711 Plumbing, heating, and air conditioning contractors.			
1731 Electrical work.			
1788 Other special trade contractors.			
<b>Manufacturing</b>			
<b>Food and kindred products:</b>			
2010 Meat products.			
2020 Dairy products.			
2030 Preserves fruits and vegetables.			
2040 Grain and seed products.			
2050 Baked products.			
2060 Sugar and confectionery products.			
2081 Milk liquors and malt.			
2088 Alcoholic beverages, except malt liquors.			
2089 Bottled soft drinks, and flavorings.			
2096 Other food and kindred products.			
2100 Tobacco manufacturers.			
<b>Textile mill products:</b>			
2228 Weaving mills and textile finishing.			
2250 Knitting mills.			
2298 Other textile mill products.			
<b>Apparel and other textile products:</b>			
2310 Apparel, except children's.			
2343 Women's and children's clothing.			
2388 Other apparel and accessories.			
2390 Miscellaneous fabricated textile products.			
<b>Lumber and wood products:</b>			
2415 Logging, sawmills, and planing mills.			
2430 Millwork, plywood, and related products.			
2498 Other wood products, including wood buildings and mobile homes.			
2500 Furniture and fixtures.			
<b>Paper and allied products:</b>			
2625 Pub. paper and board mills.			
2699 Other paper products.			
<b>Printing and publishing:</b>			
2710 Newspapers.			
2720 Periodicals.			
2735 Books, greeting cards, and stationery publishing.			
2799 Commercial and other printing, and printing trade services.			
from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1(a), page 1) plus all other income (lines 4 through 10, page 1).			
On page 3, under J, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products,"			
<b>Chemicals and allied products:</b>			
2815 Industrial chemicals, plastics materials and synthetics.			
2830 Paints, varnishes, lacquers.			
2840 Soap, cleaners, and toilet goods.			
2850 Parts and allied products.			
2898 Other chemical and allied products.			
<b>Petroleum refining and related industries (including those integrated with extraction):</b>			
2910 Petroleum refining (including integrated).			
2998 Other petroleum and coal products.			
<b>Rubber and plastic products:</b>			
3050 Rubber products: plastics, footwear, hoses and belting.			
3070 Misc. plastic products.			
<b>Leather and leather products:</b>			
3140 Leather, except rubber.			
3198 Other leather and leather products.			
<b>Stone, clay, and glass products:</b>			
3225 Glass products.			
3240 Cement, hydraulic.			
3250 Concrete, brick, and plaster products.			
3298 Other nonmetallic mineral products.			
<b>Primary metal industries:</b>			
3370 Ferrous metal industries.			
3380 Nonferrous metal products.			
<b>Fabricated metal products:</b>			
3410 Metal cans and shipping containers.			
3428 Cutlery, hand tools, and hardware; screw machine products, bolts, and similar metal parts.			
3430 Plumbing and heating equipment.			
3440 Drugs, drug proprieetary, and pharmaceutical metal products.			
3450 Metal forms and stampings.			
3470 Coating, engraving, and allied services.			
3480 Ordnance and munitions, except ordnance and projectile metals.			
3490 Other fabricated metal products.			
<b>Machinery, except electrical:</b>			
3510 Farm machinery.			
3530 Construction and related machinery.			
3540 Metallurgical machinery.			
3550 Special industry machinery.			
3560 Office, computing, and accounting machines.			
3598 Other machinery except electrical.			
<b>Electrical and electronic equipment:</b>			
3630 Household appliances.			
3653 Electronic equipment, and communication equipment.			
3670 Electronic components and parts.			
3698 Other electrical equipment.			
3710 Motor vehicles and equipment.			
<b>Transportation equipment, except motor vehicles:</b>			
3725 Airplanes, guitars, missiles and parts.			
3730 Ship and boat building and repairing.			
3798 Other transportation equipment, except motor vehicles.			
<b>Instruments and related products:</b>			
3815 Scientific instruments and measuring devices; watches and clocks.			
3845 Optical, medical, and ophthalmic goods.			
3860 Photographic equipment and supplies.			
3998 Other manufacturing products.			
<b>Wholesale Trade</b>			
<b>Durable:</b>			
5000 Machinery, equipment, and supplies.			
5010 Motor vehicles and automobile supplies.			
5020 Furniture and home furnishings.			
5030 Lumber and construction materials, including, recreational, photographic, hobby goods, toys and supplies.			
5050 Other durable goods.			
<b>Nondurable:</b>			
5110 Paper and paper products.			
5129 Drugs, drug proprieitary, and pharmaceutical products.			
5130 Construction and related machinery.			
5140 Apparel, pieces goods, and notions.			
5150 Chemicals and allied products.			
5160 Petroleum and petroleum products.			
5180 Miscellaneous beverages.			
5190 Misc. nondurable goods.			
<b>Services</b>			
7000 Hotels and other lodging places.			
7100 Personal services.			
7150 Business services.			
7310 Advertising.			
7389 Business services, except advertising.			
<b>Auto repair; miscellaneous repair services:</b>			
7500 Auto repair and services.			
7600 Misc. repair services.			
<b>Amusement and recreation services:</b>			
7812 Motion picture production, distribution, and services.			
7830 Motion picture theaters.			
7900 Amusement and recreation services, except motion pictures.			
<b>Other services:</b>			
8015 Offices of physicians, including osteopathic physicians.			
8021 Offices of dentists.			
8022 Offices of health practitioners.			
8050 Nursing and personal care facilities.			
8060 Medical laboratories.			
8099 Other medical services.			
8111 Legal services.			
8230 Educational services.			
8300 Social service organizations.			
8600 Membership organizations.			
8911 Architectural and engineering services.			
8930 Accounting, auditing, and bookkeeping.			
8980 Miscellaneous services (including veterans).			

**SCHEDULE D  
(Form 1120)**

 Department of the Treasury  
Internal Revenue Service

**Capital Gains and Losses**  
 To be filed with Forms 1120, 1120-DISC, 1120F, 1120-H,  
 1120L, 1120M, 1120-POL, 990-C, and certain Forms 990-T

OMB No. 1545-0123

**1983**

Employer identification number

Name

**PART I.—Short-term Capital Gains and Losses—Assets Held One Year or Less**

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, plus expense of sale	f. Gain or (loss) (d less e)
1					
2 Short-term capital gain from installment sales from Form 6252, line 21 or 29 . . . . .					2
3 Unused capital loss carryover (attach computation) . . . . .					3
4 Net short-term capital gain or (loss) . . . . .					4

**PART II.—Long-term Capital Gains and Losses—Assets Held More Than One Year**

5 Enter gain from Form 4797, line 6(a)(1) . . . . .	5
6	
7 Long-term capital gain from installment sales from Form 6252, line 21 or 29 . . . . .	7
8 Net long-term capital gain or (loss) . . . . .	8

**PART III.—Summary of Schedule D Gains and Losses (Form 1120L filers omit line 11)**

9 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 8) . . . . .	9
10 Net capital gain. Enter excess of net long-term capital gain (line 8) over net short-term capital loss (line 4) . . . . .	10
11 Total of lines 9 and 10. Enter here and on Form 1120, line 8, page 1; or the proper line on other returns . . . . .	11

*Note: If there is no entry on line 11, see instructions on capital losses for explanation of capital loss carrybacks.*
**PART IV.—Alternative Tax Computation (Forms 1120-H and 1120-DISC filers omit Part IV)**

12 Taxable income. Enter the amount from { (a) Form 1120, line 30, page 1 . . . . . (b) Others—Enter amount from the proper line of other returns . . . . . }	12
13 Net capital gain from line 10 . . . . .	13
14 Subtract line 13 from line 12 . . . . .	14
15 Partial tax. Compute the tax on line 14 as follows { (a) Form 1120—In accordance with the instructions for Form 1120, Schedule J . . . . . (b) Others—In accordance with the tax computation instructions for applicable return . . . . . }	15
16 28% of line 13 . . . . .	16
17 Alternative tax—total of lines 15 and 16. If less than amount of tax figured by regular method, enter here and on Form 1120, Schedule J, line 3; or the proper line on other returns. Also check box for Schedule D	17

For Paperwork Reduction Act Notice, see page 1 of Form 1120 Instructions.

Schedule D (Form 1120) 1983

**Instructions**
*(Section references are to the Internal Revenue Code, unless otherwise noted.)*
**Purpose of Form**

Schedule D should be used by a taxpayer who files either Forms 1120, 1120-DISC, 1120F, 1120-H, 1120L, 1120M, 1120-POL, 990-C, or certain Forms 990-T, to report sales or exchanges of capital assets. Sales or exchanges of property other than capital assets, including property used in a trade or business, involuntary conversions (other than casualties or thefts), and gain from the disposition of interest in oil, gas, or geothermal property, should be reported on Form 4797, Supplemental Schedule of Gains and Losses. See the instructions for Form 4797 for more information.

If property is involuntarily converted because of a casualty or theft, use Form 4684, Casualties and Straddles, to report gains and losses from regulated futures contracts and straddles.

**Special Rules for the Treatment of Certain Gains and Losses**
*Note: For more information, get Publication 544, Sales and Other Dispositions of Assets.*

- **Gains and losses on regulated futures contracts and straddles.**—Generally, regulated future contracts open at the end of the year, or terminated during the year, are treated as 60% long-term and 40% short-term regardless of how long the contracts were held. In addition, losses from positions that are part of a straddle are not allowed if the wash sale rules apply or are offset to the extent of any unrealized gains or losses on offsetting positions. Use Form 6781, Gains and Losses on Regulated Futures Contracts and Straddles, to report gains and losses from regulated futures contracts and straddles.

- **Gain or loss on certain short-term Federal, State, and municipal obligations.**—Such obligations are treated as capital assets in determining gain or loss. On any gain realized, a portion is treated as ordinary income and the balance is considered as a short-term capital gain. See section 1232(X3).

- **Gain from installment sales.**—If you sold property at a gain this year and are to receive a payment in a later tax year, you must use the installment method and file Form 6252, Computation of Installment Sale Income.

However, you may elect out of the installment method by doing the following on a timely filed return (including extensions):

- (1) Enter in the margin of Schedule D, next to the sale, the elect out of the installment method.
- (2) If you received a note or other obligation and are reporting it at less than face value, state that fact in the margin and give the percentage of valuation.

Also use Form 6252 if you received a payment in 1983 from a sale made in an earlier year on the installment basis.

- **Gain or loss on an option to buy or sell property.**—See section 1234 for the rules that apply to a purchaser or grantor of an option.

- **Gain or loss from a short sale of property.**—Report the gain or loss to the extent that the property used to close the short sale is considered a capital asset in the hands of the taxpayer.

- **Gains and losses of foreign corporations from the disposition of investment in United States real property.**—Foreign corporations required to report gains and losses from the disposition of U.S. real property interests. See section 897 for details.

- **Gains on certain insurance property.**—Form 1120H filers: gains on property held on December 31, 1982, or later substituted property acquired after 1982 should see section 897(b) and related regulations.

- **Loss from the sale or exchange of an insurance company's capital assets.**—Report the loss if the assets were sold or exchanged to get funds to meet abnormal insurance losses. If you are an insurance company taxed under section 831 and are reporting a loss on Schedule D, also attach a schedule similar to Schedule C of Form 1120M. If you are an insurance company taxed under section 821, all references to line numbers on Form 1120 are to be considered as references to the appropriate line on Form 1120M.

- **Loss from securities that are capital assets held during the year.**—Except for securities held by a bank, treat the loss as a capital loss as of the last day of the tax year. (See section 582 for the rules on the treatment of securities held by a bank.)

**How to Determine the Cost or Other Basis of the Property**

In determining gain or loss, the basis of property will generally be its cost (section 1012). The exceptions to the general rule are provided in sections contained in the subchapters C, K, O, and P of the Code. For example, if you sell a corporation, property by dividend, liquidation of a corporation, transfer from a shareholder, reorganization, contribution or gift, bequest, bankruptcy, tax-free exchange, involuntary conversion, or wash sale of stock, see sections 301, 334, 362 (or 358), 1015, 1014, 372 (or 374), 1031, 1033, and 1091, respectively. Attach an explanation if you use a basis other than actual cash cost of the property.

If you are allowed a charitable contribution deduction because you sold property to a charitable organization, figure the adjusted basis for determining gain from the sale by dividing the amount realized by the fair market value and multiplying that result by the adjusted basis.

**Capital Losses.**—The amount of capital losses allowed in any one year is limited. A net capital loss may be carried back 3 years and forward 5 years as a short-term capital loss. Carry back a capital loss to the extent it does not increase or produce a net operating loss in the tax year to which you carry it. You may not carry back foreign expatriation capital losses, but you may carry them forward 10 years instead of 5. A net capital loss for a regulated investment company may be carried forward 8 years instead of 5.

**At risk limitations (section 465).**—If you sold or exchanged an asset used in an activity, within the 10 risk rules apply, combine the gain or loss on the sale or exchange with the profit or loss from the activity. If you have a net loss from the activity, it may be subject to the at risk rules.

**Part III—Summary of Schedule D Gains and Losses**

If the net long-term capital gain is more than the net short-term capital loss, there is a net capital gain. In that case, you may want to complete Part IV to determine if the resulting alternative tax is less than the tax figured using the regular method.

**Part IV—Alternative Tax Computation**

- Forms 1120-H and 1120-DISC filers omit Part IV.

- Form 1120L filers see Form 1120L instructions for line 6 before figuring the alternative tax.

In figuring the alternative tax, you do not have to reduce deductions limited by the amount of taxable income (such as contributions and the social deductions in Schedule C of Form 1120).

If the alternative tax amount on line 17 is less than the tax figured by the regular method, enter the amount of alternative tax on Form 1120, Schedule J, line 3; or the proper line on other returns. Also check the box for Schedule D.

If there is a net capital gain, you may be liable for minimum tax. See Form 4626, Computation of Minimum Tax—Corporations, for more information.

**Form 1120F**

Department of the Treasury  
Internal Revenue Service

**U.S. Income Tax Return  
of a Foreign Corporation**

For calendar year 1983 or other tax year beginning  
1983, and ending 19

OMB No. 1545 0126

**1983**

Please type or print

Name	Employer identification number
Number and street (see instructions)	Check box if there has been a change in address from the previous year ► <input type="checkbox"/>
City or town, State and ZIP code, or country	

**NOTE:** Complete Section I to compute tax on income from U.S. sources that is NOT effectively connected with the conduct of a trade or business in the U.S. Complete Section II to compute tax on income effectively connected with the conduct of a trade or business in the U.S. Corporations having only income that is NOT effectively connected need file only pages 1 and 2.

A Country of incorporation ..... association at the end of the tax year own, directly or indirectly, 50% or more of your voting stock? (For rules of attribution, see section 267(c)) .....  Yes  No

B Foreign country under whose laws the income reported on this return is subject to tax ..... If "Yes," attach a schedule showing: (a) name, address and identifying number, (b) percentage owned, and (c) Enter the highest amount owed by you to that owner during the year ►

C Date incorporated ..... (d) Enter the highest amount owed to you by that owner during the year ►

D The corporation's books are in care of ..... Note: For purposes of G(1) and G(2), "highest amount owed" includes loans and accounts receivable/payable.

E Were you at any time during the tax year engaged in a trade or business in the U.S.? .....  Yes  No

F At any time during the tax year, did you have a permanent establishment in the U.S. for purposes of applying section 894(b) and any applicable tax treaty between the U.S. and a foreign country? .....  Yes  No

If "Yes," name the foreign country ..... H Have you filed a U.S. income tax return for the preceding tax year? .....  Yes  No

I If you had an agent in the U.S. at any time during the year, enter: Kind of agent ..... Name ..... Address .....

G (1) Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a U.S. corporation? (For rules of attribution, see section 267(c)) .....  Yes  No

If "Yes," attach a schedule showing: (a) name, address and identifying number, (b) percentage owned, (c) taxable income or (loss) before NOL and special deductions from line 28, page 1, Form 1120 for the tax year ending with or within your tax year, (d) highest amount owed by you to that corporation during the year, and (e) highest amount owed to you by that corporation during the year.

(2) Did any corporation, individual, partnership, trust, or L Are you a controlled foreign corporation? (Sec. 957) .....  Yes  No

1 Tax from Section I (line 10, page 2) ..... 1

2 Tax from Section II (line 8, Schedule J—Tax Computation, page 5) ..... 2

3 Personal holding company tax (attach Schedule PH (Form 1120)) ..... 3

4 Minimum tax (see instructions) ..... 4

5 TOTAL tax—Add lines 1 through 4 ..... 5

6 Credits: (a) Overpayment from 1982 allowed as a credit .....

(b) 1983 estimated tax payments .....

(c) Less refund of 1983 estimated tax applied on Form 4466 .....

(d) Tax deposited with Form 7000 .....

(e) Credit from regulated investment companies (attach Form 2439) .....

(f) Federal tax on special fuels and oils (attach Form 4136) .....

(g) U.S. income tax paid or withheld at the source (line 11, page 2) .....

7 Total (add lines 6(a) through 6(g)) ..... 7

8 TAX DUE (subtract line 7 from line 5) See instruction C3 for method of payment ..... 8

9 OVERPAYMENT (subtract line 5 from line 7) ..... 9

10 Enter amount of line 9 you want: Credited to 1984 estimated tax ► Refunded ► 10

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer Date Title

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed ►  Preparer's social security no. \_\_\_\_\_

Firm's name (or name of firm employed) and address E.I. No. ► ZIP code ►

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Form 1120F (1983)

Form 1120F (1983) Page 2

**SECTION I.—Income From U.S. Sources That Is NOT Effectively Connected With the Conduct of a Trade or Business in the U.S.—See Instructions**

If you are required to complete Section II or are using the form as a claim for refund of tax withheld at the source, include in this section ALL income from U.S. sources that is NOT effectively connected with the conduct of a trade or business in the U.S. Otherwise, you may include only those items of income on which the U.S. income tax was not fully paid at the source. The rate of tax on each item of income listed below is 30% unless limited by tax treaty. Fill in treaty rates where applicable.

Name of treaty country, if any ►

Nature of income	Amount	Rate of tax (%)	Amount of tax	Amount of U.S. income tax paid or withheld at the source
1 Interest				
2 Dividends				
3 Rents				
4 Royalties				
5 Annuities				
6 Gains from disposal of timber, coal, or domestic iron ore with a retained economic interest (attach statement of details)				
7 Gains from sale or exchange of patents, copyrights, etc.				
8 Fiduciary distributions (attach a statement showing the kind of income and rate)				
9 Other fixed or determinable annual or periodic income:				
10 Total—Enter here and on line 1, page 1				
11 Total—Enter here and on line 6(g), page 1				

Form 1120F (1983)		Page 3		
<b>SECTION II.—Income Effectively Connected With the Conduct of a Trade or Business in the U.S.—See Instructions</b>				
<b>IMPORTANT</b> —Fill in all applicable lines and schedules. If you need more space, see instruction B8(e).				
<b>Gross Income</b>	1 (a) Gross receipts or sales \$ .....	1(b) Less returns and allowances \$ .....	Balance ►	1(c)
	2 Cost of goods sold (Schedule A) and/or operations (attach schedule)			2
	3 Gross profit (subtract line 2 from line 1(c))			3
	4 Dividends (Schedule C, line 10)			4
	5 Interest			5
	6 Gross rents			6
	7 Gross royalties			7
	8 Capital gain net income (attach Schedule D (Form 1120))			8
	9 Net gain or (loss) from line 14(a), Part II, Form 4797 (attach Form 4797)			9
	10 Other income (see instructions—attach schedule)			10
	<b>11 TOTAL income—Add lines 3 through 10</b>			11
			12	
12 Compensation of officers (Schedule E)				
13 (a) Salaries and wages ..... 13(b) Less jobs credit .....			Balance ►	13(c)
14 Repairs (see instructions)				14
15 Bad debts (Schedule F if reserve method is used)				15
16 Rents				16
17 Taxes				17
18 Interest				18
19 Contributions (not over 10% of line 31 adjusted per instructions)				19
20 Depreciation (attach Form 4562)			20	
21 Depreciation claimed in Schedule A and elsewhere on return			21	
22 Balance (subtract line 21 from line 20)				22
23 Depletion				23
24 Advertising				24
25 Pension, profit-sharing, etc. plans (see instructions)				25
26 Employee benefit programs (see instructions)				26
27 Other deductions (total from page 5)				27
<b>28 TOTAL deductions—Add lines 12 through 27 and enter here</b>				28
29 Taxable income before net operating loss deduction and special deductions (subtract line 28 from line 11)				29
<b>30 Less:</b> (a) Net operating loss deduction (see instructions—attach schedule)			30(a)	
(b) Special deductions (Schedule C, line 11)			30(b)	30
31 Taxable income or (loss) (subtract line 30 from line 29)				31

**Schedule A.—Cost of Goods Sold (See Instructions)**

- |  |  |
|--|--|
| 1 Inventory at beginning of year   | 1  |
| 2 Merchandise bought for manufacture or sale   | 2  |
| 3 Salaries and wages   | 3  |
| 4 Other costs (attach schedule)  | 4  |
| 5 Total—Add lines 1 through 4  | 5  |
| 6 Inventory at end of year   | 6  |
| 7 Cost of goods sold—Subtract line 6 from line 5. Enter here and on line 2, Section II   | 7  |
| <b>8 (a) Check all methods used for valuing closing inventory:</b>   |  |
| (i) <input type="checkbox"/> Cost  |  |
| (ii) <input type="checkbox"/> Lower of cost or market as described in regulations section 1.471-4 (see instructions)                         |  |
| (iii) <input type="checkbox"/> Writtenout of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions)             |  |
| (iv) <input type="checkbox"/> Other (Specify method used and attach explanation) ►   |  |
| <b>(b) Check if the LIFO inventory method was adopted this tax year for any goods</b>  |  |
| If checked, attach Form 970.   |  |
| <b>(c) If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO</b>   | <b>8(c)</b>  |
| <b>(d) If you are engaged in manufacturing, did you value your inventory using the full absorption method (regulations section 1.471-1)?</b> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>(e) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory?</b>            | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If "Yes," attach explanation.  |  |

Form 1120F (1983)		Page 4
<b>Schedule C.—Dividends and Special Deductions (See Instructions)</b>		
	<b>(A) Dividends Received</b>	<b>(B) %</b>
1 Domestic corporations subject to the 85% deduction . . . . .	85	
2 Certain preferred stock of public utilities . . . . .	59.13	
3 Foreign corporations subject to the 85% deduction . . . . .	85	
4 Total—Add lines 1 through 3, Column (C). See instructions for limitation . . . . .		
5 Deduction for dividends paid on certain preferred stock of public utilities (see instructions) . . . . .		
6 Other dividends from foreign corporations . . . . .		
7 Foreign dividend gross-up (section 78) . . . . .		
8 Taxable dividends from a DISC or former DISC not included in line 1 (section 246(d)) . . . . .		
9 Other dividends . . . . .		
10 Total dividends—Add lines 1 through 9, Column (A). Enter here and on line 4, Section II, page 3 . . . . .		
11 Total special deductions—Add lines 4 and 5, Column (C). Enter here and on line 30(b), Section II, page 3 . . . . .		

**Schedule E.—Compensation of Officers (See Instructions)** Complete Schedule E only if your total receipts (line 1(a) plus lines 4 through 10, of Section II, page 3) are \$150,000 or more.

Total compensation of officers—Enter here and on line 12, Section II, page 1

**Schedule F.—Bad Debts—Reserve Method (See Instructions)**

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1978						
1979						
1980						
1981						
1982						
1983						

Form 1120F (1983)

**Schedule J.—Tax Computation (See Instructions for Schedule J.)**

Page:

- |  |               |                |               |
|--|---------------|----------------|---------------|
| 1 Check if you are a member of a controlled group (see sections 1561 and 1563) ► <input type="checkbox"/>  |               |                |               |
| 2 If line 1 is checked, see instructions and enter your portion of the \$25,000 amount in each taxable income bracket:   |               |                |               |
| (i) \$ .....   | (ii) \$ ..... | (iii) \$ ..... | (iv) \$ ..... |
| 3 Income tax (see instructions to figure the tax; enter this tax or alternative tax from Schedule D, whichever is less). Check if from Schedule D ► <input type="checkbox"/> |               |                | 3             |
| 4 (a) Foreign tax credit (attach Form 1118)  | 4(a)          |                |               |
| (b) Investment credit (attach Form 3468)   | 4(b)          |                |               |
| (c) Jobs credit (attach Form 5884)   | 4(c)          |                |               |
| (d) Employee stock ownership credit (attach Form 8007)   | 4(d)          |                |               |
| (e) Research credit (attach Form 6765)   | 4(e)          |                |               |
| (f) Alcohol fuel credit (attach Form 6478)   | 4(f)          |                |               |
| (g) Credit for fuel produced from a nonconventional source (see instructions)  | 4(g)          |                |               |
| 5 Total—Add lines 4(a) through 4(g)  | 5             |                |               |
| 6 Subtract line 5 from line 3  | 6             |                |               |
| 7 Tax from recomputing prior-year investment credit (attach Form 4255)   | 7             |                |               |
| 8 Total tax—Add lines 6 and 7. Enter here and on line 2, page 1  | 8             |                |               |

#### **Other Deductions**

---

**Additional Information Required**

- |  |  |
|--|--|
| <b>Additional Information Required</b>   |  |
| <b>M Business description (see page 8 of instructions)</b>   |  |
| (1) Business code number .....   |  |
| (2) Principal business activity .....  |  |
| .....  |  |
| .....  |  |
| .....  |  |
| <b>(3) Principal product or service .....</b>  |  |
| .....  |  |
| .....  |  |
| .....  |  |
| <b>N Did you claim a deduction for expenses connected with:</b>  |  |
| (1) Entertainment facility (boat, resort, ranch, etc.)? .....  |  |
| (2) Living accommodations (except for employees on business)? .....  |  |
| (3) Employees attending conventions or meetings outside the North American area? (See section 274(h).) .....         |  |
| (4) Employees' families at conventions or meetings? .....  |  |
| If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).) .....     |  |
| (5) Employee or family vacations not reported on Form W-2? .....   |  |
| <b>O During the tax year was any part of your accounting /tax records maintained on a computerized system?</b> ..... |  |
| <b>P Check method of accounting: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual</b>          |  |
| (3) <input type="checkbox"/> Other (specify) .....   |  |

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**Schedule L.—Balance Sheets**

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	Beginning of tax year		End of tax year	
	(A)	(B)	(C)	(D)
<b>ASSETS</b>				
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3 Inventories				
4 Federal and State government obligations				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
<b>14 Total assets</b>				
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
15 Accounts payable				
16 Mfgs., notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mfgs., notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock				
(b) Common stock				
22 Paid-in or capital surplus				
23 Retained earnings—Appropriated (attach schedule)				
24 Retained earnings—Unappropriated				
25 Less cost of treasury stock			( )	
26 Total liabilities and stockholders' equity			( )	

**Schedule M-1.—Reconciliation of Income Per Books With Income Per Return.** Do not complete this schedule if your total assets (line 14, column (D), above) are less than \$25,000.

1 Net income on books . . . . .		7 Income recorded on books this year not included in this return (itemize) (a) Tax-exempt interest \$ _____	
2 Federal income tax . . . . .			
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize) . . . . .			
5 Expenses recorded on books this year not deducted in this return (itemize) (a) Depreciation . . . \$ _____ (b) Contributions carryover . . \$ _____		8 Deductions in this tax return not charged against book income this year (itemize) (a) Depreciation . . . \$ _____ (b) Contributions carryover . . \$ _____	
6 Total of lines 1 through 5 . . . . .		9 Total of lines 7 and 8 . . . . .	
		10 Income (line 29, page 3) — line 6 less line 9	

**Schedule M-2.—Analysis of Unappropriated Retained Earnings Per Books** (line 24 above). Do not complete this schedule if your total assets (line 14, column (D), above) are less than \$25,000.

<b>1</b> Balance at beginning of year . . . . .		<b>5</b> Distributions (a) Cash . . . . .	
<b>2</b> Net income on books . . . . .		(b) Stock . . . . .	
<b>3</b> Other increases (itemize) . . . . .		(c) Property . . . . .	
.....		.....	
<b>4</b> Total of lines 1, 2, and 3 . . . . .		<b>6</b> Other decreases (itemize) . . . . .	
.....		.....	
		<b>7</b> Total of lines 5 and 6 . . . . .	
		<b>8</b> Balance at end of year (line 4 less line 7)	

1983



## Instructions for Form 1120F

### U.S. Income Tax Return of a Foreign Corporation

(Section references are to the Internal Revenue Code, unless otherwise noted.)

#### Tax Highlights

Please note these important tax changes.

#### Reduction in Corporate Tax Rates

For the taxable income bracket of \$25,000 or less, the tax rate decreases for 1983, from 16% to 15%. For the taxable income bracket between \$25,000 and \$50,000, the tax rate decreases for 1983, from 19% to 18%. The remaining tax rates of 30%, 40%, and 46% did not change.

#### Reduction in Tax Preference Items

Corporations may be required to reduce the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities, bad debts deduction for financial institutions, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

#### Basis Adjustment for Investment Tax Credits

A taxpayer may be required to reduce the basis of property placed in service after December 31, 1982, by 50% of the regular, energy, or certified historic structure investment tax credit taken for the property. See the instructions for Form 3468, Computation of Investment Credit.

#### Accelerated Tax Payments

To avoid the estimated tax penalty for tax years beginning after December 31, 1982, the amount of estimated tax payments required by a corporation is increased from 80% to 90%. See sections 6655(b)(1) and (d)(3).

For tax years beginning after December 31, 1982, a corporation must pay the amount of unpaid taxes on line 8, page 1, Form 1120F, within 2 1/2 months after the end of the tax year. The election to pay in two equal installments is no longer available.

#### New Method for Depositing Taxes

Beginning January 1, 1984, a new method for depositing taxes will take effect for foreign corporations with an office or place of business in the United States. The IRS will send you a Federal Tax Deposit Coupon Book (Form 8109) containing 15 coupons for depositing all types of taxes. Indicate the type of tax on the coupons and include a coupon with each deposit. Taxpayers who do not have these coupons are to contact their IRS district office.

#### New Six-Month Automatic Extension of Time to File Corporate Return

For tax years ending after December 31, 1982, the automatic extension of time to

The Mexican or Canadian branch of a U.S. mutual life insurance company must file Form 1120F on the same basis as a foreign corporation if the U.S. company elects to exclude the branch's income and expenses from its own gross income (section 819A).

A receiver, assignee, or trustee in dissolution or bankruptcy must file Form 1120F if that person has or holds title to virtually all of a foreign corporation's property or business. Form 1120F is due whether or not the property or business is being operated.

An agent in the U.S. must file the return if the foreign corporation has no office or place of business in the U.S. when the return is due.

**Consolidated returns.**—In general, a foreign corporation filing Form 1120F cannot belong to an affiliated group of corporations that files a consolidated return. An exception is made for some Canadian and Mexican subsidiary corporations that are maintained solely to own and operate property under Canadian or Mexican law.

**2. Who Does Not File Form 1120F.**—A foreign corporation does not need to file Form 1120F in any of the following cases:

- It did not engage in a trade or business in the U.S. during the year, and its full U.S. tax was withheld at the source. In cases of overwithholding, see instruction D.

- It is a beneficiary of an estate or trust that engaged in a trade or business in the U.S., but it would not itself need to file otherwise.

- It files Form 1120L, U.S. Life Insurance Company Income Tax Return, as a foreign life insurance company or Form 1120M, U.S. Mutual Insurance Company Income Tax Return, as a foreign mutual insurance company.

**3. Foreign Governments.**—Foreign governments are generally not taxed on investment income from U.S. sources. Income from certain "commercial activities," however, is taxable. For rules, definitions, and examples, please see section 892 and regulations section 1.892-1.

**4. Dispositions of U.S. Real Property Interest by a Foreign Corporation.**—A foreign corporation that disposes of its U.S. real property interest must treat the gain or loss as income that is effectively connected with a U.S. trade or business, even if the corporation is not otherwise engaged in a U.S. trade or business. This income must be reported in Section II of Form 1120F and must be reflected on Schedule D (Form 1120), Capital Gains and Losses.

**U.S. real property interest.**—Generally, U.S. real property interest is an interest in real property located in the United States.

See section 897 for further details. Also, see section 6039C for reporting requirements for certain information returns concerning disposition of U.S. real property interests.

file a corporate tax return has been extended from 3 months to 6 months for foreign corporations not having an office or place of business in the United States.

Foreign corporations having an office or place of business in the United States should see "When to file" below for extensions of time to file. Use Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, for this 6-month extension. Such automatic extension does not extend the time for payment of the tax. Form 7005 previously used for the additional extension of 3-months has been obsolete.

#### Real Property Construction Period Interest and Taxes

For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189) shall be allowed for real property construction period interest and taxes.

#### Paperwork Reduction Act Notice

We ask for the information to carry out the Internal Revenue laws of the United States. The information is used to ensure that taxpayers are complying with these laws and to allow us to figure and collect the correct amount of tax. You are required to give us this information.

#### General Instructions

##### A. Purpose of Form

Form 1120F is used to report a foreign corporation's income, deductions, credits, and tax in the United States. If a return is due, Form 1120F may be used to claim it.

##### B. Filing the Return

**1. Who Files Form 1120F.**—Except for corporations described in instruction B2, every foreign corporation must file this form if, during the tax year, it did any of the following:

- Had income from any U.S. source.
- Engaged in a trade or business in the U.S., whether or not it had income from that trade or business.
- Had tax preference items, as described in section 57, that affect the corporation's computation of its unrelated business income.
- Overpaid income tax that it wants refunded.

The foreign corporation must file Form 1120F even if its income is tax-exempt under an income tax treaty or Code section.

**5. When to File.**—Corporations that maintain an office or place of business in the U.S. have until the 15th day of the 3d month after the end of their tax year to file Form 1120F. For an extension of time to file they should see:

**A. Regulations section 1.6081-2(a)** for the rules concerning an automatic 3-month extension of time to file, and

**B. Regulations section 1.6081-1(b)** for rules on applying for an additional extension of time to file.

Corporations that do not maintain an office or place of business in the U.S. have until the 15th day of the 6th month after the end of their tax year to file Form 1120F. They may use **Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return**, to request an automatic 6-month extension of time to file.

**Period covered.**—File the 1983 return for calendar year 1983 and fiscal years that began in 1983 and end in 1984. If the return is for a fiscal year, file in the tax year space at the top of the form.

**Change in accounting period.**—To change the corporation's accounting period, see regulations section 1.442-1 and **Form 1128, Application for Change in Accounting Period**.

**Final return.**—If the corporation ceased to exist during the tax year, write "Final return" at the top of the form.

**6. Address.**—The address used on the return should be the location of the books and records used in the preparation of the return. For foreign corporations engaged in a trade or business in the United States, this address will generally be an address in the United States.

**7. Where to File.**—File Form 1120F with the Internal Revenue Service Center, Philadelphia, PA 19255.

##### 8. Other Forms, Schedules, and Statements That May Be Required.

**(a) Forms.** The corporation may also have to file other forms. A partial list includes:

**Form 5471.**—Information Return with Respect to a Foreign Corporation. This form is filed by certain officers, directors, or U.S. shareholders of a foreign personal holding company. The company's undistributed income must be reported as dividend income in the gross income of its U.S. shareholders, as described in section 551. See sections 189 and 280 for limits on certain deductions.

**Form 1042S.**—Income Subject to Withholding Under Chapter 3, Internal Revenue Code. This form is used to report income payments which are subject to withholding and the amount of tax withheld.

**Form 1042.**—U.S. Annual Return of Income Tax to be Paid at Source. This form is used to report withholding tax and to transmit Form 1042S.

**Form 1096.**—Annual Summary and Transmittal of U.S. Information Returns. (For transmitting Form 1099R information, use **Form W-3G, Transmittal of Certain Information Returns**.)

**(c) Attachments.**

If more space is needed on the forms or schedules, attach separate sheets and show the same information in the same order as on the printed forms. Be sure to show totals on the printed forms. Please use sheets that

**Forms 1099-DIV, INT, MISC, and R.**—Some of the information returns that must be filed to report certain payments, such as dividends and interest. For more information, see Form 1096 and its instructions.

**Schedule PH (Form 1120).**—Computation of U.S. Personal Holding Company Income. Attach to Form 1120F if the foreign corporation is a personal holding company described in section 542, but not a foreign personal holding company described in section 552.

**Form 4626.**—Computation of Minimum Tax—Corporations. Attach to Form 1120F if the corporation has either more than \$10,000 in tax preference items (whether or not it has minimum tax) or minimum tax liability deferred from an earlier year.

**Form 5713.**—International Boycott Report, is for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and DISC benefits.

##### (b) Statements.

**Tax treaty statement.**—If the tax on any of the corporation's gross income is limited by a tax treaty between the U.S. and the country under whose laws the corporation is organized, attach a statement to Form 1120F. The statement should show:

- The amounts of tax withheld;
- The names and post office addresses of withholding agents; and
- Enough information to show how the corporation qualifies under the treaty for a lower tax rate or a tax exemption.

**Transfers to corporation controlled by transferor.**—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee must attach the information required by regulation section 1.351-3.

**Statement in place of schedules.**—If the foreign corporation has no gross income for the tax year, do not complete the Form 1120F schedules. Instead, attach a statement to the return showing what types and amounts of income are excluded from gross income.

##### (c) Amended return.

To correct an error in a Form 1120F already filed, file an amended Form 1120F and write "Amended" across the top.

##### (d) Financial statements.

Do not complete Schedules M-1 and M-2 if the total assets at the end of the tax year (line 14, column (D) of Schedule L) are less than \$25,000.

##### (e) Attachments.

If more space is needed on the forms or schedules, attach separate sheets and show the same information in the same order as on the printed forms. Be sure to show totals on the printed forms. Please use sheets that

are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the corporation's employer identification number (EIN) on each sheet.

**9. Signature.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If a corporate officer filled in Form 1120F, the Paid Preparer's space under the "Signature of officer" should remain blank. If someone prepares Form 1120F and does not charge the corporation, that person should not sign. Certain others who prepare Form 1120F should not sign. For example, a regular, full-time employee such as a clerk, secretary, etc., of the corporation does not have to sign.

Generally, anyone who is paid to prepare Form 1120F must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);
- Give a copy of Form 1120F to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, for more details.

##### C. Figuring and Paying the Tax

**1. Accounting Methods.**—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits otherwise, the corporation may change from the method of accounting it used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent of Form 3115, Application for Change in Accounting Method. Also see Publication 538, Accounting Periods and Methods.

**2. Gross Income and Tax Rates.**—For purposes of Form 1120F, a foreign corporation is taxed only on its gross income. That includes only:

- Gross income that is derived from sources in the U.S. and that is not effectively connected with the conduct of a trade or business in the U.S. This income is taxed at 30% or a lower treaty rate. Use Section I, page 2, Form 1120F to report this income and figure the tax on it.
- Gross income, from any source, that is effectively connected with the conduct of a trade or business in the U.S. This income is taxed at regular corporate tax rates. Use Section II, page 3, Form 1120F to report this income and figure the tax on it.

To determine the source of income, follow sections 861 through 864 and the regulations, except as tax treaties provide otherwise.

**Elect to treat real property income as effectively connected income.**—If a foreign corporation has income from real property in the U.S. or from an interest in such property, the corporation may elect to treat the income as effectively connected with the conduct of a trade or business in the U.S. Income affected by such an election includes:

- Rents or royalties from mines, wells, or other natural deposits; and
- Gain described in section 631(b) or (c).

To make the election, attach a statement that you are making it when you file Form 1120F for the first year involved. That year and each year the election continues, use Section II to figure the tax on this income. Also attach a schedule each year, even though all tax on it was paid at the source.

#### 3. Paying the Tax.—

A. Foreign corporations with no office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

The tax may be paid by check or money order, payable to the Internal Revenue Service, and sent to the Internal Revenue Service Center, Philadelphia, PA 19255.

Note: Write the corporation's employer identification number on all payments.

B. Foreign corporations with an office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 3d month after the end of the tax year. Remember to write the corporation's employer identification number on all payments.

Also, foreign corporations with an office or place of business in the U.S. must deposit their income tax payments (and estimated tax payments) with a Federal Tax Deposit Payment Coupon (Form 8109). Make these tax deposits with a financial institution qualified as a Depository for Federal taxes or the Federal Reserve Bank or Branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a 5% Federal Tax Deposit (FTD) penalty. Records of deposits will be sent to the IRS for crediting to the corporation's account. See the instructions contained in the coupon book for more information.

There will no longer be periodic mailouts of FTD forms. To get more deposit forms, use the reorder form (Form 8109A) provided in the coupon book. If the corporation does not have these coupons it should contact an IRS district office.

For more information concerning deposits, see Publication 583, Information for Business Taxpayers.

**4. Estimated Tax.**—A corporation must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be \$40 or more.

Use Form 1120-W (WORKSHEET), Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the FTD coupons in making deposits of estimated tax.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 within 2½ months after the end of the tax year and before Form 1120F is filed.

#### D. Claim for Refund

If a foreign corporation has only income that is not effectively connected with the conduct of a trade or business in the U.S. and Form 1120F is being used as a claim for refund, include all income from sources in the U.S., even though all tax on it was paid at the source.

If the refund results from withholding tax at the source, attach a statement to Form 1120F. The statement should show:

- The amounts of tax withheld;
- The names and post office addresses of withholding agents;
- The name in which the tax was withheld, if different from the taxpayer's name; and
- If applicable, enough information to show that the taxpayer was entitled to a reduced tax rate under a treaty, as explained above in instruction B(b).

#### E. Penalties

Avoid penalties and interest by filing correctly and paying the tax when due. The corporation may have to pay the following penalties unless it can show that not filing or not paying was due to reasonable cause and not willful neglect. (These penalties are in addition to the interest charge on unpaid tax at a rate established under section 6621.)

● A corporation that does not file its tax return when due (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due.) The minimum penalty for failure to file a tax return within 60 days of the due date (including extensions) is the lesser of the underpayment of tax or \$100.

● A corporation that does not pay the tax when due may be subject to a penalty of 1½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. (The penalty is imposed on the net amount due.)

● A corporation that does not pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty for tax years beginning after December 31, 1982, the amount of estimated tax payments required by a corporation is increased from 80% to 90%. See sections 6655(b)(1) and (d)(3).

If the corporation underpaid estimated tax, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets.

If there is tax due on line 8, page 1, include the penalty in the total. If there is a refund due, subtract the penalty from the overpayment on line 9, page 1.

**Penalty for Overstated Tax Deposits.**—If deposits are overstated, the corporation may be subject to a penalty. See section 6656(b).

#### F. Rounding Off

Money items may be shown on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 to 99 cents to the next higher dollar.

#### G. Credit for Overpaid Windfall Profit Tax.

A corporation that has overpaid its windfall profit tax may claim a credit on its income tax return. Use Form 6249, Computation of Overpaid Windfall Profit Tax, to figure the credit. See Form 6249 for rules and instructions. Include the amount of the credit in the total for line 6(e), page 1, Form 1120F and enter the amount of credit in the margin next to line 6(e) and identify it as "overpaid windfall profit tax."

#### Specific Instructions

##### Section I.—Income From U.S. Sources That Is Not Effectively Connected with the Conduct of a Trade or Business in the U.S.

Any gross income of this kind that a foreign corporation has is taxed at 30% or a lower treaty rate. No deductions are allowed against this income. (Section 881.) A corporation created or organized in Guam is not considered a foreign corporation for purposes of the tax imposed by section 881.

This income includes the following, to the extent it is not effectively connected with the conduct of a trade or business in the U.S.

1. Interest (other than original issue discount as defined in section 1232(b)), dividends, rents, royalties, salaries, wages, premiums, annuities, compensation, and other fixed or determinable periodic income;

2. Gains described in section 631(b) or (c) from disposal of timber, coal, or domestic iron ore with a retained economic interest;

3. Gains from the sale or exchange of patents, copyrights, and other intangible property described in section 881(a)(4); and

4. For bonds or other evidences of debts:

● Issued after September 28, 1965, and before April 1, 1972: gain from the sale or exchange of property that is not a capital asset, as figured under section 1232(a)(2)(B); or for corporate obligations issued before April 1, 1972: amounts that would be considered gain from such a sale or exchange, except that the obligations were issued after May 27, 1969;

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● Issued after March 31, 1972, and payable more than 6 months from the original issue date (no matter how long the taxpayer holds these items): amounts that would be considered gain from the sale or exchange of a capital asset under section 1232(a)(2)(B), except that the obligations were issued after May 27, 1969; and for interest on such obligations: the original issue discount accrued on the obligation since the last interest payment, up to the amount of the interest minus the applicable tax.

##### Section II.—Income Effectively Connected with the Conduct of a Trade or Business in the U.S.

Foreign corporations engaged in a trade or business in the U.S. are taxed at regular corporate rates on all the following income:

1. Income, gain, or loss from U.S. sources derived in the conduct of the trade or business.

2. Limited categories of foreign source income.

3. Certain fixed or determinable periodic income from U.S. sources.

4. Gain or loss from U.S. sources from the sale or exchange of capital assets if:

● The income, gain or loss is from assets used in, or held for use in, the conduct of the corporation's trade or business, or

● The activities of the corporation's trade or business were a material factor in the realization of the income, gain, or loss.

For more information, see section 864(c).

Gains on disposition of stock in a DISC or former DISC and distributions from accumulated DISC income, including deemed distributions, are treated as coming from a trade or business conducted through a permanent establishment in the U.S.

A foreign corporation not engaged in a trade or business in the U.S. will not report income in Section II unless it:

● Elects to treat real property income as effectively connected income; or

● Was created or organized in a U.S. possession, and receives interest on U.S. obligations. In that case, the interest is treated as effectively connected income.

##### Gross Income

(Numbered to correspond with the line numbers on page 3 of the return.)

In lines 1 through 10, enter gross income (regardless of source) that is effectively connected with the conduct of a trade or business within the U.S.

1. Gross receipts.—Enter gross receipts or sales from all business operations except those that must be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see regulations sections 1.451-3 and 1.451-5.

If the installment method of reporting is used, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of

goods sold, (c) gross profit, (d) percent of gross profit to gross sales, (e) amount collected, and (f) gross profit on amount collected.

2. Cost of goods sold.—See instructions for Schedule A.

4. Dividends.—See instructions for Schedule C.

5. Interest.—Enter interest on U.S.

obligations and loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

6. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions.

8. Capital gain net income.—Every sale or exchange of a capital asset must be reported in detail in Schedule D (Form 1120). Capital Gains and Losses, even though no gain or loss is indicated.

If the net long-term capital gain is more than the net short-term capital loss, or if there is only a net long-term capital gain, compute the alternative tax on separate Schedule D (Form 1120) to see if it produces a smaller tax.

9. Net gain or (loss).—Enter the net gain or loss from line 14(a), Part II, Form 4797, Supplemental Schedule of Gains and Losses.

10. Other income.—Enter any other taxable income not listed above and explain its nature on an attached schedule.

Examples of other income would be recoveries of bad debts deducted in earlier years under the specific charge-off method and refunds of taxes deducted in earlier years. Do not offset current year's taxes with tax refunds.

If other income consists of only one item, explain what it is in parentheses on line 10.

##### Deductions

In computing the taxable income of a foreign corporation engaged in a trade or business within the U.S., deductions are allowed only to the extent that they are connected with income that is effectively connected with the conduct of a trade or business within the U.S. Charitable contributions, however, may be deducted whether or not they are so connected. See section 882(c)(1) for allocation of deductions.

##### Limitations on deductions.—

1. Transactions between related taxpayers. See section 267 for limitation on deductions for unpaid expenses and interest.

2. Tax preference items. Corporations may be required to reduce the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities, bad debts deduction for financial institutions, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

3. Real property construction period interest and taxes. For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189) shall be allowed for real property construction period interest and taxes.

12. Compensation of officers.—Enter on line 12 the total compensation of officers.

Complete Schedule E only if your total receipts (line 1(a) plus lines 4 through 10, of Section II, page 3) are \$150,000 or more. Complete Schedule E for all officers.

13. Salaries and wages.—Enter on line 13(a) the total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on the return, such as contributions to a Simplified Employee Pension, which are deducted on line 25.

Enter on line 13(b) the amount of jobs credit from Form 5884, Jobs Credit (and WIN Credit Carryover), determined without regard to the limitation on tax.

14. Repairs.—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life. However, see the instructions for line 20.

15. Bad debts.—Bad debts may be treated in either of two ways: (1) as a deduction for specific debts that become worthless in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.) Financial institutions should see section 291 for the limitation on the amount that they may deduct.

Use Form 3115 to apply for a change in the method of computing bad debts.

17. Taxes.—Enter taxes paid or accrued during the tax year.

Do not include Federal income tax; foreign or U.S. possession income tax if a foreign tax credit is claimed; or taxes not imposed upon the corporation.

See section 164(d) for apportionment of tax on real property between seller and purchaser.

See section 189 for the limitation on the deduction of real property construction period taxes.

See section 906(b)(1) for rules concerning certain foreign taxes imposed on income from U.S. sources that may not be deducted.

18. Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (For exceptions, see section 265(2).)

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years after the current tax year. For example, a cash basis taxpayer, who in 1983 prepaid interest allocable to any period after 1983, can only deduct the amount allocable to 1983. Please see Publication 545, Interest Expense.

See section 189 for the limitation on the deduction of real property construction period interest.

Generally, the interest and carrying charges as to straddles cannot be deducted and must be capitalized. See section 263(g).

**19. Contributions.**—Enter contributions or gifts actually paid within the tax year to, or for the use of, charitable and governmental organizations described in section 170(c) and any unused contributions carried over from earlier years.

The total amount claimed may not exceed 10% of taxable income (line 31) computed without regard to the following: (1) any deduction for contributions, (2) the special deductions in line 30(b), (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the tax year under section 172, and (5) any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

If a contribution is in property other than money, attach a schedule describing the kind of property contributed and the method used in determining its fair market value. If you made a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the donation, the type of legal interest contributed, and describe the conservation purpose furthered by the donation.

If a contribution carryover is included, show the amount and how it was determined.

**Special rule for contributions of certain property.**—For a charitable contribution of property, reduce the contribution by the sum of:

- (1) the ordinary income, short-term capital gain and
- (2) for certain contributions, 60.87% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (See section 170(e) and regulations section 1.170A-4.)

For special rules regarding the contribution of inventory and other property to certain organizations, see section 170(e)(3) and regulations section 1.170A-4A.

**A corporation (other than a personal holding company or a service organization)** can receive a larger deduction for contributing scientific property used for research to an institution of higher education. For further information, see section 170(e).

**20. Depreciation.**—Besides depreciation, include in line 20 the part of the cost (up to \$5,000) the corporation elected to expense for certain recovery property placed in service during tax year 1983. See the instructions for Form 4562, Depreciation and Amortization.

**23. Depletion.**—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T, (Timber), Forest Industries Schedules, if a deduction for depletion of timber is claimed.

**25. Pension, profit-sharing, etc. plans.**—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. Section 6652(f) provides penalties for failure to timely file these forms.

**Form 5500.**—Complete this form for each plan with 100 or more participants.  
**Form 5500-C or 5500-R.**—Complete the applicable form for each plan with fewer than 100 participants.

**26. Employee benefit programs.**—Enter the amount of contributions to employee benefit programs (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 25. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouse and dependents) to exclude from income employer contributions to a qualified group legal services plan.

**27. Other deductions.**—Generally, a deduction may be taken for any amount allocable to a class of exempt income including income exempt by tax treaty, items directly attributable to wholly exempt income must be allocated to taxable income.

If an item is directly attributable both to taxable income and exempt income, allocate a reasonable portion of the item to each class of income. Make the allocation in light of all the facts involved.

Attach a statement showing (1) each class of exempt income and (2) the expense items allocated to each class. Show separately the amount allocated by apportionment.

Include in line 27 the deduction taken for amortization of: pollution control facilities, organization expenses, etc. See Form 4562.

Generally, deduct all ordinary and necessary travel and entertainment expenses paid or incurred in your trade or business. However, do not deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered

entertainment, amusement, or recreation. (Note: you may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2, Wage and Tax Statement, for an employee or Form 1099-MISC, Statement for Recipients of Miscellaneous Income, for an independent contractor.) See Publication 463, Travel, Entertainment, and Gift Expenses, for more details.

**Note: Do not deduct penalties imposed on corporations such as those included in General Instruction E.**

**29. Taxable income before NOL deduction and special deductions.**—

Special at risk rules under section 465 generally apply to closely held corporations engaged in any activity as a trade or business or for the production of income. Such corporations may have to adjust the amount on line 29. See below. However, the at risk rules do not apply to (1) holding real property other than mineral property and (2) equipment leasing under section 465(c)(4), (5), and (6). These at risk rules apply to a closely held corporation which may or may not be a personal holding company.

**A closely held corporation that is NOT a personal holding company.**—Adjust the amount on line 29 for section 465(d) losses. These losses are limited to the amount for which the closely held corporation is at risk for each separate activity at the close of the tax year.

For a corporation involved in more than one activity that incurs a loss for the year, report each loss separately. Attach a schedule showing the amount at risk and gross income and deductions for each activity that has a loss.

If the corporation sells or otherwise disposes of an asset, or its interest (either total or partial) in an activity to which the at risk rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the at risk rules.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year.

**A closely held corporation that IS a personal holding company.**—For the amount to be entered on line 29 of Form 1120F, see the Specific Instructions for line 1 of Schedule PH (Form 1120) regarding section 465 losses.

**30(e). Net operating loss deduction.**—The net operating loss deduction is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(a).)

Generally, a corporation may carry a net operating loss back to each of 3 years before the year of the loss and a carryover to each of the 15 years after the year of loss. The corporation may carry back 10 years the part of the net operating loss attributable to a product liability loss. (See section 172(b)(1)(A).) There is also an available election to carry a net operating loss over to just each of the 15 years following the year of the loss. The election may be made by attaching a statement to a

timely filed return, including extensions. The election is irrevocable. After applying the net operating loss to the first tax year to which it may be carried, the part of the loss you may carry to each of the remaining tax years is any excess of loss over the sum of the taxable income for each of the earlier tax years to which the corporation may carry the loss. (Section 172(b).)

If the corporation changed or extended its inventory method to LIFO and had to "writeup" opening inventory to cost in the year of election, report the effect of this writeup as income (as appropriate in Section I, line 9, page 2, and Section II, line 10, page 3) proportionately over a 3-year period that begins in the tax year the election was first made. (See section 472(d).)

**Full absorption method of inventory costing.**—For a corporation engaged in manufacturing or production operations, use the full absorption method of inventory costing. If the corporation is not using the full absorption method of inventory costing, it must change to it. Under this method both direct and certain indirect production costs are included for inventory value purposes. Change to full absorption by filing Form 3115. For more details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and regulations section 1.471-11; and Rev. Rul. 81-272, 1981-2 C.B. 116.

**Section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers.**—Also see Publication 536, Net Operating Losses and the At-Risk Limits.

**30(b). Special deductions.**—See instructions for Schedule C.

#### Schedule A—Cost of Goods Sold

**Valuation methods.**—Inventories can be valued at: (a) cost, (b) cost or market value, whichever is lower, or (c) any other method approved by the Commissioner of Internal Revenue, that conforms to the applicable regulations cited below.

Taxpayers using erroneous valuation methods should file Form 3115 to change to a method permitted for Federal income tax purposes. For further details, see regulations section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

**Line 8.**—In line 8(a), check the method(s) used for valuing inventories. Under lower of cost or market, market generally applies to normal market conditions where a current bid price prevails at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For more requirements, see regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "abnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) if such a price can be established. See regulations section 1.471-2(c) for more requirements.

If this is the first year of the "Last-in-First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, provided in section 472, attach Form 970, Application to Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box in line 8(b). Enter the amount or percent of total closing inventories covered under section 472 in line 8(c). Estimates are acceptable.

**8. Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% deduction. See sections 246(d), 995(b), and 996(a)(3).**

**9. Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies that do not qualify for the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856-860;**

**dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above (including distributions under section 934(e)(3) or 936(h)(4)).**

#### Column C Instructions

**Exclusion of certain dividends.**—In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of if the corporation held it 15 days or less, or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or other securities.

For certain cooperatives, if per unit retain allocations (defined under section 1388(f)) are included on line 4, Schedule A, attach a schedule showing this cost and any other costs not included in lines 1 through 3.

#### Schedule C—Dividends and Special Deductions

*(Line references are to the lines in Schedule C.)*

#### Column A Instructions

1.

Enter dividends received from domestic corporations subject to income tax and the 85% deduction under section 243(a)(1). For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

In a year in which a net operating loss occurs, this 85% limit does not apply even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

**5. Deduction for dividends paid on certain preferred stock of public utilities.**—Section 247 allows public utilities a deduction of 30.435% of either: (1) dividends paid on their preferred stock during the tax year, or (2) taxable income computed without regard to this deduction, whichever is less. In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). (See section 172(d).)

#### Schedule J—Tax Computation

A corporation that is not a member of a controlled group (these members should see lines 1 and 2 below) will compute the tax on its taxable income as follows:

If the amount on Line 31, page 3, Form 1120 is:	Enter on Schedule J, Line 3.	Of the amount over—
\$25,000	\$25,000	15%
75,000	75,000	8.75%
75,000	100,000	15.75% + 40%
100,000	-----	25.75% + 46%
		\$25,000
		75,000
		100,000

If the alternative tax does not apply, enter on line 3 of Schedule J, the amount computed above. If the alternative tax applies, see Schedule D (Form 1120).

(Personal holding companies—see Schedule PH (Form 1120) before completing Schedule J.)

**Lines 1 and 2.** Members of a controlled group, as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the portion of the \$25,000 amount in each taxable income bracket apportioned to that member. There are other requirements as well. See regulations section 1.1561-3(b) for these requirements and for the time and manner of making the consent.

**Equal Apportionment Plan.** If no apportionment plan is adopted, the members of the controlled group must divide the \$25,000 amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an unequal apportionment plan. Therefore, corporation A is entitled to \$12,500 (one-half of \$25,000) in each taxable income bracket. Corporation B is also entitled to \$12,500 in each taxable income bracket.

**Unequal Apportionment Plan.** Members of a controlled group may elect an unequal apportionment plan and divide the \$25,000 amount in each taxable income bracket as they wish. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the \$25,000 amount in a taxable income bracket. (But the total amount for all members of the controlled group cannot be more than \$25,000 in any taxable income bracket.) Each member of a controlled group must figure the tax as follows:

**Note: If the alternative tax applies, corporations should do the following:**

(1) Complete lines 1 and 2 of Schedule J.

(2) On line 1 below, instead of entering amount from line 31, page 3, Form 1120F, enter amount from line 14, Schedule D, Form 1120.

(3) Complete lines 2 through 15 below, and

(4) Enter the amount from line 15 below on line 15 of Schedule D and complete balance of Schedule D.

1. Enter taxable income (line 31, page 3)
2. Enter line 1 or the corporation's portion of the first \$25,000 taxable income bracket, whichever is less
3. Subtract line 2 from line 1
4. Enter line 3 or the corporation's portion of the second \$25,000 taxable income bracket, whichever is less
5. Subtract line 4 from line 3
6. Enter line 5 or the corporation's portion of the third \$25,000 taxable income bracket, whichever is less
7. Subtract line 6 from line 5
8. Enter line 7 or the corporation's portion of the fourth \$25,000 taxable income bracket, whichever is less
9. Subtract line 8 from line 7
10. 15% of line 2
11. 18% of line 4
12. 30% of line 6
13. 40% of line 8
14. 45% of line 9
15. Total of lines 10 through 14. Enter this amount on line 3 of Schedule J

paid or incurred and 25% of qualified second-year wages paid or incurred. See Form 5884 and Publication 906, Jobs and Research Credits, for definitions, special rules, and limits.

Do not take an expense deduction for the part of the wages or salaries paid or incurred that equals the jobs credit (determined without regard to the limitation based on tax (section 53)).

Any WIN credit carryover should be claimed with the jobs credit. See the instructions for Form 5884 for more information.

**Line 4(d). Employee stock ownership credit.**—For tax years ending after December 31, 1982, corporations may take a tax credit equal to the value of employer stock (or money used to buy stock) that they contribute to a tax credit Employee Stock Ownership Plan (ESOP). The credit is limited to a percentage of the total compensation of participating employees. See Form 8007, Credit for Employee Stock Ownership Plan, for definitions, limitations and the computation of the credit.

**Line 4(e). Research credit.**—Amounts paid or incurred before January 1, 1986, for increasing qualified research expenses in carrying on a trade or business are allowed as a credit. Use Form 6765, Credit for Increasing Research Activities, to figure the credit.

**Line 4(f). Alcohol fuel credit.**—The corporation may be able to take a credit for alcohol used as fuel. This applies to straight alcohol sold at retail or used as fuel in the trade or business. It also applies to an alcohol mixture sold or used as fuel in the trade or business. Use Form 6478, Credit for Alcohol Used as Fuel, to figure the credit.

**Line 4(g). Credit for fuel produced from a nonconventional source.**—A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 44D contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

**Line 7. Tax from recomputing a prior year investment credit.**—If property is disposed of or ceases to be qualified property before the end of the life-years category used in computing the regular or energy investment credit, there may be a recapture of the investment credit. (See Form 4255, Recapture of Investment Credit.)

Use Form 3468, Computation of Investment Credit, to figure these credits.

**Line 4(h). Jobs credit.**—The jobs credit, if elected, is allowed for hiring members of targeted groups (including the new group for summer youth employees) during the tax year. Generally, the allowable credit is equal to 50% of qualified first-year wages

## Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by Regulatory and Statistical Analysis Division, Office of Information and Budget, to classify enterprises by type of activity in which they are engaged.

Using the list below, enter on page 5, under M, the code number for the specific industry group

from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1(a), page 3) plus all other income (lines 4 through 10, page 3).

On page 5, under M, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products,"

the principal product or service may be "Cereal preparations."

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing."

Agriculture, Forestry, and Fishing	Code	Transportation and Public Utilities	Finance, Insurance, and Real Estate
Chemical and allied products:		Transportation:	Code
2815 Industrial chemicals, plastics materials and synthetics.		4000 Railroads transportation.	Banking:
2830 Drugs.		4100 Local and interurban passenger transit.	6030 Mutual savings banks.
2850 Soaps, cleaners, and toilet articles.		4200 Trucking and warehousing.	6050 Banks, except mutual savings banks.
2855 Paints and allied products.		4300 Airline transportation.	6090 Credit agencies.
2898 Agricultural and other chemical products.		4500 Transportation by air.	Credit agencies other than banks:
Mining:		4700 Pipe lines, except natural gas.	6120 Savings and loan associations.
Metal mining:		4800 Other various transportation services.	6140 Personal credit institutions.
1010 Iron ores.		4900 Telephone, telegraph, and other communication services.	6150 Business credit institutions.
1070 Copper, lead and zinc, gold and silver ore.		4920 Radio and television broadcasting.	6199 Other credit agencies.
1098 Other metal mining.		4980 Other petroleum and coal products.	Securities, commodity brokers and services:
1150 Coal mining.		5000 Telephones, telegraphs, and other communication services.	6210 Security brokers, dealers, and flotation companies.
Oil and gas extraction:		5020 Rubber products, plastics products.	6299 Securities brokers, dealers, and flotation companies.
1330 Crude petroleum, natural gas, and natural gas liquids.		5040 Footwear, hose and betting.	6335 Life insurance.
1380 Oil and gas fields services.		5070 Miscellaneous products.	6356 Health insurance.
Nonmetallic minerals, except fuels:		5090 Leather and leather products.	6359 Other insurance companies.
1430 Diamonds, corundum, and other nonmetallic minerals.		5140 Footwear, except rubber.	6411 Finance agents, brokers, and service companies.
1498 Other nonmetallic minerals, except fuels.		5180 Other leather and leather products.	Real estate:
Stone, clay, and glass products:		5200 Glass products.	6511 Real estate operators and managers of buildings.
3125 Cement, hydraulic.		5270 Concrete, gypsum, and plaster products.	6516 Lessors of mineral oil, and similar property.
3270 Ceramic tile.		5398 Other nonmetallic mineral products.	6518 Lessees of railroad property.
3298 Other nonmetallic mineral industries.		Fabricated metal industries:	6530 Condominium management and cooperative housing associations.
Construction:		5400 Ferrous metal industries:	6550 Site planning and development.
General building contractors and operative builders:		miss. primary metal products.	6599 Other real estate.
1510 General building contractors.		5405 Nonferrous metal industries.	Holding and other investment companies, except bank holding companies:
1531 Operative builders.		5430 Heavy construction contractors.	6742 Regulated investment companies.
1600 Heavy construction contractors.		5470 Construction and related machinery.	6744 Small business investment companies.
Special trade contractors:		5475 Cement, lime, and gypsum.	6746 Other holding and investment companies except bank holding companies.
1711 Plumbing, heating, and air conditioning.		5480 Fabricated structural metal products.	Services:
1731 Electrical work.		5485 Plumbing and heating equipment.	7000 Hotels and other lodging places.
1798 Other special trade contractors.		5490 And allied products.	7200 Personal services.
Manufacturing:		5500 Machinery, equipment, and supplies.	Business services:
Food and kindred products:		5505 Drugs, drug proprieties, and druggists' sundries.	7310 Advertising.
2010 Meat products.		5510 Groceries and related notions.	7350 Business services, except advertising.
2020 Dairy products.		5515 Armament, raw materials, and supplies.	Auto repair: miscellaneous repair services:
2030 Preserved fruits and vegetables.		5520 Ordnance and guided missiles.	7500 Auto repair and services.
2040 Grain mill products.		5525 Other automotive dealers.	7560 Misc. repair services.
2050 Biscuits and cracker products.		5530 Apparel and accessory stores.	Amusement and recreation services:
2060 Sugar and confectionery products.		5535 Furniture and home dealers.	7612 Motion picture production.
2088 Malt liquors and malt.		5540 General merchandise stores.	7830 Motion picture theaters.
2089 Alcoholic beverages, except malt liquors and malt.		5545 Food stores.	7900 Amusement and recreation services, except motion pictures.
2096 Other food and kindred products.		5549 Other food stores.	Other services:
2106 Tobacco manufacturers.		5610 Grocery stores.	8015 Offices of physicians, including osteopaths, podiatrists.
Textile mill products:		5549 Other food stores.	8021 Offices of dentists.
2228 Weaving mills and textile finishing.		5620 Nursing and personal care facilities.	8040 Offices of other health practitioners.
2229 Other textile mill products.		5625 Other medical services.	8050 Medical laboratories.
Apparel and other textile products:		5630 Building materials dealers.	8071 Other medical services.
2315 Men's and boys' clothing.		5635 Other building materials dealers.	8111 Educational services.
2345 Women's and children's clothing.		5640 Electronic components and accessories.	8200 Social services.
2350 Other apparel and accessories.		5645 Other electronic equipment.	8300 Professional organizations.
2390 Manufactured or fabricated textile products.		5650 Apparel and accessory stores.	8311 Architectural and engineering services.
Lumber and wood products:		5655 Furniture and home dealers.	8320 Consulting, auditing, and bookkeeping.
2410 Logging, sawmills, and planing mills.		5660 Eatery and drinking places.	8330 Miscellaneous services (including veterinarians).
2420 Pulp, paper, and board mills.		5665 Drug stores and proprietary stores.	
2430 Other wood products, including wood buildings and mobile homes.		5672 Liquor stores.	
2498 Other wood products, including wood buildings and mobile homes.		5695 Other retail stores.	
Furniture and fixtures:		5699 Other retail stores.	
Paper and allied products:			
2623 Pulp, paper, and board mills.			
2624 Other paper products.			
Instruments and related products:			
3815 Scientific instruments and electronic devices, such as clocks and calculators.			
3820 Microscopes.			
Printing and publishing:			
2710 Newspapers.			
2720 Periodicals.			
2735 Books, greeting cards, and stationery.			
2750 Commercial printing.			
2799 Photographic equipment and supplies.			
2912 Other manufacturing products.			

**1120L** U.S. Life Insurance Company Income Tax Return

Form 1120L (1983)

Department of the Treasury  
Internal Revenue Service

beginning ..... For calendar year 1983, or other tax year ..... 1983, and ending ..... 19

Name	A. Employer identification number
Number and street	B. Date incorporated
City or town, State, and ZIP code	C. Check box if this is a consolidated return □
D. Check box if address changed from previous year □	
1 (a) Taxable investment income (from Schedule C, line 12) ..... 1(a)	
(b) Gain from operations (from Schedule E, line 25, page 4). (If a loss, enter zero.) ..... 1(b)	
(c) Enter the smaller of (a) or (b) ..... 1(c)	
2 50% of any excess of 1(b) over 1(a). (Also enter on Schedule G, line 2(a), page 6) ..... 2	
3 Amount subtracted from policyholders' surplus account (from Schedule G, page 6) ..... 3	
4 Life insurance company taxable income (add lines 1(c), 2, and 3) ..... 4	
5 Check if you are a member of a controlled group (see sections 1561 and 1563). If checked, see instructions and enter your share of the \$25,000 amount in each taxable income bracket: (a) \$ ..... (b) \$ ..... (c) \$ ..... (d) \$ ..... 5	
6 Income tax (see page 9 of instructions to figure the tax). If you use the alternative tax, check this box □ and enter the tax from Schedule D (Form 1120) here ..... 6	
7 (a) Foreign tax credit (attach Form 1118) ..... 7(a)	
(b) Investment credit (attach Form 3468) ..... 7(b)	
(c) Jobs credit (attach Form 5884) ..... 7(c)	
(d) Other credits (see instructions) ..... 7(d)	
8 Add lines 7(a) through 7(d) ..... 8	
9 Balance of tax (subtract line 8 from line 6) ..... 9	
10 Foreign corporations—tax on income not connected with U.S. business (see Tax Computation Instructions) ..... 10	
11 Increase in tax from refiguring an earlier year investment credit (attach Form 4255) ..... 11	
12 Minimum tax on tax preference items (see instructions—attach Form 4626) ..... 12	
13 Total tax (add lines 9 through 12) ..... 13	
14 (a) Overpayment from 1982 allowed as a credit ..... 14(a)	
(b) 1983 estimated tax payments ..... 14(b)	
(c) Less refund of 1983 estimated tax applied for on Form 4466 ..... 14(c)	
(d) Tax deposited with Form 7004 ..... 14(d)	
(e) Credit from regulated investment companies (attach Form 2439) ..... 14(e)	
(f) Federal tax on special fuels, gasoline and lubricating oil (attach Form 4136) ..... 14(f)	
(g) U.S. income tax paid or withheld at source ..... 14(g)	
(h) Other payment (see instructions) ..... 14(h)	
(i) Total refundable credits (add lines 14(a) through 14(h)) ..... 14(i)	
15 TAX DUE (subtract line 14(i) from line 13). See instructions for special election and depositary method of payment. (Check □ if Form 2220 is attached. See the instruction for "Penalties.") □ \$ ..... 15	
16 OVERPAYMENT (subtract line 13 from line 14(i)) ..... 16	
17 Enter amount of line 16 you want Credited to 1984 estimated tax □ \$ ..... Refunded □ 17	
Please Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.	
Preparer's signature	Date
Paid Preparer's Use Only Firm's name (or yours, if self-employed) and address	Check if self-employed E.I. No. □ ZIP Code □

For Paperwork Reduction Act Notice, see page 1 of the instructions.

OMB No. 1545-0128

1983

Form 1120L (1983)

**SCHEDULE A.—Investment Yield (See Instructions)**

Gross Investment Income	1. Interest	2. Accrued or discount	3. Amortization of premium	4. Total (for line 1, add cols. 1 and 2, and subtract col. 3)
1 Interest: (a) Wholly exempt obligations ..... (b) U.S. obligations and U.S. instrumentalities ..... (c) Loans, notes, mortgages, bank deposits, bonds, debentures, etc. ..... (d) Totals ..... 1				
2 Dividends (see instructions): (a) Domestic corporations that qualify for the 85% deduction ..... (b) Certain preferred stock of public utilities ..... (c) Foreign corporations that qualify for the 85% or 100% deduction ..... (d) Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(a)(3)) ..... (e) Other (attach schedule) ..... 2				
3 Gross rents ..... 3				
4 Gross royalties ..... 4				
5 Leases, terminations, etc. ..... 5				
6 Excess of net short-term capital gain over net long-term capital loss (from Schedule D (Form 1120), line 9) ..... 6				
7 Gross income from trade or business other than insurance business (attach schedule). Include amount from Form 4797, line 14(b)(1), for investment assets only (see instructions) ..... 7				
8 GROSS INVESTMENT INCOME (add lines 1(d) through 7) ..... 8				
9 (a) Total investment expenses (see instructions) ..... 9(a)				
(b) Allowable deduction for investment expense (see instructions) ..... 9(b)				
10 Real estate expenses ..... 10				
11 Depreciation (attach Form 4562) ..... 11				
12 Depletion ..... 12				
13 Trade or business deductions provided in section 804(c)(5) (attach schedule) ..... 13				
14 Total deductions (add lines 9(b) through 13) ..... 14				
15 INVESTMENT YIELD (subtract line 14 from line 8). If less than zero, see instructions for Schedule E, line 15				
<b>SCHEDULE A-1.—Limitation Of Investment Expense Deduction</b> (Do not fill in this schedule unless you claim a deduction for general expenses allocated to investment income.)				
1 Mean of the assets for the tax year (Schedule K, Part I, line 10, column 3) ..... 1				
2 Statutory amount (multiply line 1 by .0025) ..... 2				
3 Mortgage service fees ..... 3				
4 (a) (i) Investment yield figured without investment expenses ..... (ii) 34 1/4% of line 1 (multiply line 1 by .0375) (iii) Subtract line (ii) from line (i) (iv) 25% of line (iii) (multiply line (iii) by .25) (v) Mortgage service fees (from line 3) (vi) Subtract line (v) from line (iv) (b) (i) Mortgages without service fees (from Schedule K, Part I, line 2(a), column 3) (ii) 1/4% of line (i) (multiply line (i) by .0025) (c) Enter the greater of line (a)(vi) or line (b)(ii) ..... 4				
5 Limit on deduction for investment expenses on line 9(b), Schedule A (add lines 2, 3, and 4(c)) ..... 5				
<b>SCHEDULE B.—PART I—Earnings Rate (Section 805(b))</b>				
1 Current earnings rate (Schedule A, line 15 divided by Schedule K, Part I, line 10, column 3) ..... 1				
2 Earnings rate for first preceding year ..... 2				
3 Earnings rate for second preceding year ..... 3				
4 Earnings rate for third preceding year ..... 4				
5 Earnings rate for fourth preceding year ..... 5				
6 Total (add lines 1 through 5) ..... 6				
7 Average earnings rate (see instructions) ..... 7				

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**PART II—Average Interest Rate Assumed (Section 805(c)(2))**

1. Kind of reserve (life, annuity, etc.)	2. Assumed morbidity or mortality table	3. Assumed interest rate	4. Method of computation (Illinoi Standards, etc.)	5. Reserve at beginning of tax year*	6. Reserve at end of tax year*	7. Mean of columns 5 and 6*	8. Multiply column 3 by column 7
1							
2							
3							
4							
<b>5 Totals</b>							
<b>6 Average interest rate assumed in figuring life insurance reserves (Divide line 5, column 8 by line 5, column 7)</b>							<b>%</b>

\*See instructions for section 805(b) and section 818(c) adjustments.

\*\*Adjusted under section 805(a) (attach schedule).

**PART III—Pension Plan Reserves (Section 805(d))**

1 Section 805(d)(1) reserves							
2 Section 805(d)(2) reserves							
3 Section 805(d)(3) reserves							
4 Section 805(d)(4) reserves							
5 Section 805(d)(5) reserves							
6 Section 805(d)(6) reserves							
<b>7 Totals (Enter amount from column 7 on Schedule B, Part VI, line 3)</b>							

**PART IV—Adjusted Life Insurance Reserves (Section 805(c)(1))**

1 Mean of the life insurance reserves (from Part II, line 5, column 7)							
2 (a) 100 times the adjusted reserves rate (the smaller of line 1 or line 7, Part I)							
(b) 100 times the average rate of interest assumed (from Part II, line 6)							
(c) Subtract line 2(b) from line 2(a)							
3 Enter 0.9 raised to the power n, where n is the number (positive or negative) on line 2(c)							
<b>4 Adjusted life insurance reserves (multiply line 1 by line 3). Enter here and on Schedule B, Part VI, line 1</b>							

**PART V—Qualified Guaranteed Interest (Section 805(f))**

1 Qualified guaranteed interest under section 805(f)(3)(A)(ii)(I)							
2 Interest on participating annuity contracts assumed in calculating reserves under those contracts (section 805(f)(3)(A)(ii)(I))							
3 Subtract line 2 from line 1							
4 Multiply line 3 by 92.56 (0.925)							
5 Qualified guaranteed interest under section 805(f)(1)							
<b>6 Total—Add lines 2, 4, and 5. Enter here and on line 5(e), Part VI and on Schedule E-1, line 6</b>							

**PART VI—Policy and Other Contract Liability Requirements (Section 805(e))(See Instructions)**

1 Adjusted life insurance reserves (from Part IV, line 4)							
2 Multiplied by the adjusted reserves rate (the smaller of line 1 or line 7, Part I)							<b>%</b>
3 Pension plan reserves (from Part III, line 7, column 7)							
4 Multiplied by the current earnings rate (from Part I, line 1)							<b>%</b>
5 Interest (a) Interest on indebtedness							
(b) Amounts treated as interest							
(c) Discount on prepaid premiums							
(d) Interest on certain special contingency reserves							
(e) Qualified guaranteed interest (from Part V, line 6)							
<b>6 Policy and other contract liability requirements (add lines 2, 4 and 5(a) through 5(e))</b>							

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**SCHEDULE C.—Taxable Investment Income (Section 804(a)(2)) (See Instructions)**

1 Total	100 %
2 Policyholders' share (section 804) (Divide Schedule B, Part VI, line 6, by Schedule A, line 15), but not more than 100%	%
3 Company's share (subtract line 2 from line 1)	%
<b>Income</b>	
4 Investment yield from Schedule A, line 15	
5 Company's share (multiply line 4 by line 3)	
6 Net capital gain (from Schedule D (Form 1120) line 10)	
7 Add lines 5 and 6	
8 (a) Interest wholly tax-exempt (from Schedule A, line 1(a), column 4)	
(b) Multiply line 8(a) by line 3	
9 Dividends-received deduction (affiliated groups—see instructions)	
(a) 85% of Schedule A, line 2(a)	
(b) 59.13% of Schedule A, line 2(b)	
(c) 85% or 100% of Schedule A, line 2(c)	
(d) Add lines 9(a), (b), and (c)	
(e) Multiply line 9(d) by line 3	
(f) Enter the smaller of line 9(e) or 85% of line 12 figured without this deduction	
10 Small business deduction (10% of line 15, Schedule A; members of a controlled group see instructions). Do not enter more than \$25,000	
11 Add lines 8(b), 9(f) and 10	
12 Taxable investment income. Subtract line 11 from line 7. Do not enter less than zero. Enter here and on line 1(a), page 1	

**SCHEDULE E.—Gain Or (Loss) From Operations (Section 809(b)) (See Instructions)**

1 Total	100 %
2 Policyholders' share (section 809) (Divide Schedule E-1, line 7, by Schedule A, line 15), but not more than 100%	%
3 Company's share (subtract line 2 from line 1)	%
<b>Income</b>	
4 Investment yield from Schedule A, line 15	
5 Company's share (multiply line 4 by line 3)	
6 Net capital gain (from Schedule D (Form 1120) line 10)	
7 (a) Gross premiums	
(b) Less: return premiums	
8 (a) Decrease in reserves (after adjustments under section 810(a))	
(b) Decrease in section 811(b)(2) reserves. See Schedule E-2, Part I, line 3	
(c) 10% of any net decrease in reserves required by section 810(d)	
9 Other (attach schedule). Include amount from Form 4797, line 14(b)(2) for other than investment assets (see instructions)	
10 Total (add lines 5 through 9)	
11 Death benefits	
12 (a) Increase in reserves after reduction for investment yield under section 810(b)	
(b) 10% of any net increase in reserves required by section 810(d)	
13 Assumption by another person of liabilities under insurance, etc., contracts	
14 (a) Interest wholly tax-exempt (from Schedule A, line 1(a), column 4)	
(b) Multiply line 14(a) by line 3	
15 Investment expenses—Add the loss (if any) from line 15, Schedule A to the excess, if any, of line 9(a), Schedule A over line 9(b), Schedule A. Enter the total here	
16 Small business deduction (from Schedule C, line 10)	
17 Other deductions not deducted on Schedule A (attach schedule)	
18 Dividends reimbursed (from Schedule E-2, Part V, line 3)	
19 Total (add lines 11 through 18)	
20 (a) Dividends-received deduction (from Schedule C, line 9(d))	
(b) Multiply line 20(a) by line 3	
(c) Enter the smaller of line 20(b) or 85% of the excess of line 10 over line 19	
21 Operations loss deduction (attach schedule)	
22 Tentative deduction (add lines 19, 20(c), and 21)	
23 (a) Dividends to policyholders (from Schedule E-2, Part IV, line 8)	
(b) Certain nonparticipating contracts (from Schedule E-2, Part IV, line 10)	
(c) Accident and health, and group life insurance (from Schedule E-2, Part IV, line 12)	
24 Total deductions. Add lines 22 through 23(c)	
25 Gain or (loss) from operations. Subtract line 24 from line 10. Enter here and on page 1, line 1(b)	

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**SCHEDULE E-1.—Required Interest (Section 809(a)(2))**

	1. Rate	2. Beginning of tax year	3. End of tax year	4. Mean of columns 2 and 3	5. Multiply column 1 by column 4
1 Sec. 810(c)(1) reserves (from Schedule B, Part II, line 5, column 8 and Schedule B, Part III, line 7, column 8) . . . . .					
2 Sec. 810(c)(3) reserves . . . . .					
3 Sec. 810(c)(4) reserves . . . . .					
4 Sec. 810(c)(5) reserves . . . . .					
5 Sec. 810(c)(6) reserves . . . . .					
6 Total qualified guaranteed interest (from Schedule B, Part V, line 6) . . . . .					
7 Required interest (add lines 1 through 6) . . . . .					

**SCHEDULE E-2****PART I—Dividends To Policyholders (Section 809(d)(3))**

1 Dividends paid to policyholders . . . . .			
2 (a) Reserve at the end of this tax year . . . . .			
(b) Reserve at the end of the preceding tax year . . . . .			
(c) Subtract line 2(b) from line 2(a) . . . . .			

3 Total—Add lines 1 and 2(c). If more than zero, enter on Schedule E-2, Part IV, line 21; if less than zero, enter as a positive number on Schedule E, line 8(b) . . . . .

**PART II—Certain Nonparticipating Contracts (Section 809(d)(5))**

1 (a) Reserve at the end of the tax year . . . . .			
(b) Reserve at the beginning of the tax year . . . . .			
(c) Subtract line 1(b) from line 1(a) (if less than zero, enter zero) . . . . .			
(d) 10% of line 1(c) . . . . .	x .10		
2 (a) Net premiums . . . . .			
(b) 3% of line 2(a) . . . . .	x .03		

3 Tentative deduction—Enter the greater of line 1(d) or line 2(b) here and in Schedule E-2, Part IV, line 22 . . . . .

**PART III—Certain Accident and Health Insurance and Group Life Insurance (Section 809(d)(6))**

1 (a) Net premiums . . . . .			
(b) 2% of line 1(a) . . . . .			
2 (a) 50% of line 1(a) . . . . .			
(b) Deductions allowed or allowable in earlier years under section 809(d)(6) . . . . .			
(c) Difference (subtract line 2(b) from line 2(a)). If less than zero, enter zero . . . . .			

3 Tentative deduction—Enter the smaller of line 1(b) or 2(c) here and in Schedule E-2, Part IV, line 23 . . . . .

**PART IV—Limitation on Deduction (Schedule E, line 23) (Section 809(f))**

1 Enter amount from Schedule E, line 10 . . . . .			
2 Enter amount from Schedule E, line 22 . . . . .			
3 Subtract line 2 from line 1 . . . . .			
4 Enter amount from Schedule C, line 12 . . . . .			
5 Subtract line 4 from line 3. Do not enter less than zero . . . . .			
6 Enter \$1,000,000, or if applicable the amount from line 27 (see instructions) . . . . .			
7 Add lines 5 and 6. But see the instructions for the alternative limitation. Check this block and enter the amount from line 20 on the next page if you elect the alternative limitation. <input type="checkbox"/> . . . . .			
8 Enter amount from Schedule E-2, Part I, line 3. Do not enter more than line 7 . . . . .			
9 Subtract line 8 from line 7 . . . . .			
10 Enter amount from Schedule E-2, Part II, line 3. Do not enter more than line 9 . . . . .			
11 Subtract line 10 from line 9 . . . . .			
12 Enter amount from Schedule E-2, Part III, line 3. Do not enter more than line 11 . . . . .			

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**Alternative Limitation (Section 809(f)(2))**

13 Enter amount from Schedule E-2, Part I, line 3 . . . . .			
14 Enter amount from Schedule E-2, Part II, line 3 . . . . .			
15 Add lines 13 and 14 . . . . .			
16 Dividends attributable to qualified pension plans . . . . .			
17 Subtract line 16 from line 15 . . . . .			
18 (a) Mutual insurance companies: enter 77.5% of line 17 . . . . .			
(b) Stock insurance companies: enter 85% of line 17 . . . . .			
19 Enter lesser of line 17, \$1,000,000, or the amount determined under section 809(f)(3) (from line 27) . . . . .			
20 Add lines 16, 18, and 19. Enter here and on line 7, Schedule E-2, Part IV.			

**Figuring Limitation under Section 809(f)(3)**

21 Enter amount from Schedule E-2, Part I, line 3 if more than zero . . . . .			
22 Enter amount from Schedule E-2, Part II, line 3 . . . . .			
23 Enter amount from Schedule E-2, Part III, line 3 . . . . .			
24 Add lines 21, 22, and 23. If less than \$4,000,000, do not complete this part. Enter \$1,000,000 on line 6, Schedule E-2, Part IV . . . . .			
25 Subtract \$4,000,000 from line 24 . . . . .			
26 Divide line 25 by \$4,000,000 and subtract the result from 100% . . . . .			
27 Multiply \$1,000,000 by the percentage on line 26. This is your limitation as adjusted by section 809(f)(3). Enter here and on line 6, Schedule E-2, Part IV.			%

**PART V—Dividends Reimbursed (Section 809(d)(12))**

1 Dividends reimbursed to other insurance companies . . . . .			
2 (a) Reserve at the end of this tax year . . . . .			
(b) Reserve at the end of the preceding tax year . . . . .			
(c) Difference (subtract line 2(b) from line 2(a)) . . . . .			

3 Combine lines 1 and 2(c). Enter here and in Schedule E, line 18.

**SCHEDULE F.—Shareholders' Surplus Account (Section 815(b))**

1 (a) Balance at the end of the preceding tax year . . . . .			
(b) Transfers under section 815(d)(1) and (4) for the preceding tax year . . . . .			
(c) Balance at the beginning of the tax year (add line 1(a) and line 1(b)) . . . . .			
2 Life insurance company taxable income under section 815(b)(2)(A)(i) (add line 1(c), page 1, and line 2, page 1) . . . . .			
3 Subtract any income on line 2 from net capital gain income. Do not enter less than zero . . . . .			
4 Dividends-received deduction. Enter the smaller of Schedule C, line 9(d) or 85% of any excess of Schedule E, line 10 over Schedule E, line 19 . . . . .			
5 Interest wholly tax-exempt (Schedule A, line 1(a), column 4) . . . . .			
6 Small business deduction (Schedule C, line 10) . . . . .			
7 Total (add lines 1(c) through 6) . . . . .			
8 Tax liability for this tax year under section 815(b)(2)(B) (income tax figured on line 2 as if line 2 were total life insurance company taxable income) . . . . .			
9 Subtract line 8 from line 7 (do not enter less than zero) . . . . .			
10 Distributions in this tax year (not more than line 9) . . . . .			
11 Balance at the end of the tax year (subtract line 10 from line 9) . . . . .			

**SCHEDULE G.—Policyholders' Surplus Account (Section 815(c))**

1 Balance at the beginning of the tax year . . . . .			
2 (a) 50% of the amount by which the gain from operations is more than the taxable investment income (from page 1, line 2) . . . . .			
(b) Deduction for certain nonparticipating contracts (from Schedule E, line 23(b)) . . . . .			
(c) Deduction for accident and health, and group life insurance (from Schedule E, line 23(c)) . . . . .			
3 Total (add lines 1 through 2(c)) . . . . .			
4 (a) Actual distributions that are more than Schedule F, line 9 . . . . .			
(b) Tax increase on line 4(a) under section 802(b)(3) . . . . .			
(c) Subtractions under section 815(d)(1) and (4) (see instructions) . . . . .			
(d) Tax increase on line 4(c) under section 802(b)(3) . . . . .			
(e) Subtraction required under section 815(d)(2) due to termination . . . . .			
5 Total—Add lines 4(a) through 4(e). (Enter the smaller of line 3 or line 5 on page 1, line 3) . . . . .			
6 Balance at the end of the tax year (subtract line 5 from line 3, but do not enter less than zero) . . . . .			

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**SCHEDULE H.—Additional Information Required (See page 8 of instructions)**

E. Check if you are a:

- (1)
- 
- Legal reserve company—if checked:

Kind of company:

 Stock Mutual

Principal business:

 Life insurance Health and accident insurance

- (2)
- 
- Fraternal or assessment association

- (3)
- 
- Burial or other insurance company

F. Enter the percentage that the total of your life insurance reserves (sec. 801(b)) plus unearned premiums and unpaid losses (whether or not ascertained) on noncancelable life, health or accident policies not included in life insurance reserves, is to your total reserves (sec. 801(c)). Attach schedule.

	Yes	No		Yes	No
I. Did you claim a deduction for:			(1) Entertainment facility (boat, resort, ranch, etc.)?		
			(2) Living accommodations (except for employees on business)?		
			(3) Employees attending conventions or meetings outside the North American area? (See section 274(h).)		
			(4) Employees' families at conventions or meetings? If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)		
			(5) Employee or family vacations not reported on Form W-2?		
J. Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957, and page 8 of the instructions.) If "Yes," attach Form 5471 for each corporation.					
K. At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country? (See page 8 of the instructions for exceptions and filing requirements for Form 90-22.1.) If "Yes," write the name of the foreign country ►					
L. Were you ever the grantor of or transferor to a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? (See page 9 of the instructions.) If "Yes," you may be required to file Forms 926, 3520, or 3520A.					
M. During the tax year did you maintain any of your accounting/tax records on a computerized system?					
N. Check method of accounting:					
(1) <input type="checkbox"/> Cash					
(2) <input type="checkbox"/> Accrual					
(3) <input type="checkbox"/> Other (Specify) _____					

**SCHEDULE J.—Compensation of Officers (See page 9 of instructions for information to be attached.)**

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**SCHEDULE K.—Assets (Section 805(b)(4)) and Total Insurance Liabilities (Section 819(a)) (See Instructions)**

PART I—Assets (Section 805(b)(4))		1. Beginning of tax year	2. End of tax year	3. Mean of column 1 and column 2*	
1 Real estate					
2 Mortgages: (a) Without service fees					
(b) With service fees					
3 Collateral loans					
4 Policy loans, including premium notes					
5 Corporate bonds					
6 Stocks					
7 Government obligations, etc.					
8 Bank deposits, cash, etc.					
9 Other assets (attach schedule)					
10 Totals					
				General account      Separate account	
11 Assets at the end of the tax year (from line 10, column 2) ►					
*Adjusted under section 806(a) (see instructions—attach schedule)					
PART II—Total Insurance Liabilities (Section 819(a))					
Item	1. Section	2. NAIC* page 3	3. Description of item	4. General account	5. Separate account
1	801(c)(1)	Line 1	Reserve for life policies and contracts Subtract: Deficiency reserves		
2	801(b)(1)	Line 2	Reserve for accident and health policies Subtract: Reserves for rate credits		
3	810(c)(3)	Line 3	Supplementary contracts without life contingencies		
4	801(b)(1)	Line 4.1	Policy and contract claims, life Subtract: Resisted life claims		
5	801(b)(1)	Line 4.2	Policy and contract claims, accident and health		
6	810(c)(4)	Line 5	Policyholders' dividend and coupon accumulations		
7	810(c)(5)	Line 9	Premiums and annuity considerations received in advance Subtract: Discount		
8	810(c)(5)	Line 10	Liability for premium and other deposit funds Miscellaneous insurance liabilities, not included above: (a) Special contingency reserves for group life, health and accident insurance		
9	810(c)(6)		(b) Amounts held at interest under insurance, annuity or deposit administration contracts or pension trust side funds		
	810(c)(3)		(c) Funds held to provide for future conversion of policies or contracts		
	810(c)(3)		(d) Amounts held pending issue of contracts supplementary to insurance or annuity contracts		
	801(c)(3)		(e) Other insurance liability or adjustments: (i) Reserves for mortality fluctuations		
	801(c)(3)		(ii) Liability for insurance or annuity benefits for employees and agents		
	801(c)(3)		(f) Other items (please describe):		
10			Totals		

\*1983 Annual Statement Form approved by the National Association of Insurance Commissioners. References in column 2 apply to the general account only.

**1983**



## Instructions for Form 1120L

### U.S. Life Insurance Company Income Tax Return

(Section references are to the Internal Revenue Code, unless otherwise noted.)

#### Tax Highlights

Please note these important tax changes.

##### A. Reduction in Corporate Tax Rates

For the taxable income bracket of \$25,000 or less, the tax rate decreases for 1983, from 16% to 15%. For the taxable income bracket over \$25,000 but not over \$50,000, the tax rate decreases for 1983, from 19% to 18%. The remaining tax rates of 30%, 40%, and 46% did not change.

##### B. Reduction in Tax Preference Items

Corporations may be required to reduce the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities, bad debt deduction for financial institutions, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

##### C. Basis Adjustment for Investment Tax Credits

A taxpayer may be required to reduce the basis of property placed in service after December 31, 1982, by 50% of the regular, energy, or certified historic structure investment tax credit taken for the property. See the instructions for Form 3468, Computation of Investment Credit.

##### D. Accelerated Tax Payments

To avoid the estimated tax penalty for tax years beginning after December 31, 1982, the amount of estimated tax payments required by a corporation is increased from 80% to 90%. See sections 6655(b)(1) and (d)(3).

For tax years beginning after December 31, 1982, a corporation must pay the amount of unpaid taxes on line 15 within 2½ months after the end of the tax year. The election to pay in two equal installments is no longer available.

##### E. New Method for Depositing Taxes

Beginning January 1, 1984, a new method for depositing taxes will take effect. The IRS will send the company a Federal Tax Deposit Coupon Book (Form 8109) containing 15 coupons for depositing all types of taxes. Indicate the type of tax on the coupons and include a coupon with each deposit. If the company does not receive these coupons, please contact the company's IRS district office.

#### F. New Six-Month Automatic Extension of Time to File Corporate Return

For tax years ending after December 31, 1982, the automatic extension of time to file a corporate tax return has been extended from 3 months to 6 months. Use **Form 7004**, Application for Automatic Extension of Time to File Corporation Income Tax Return, to apply for this 6-month extension. Such automatic extension does not extend the time for payment of the tax. Form 7005, previously used for the additional extension of 3-months, has been obsolete.

#### G. Real Property Construction Period Interest and Taxes

For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189) shall be allowed for real property construction period interest and taxes.

#### Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt," with the tax return. These amounts are tax deductible subject to the rules and limitations for charitable contributions. Please keep the contribution to reduce the public debt separate from any amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

#### General Instructions

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws, and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Purpose of Form.**—Life insurance companies use Form 1120L to report income and expenses and to figure any tax that may be due.

**Who must file Form 1120L.**—Every domestic life insurance company and every foreign corporation carrying on an insurance business within the U.S. (if its U.S. business would qualify as a life insurance company)

must file a return on Form 1120L. However, this is true only for companies:

- That issue life insurance and annuity contracts either separately or combined with health and accident insurance, or noncancelable contracts of health and accident insurance, and
- Whose life insurance reserves, plus unearned premiums and unpaid losses (whether or not ascertained) on noncancelable life, health, or accident policies not included in life insurance reserves, make up more than 50% of its total reserves, adjusted in each case for policy loans as required by section 801(d).

Noncancelable includes guaranteed renewable life, health, and accident insurance that the company cannot cancel but under which the company reserves the right to adjust premium rates by classes, according to experience under the kind of policy involved. Life insurance reserves and total reserves do not include deficiency reserves.

A burial or funeral benefit insurance company that directly manufactures funeral supplies or performs funeral services is taxable under section 821 or section 831 and should file Form 1120M, U.S. Mutual Insurance Company Income Tax Return, or Form 1120, U.S. Corporation Income Tax Return.

If a receiver, trustee in bankruptcy, or assignee has possession of, or holds title to, all or substantially all of a corporation's property or business whether or not it is being operated, that person must make a return in the same manner and form as would be required were the corporation to make its own return.

If a life insurance company disposes of its life insurance business and life insurance reserves under a reinsurance agreement with another company, but continues its corporate existence while winding up and liquidating its affairs, it will not be taxable as a life insurance company after the effective date of the agreement.

#### Where to file.

If the corporation's principal business, office, or agency is located in  
New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester  
Holtville, NY 00501

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont  
Andover, MA 05501

Alabama, Florida, Georgia, Mississippi, South Carolina  
Atlanta, GA 31101

Michigan, Ohio  
Cincinnati, OH 45999

Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas  
Austin, TX 73301

Alaska, Arizona, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming  
Ogden, UT 84201

Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64199
California, Hawaii	Fresno, CA 93388
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania, foreign countries and U.S. possessions	Philadelphia, PA 19255

described below. Section 6652(f) provides penalties for not filing these forms on time.

**Form 5500, Annual Return/Report of Employee Benefit Plan.**—Complete this form for each plan with 100 or more participants.

**Form 5500-C, Return/Report of Employee Benefit Plan, or Form 5500-R, Registration Statement of Employee Benefit Plan.**—Complete the applicable form for each plan with fewer than 100 participants.

**Transfer to corporation controlled by transferor.**—If a person receives stock or securities of a corporation in exchange for property, and does not have a gain or loss that is recognized under section 351, the transferor and the transferee must attach the information required by Regulations section 1.351-3.

**Other Forms Needed.**—In addition to Form 1120L, you may need to file one or more information returns.

**Form 1096, Annual Summary and Transmittal of U.S. Information Returns.** (For transmitting Form 1099 information, Use Form W-3G, Transmittal of Certain Information Returns.)

**Extension of time for filing.**—Use **Form 7004**, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 6-month extension if you need more time to file Form 1120L.

**Period covered.**—File the 1983 return for calendar year 1983 and fiscal years that begin in 1983. If the corporation ceased to exist in 1983, write "FINAL RETURN" at the top of the form.

**Accounting methods.**—You must file the return using the accrual method of accounting or, to the extent permitted under regulations, a combination of the accrual method with any other method, except the cash receipts and disbursements method.

Unless the law specifically permits, you cannot change the method of accounting used to report income in earlier years (for income as a whole or for any material item) unless you first get IRS consent on Form 3115, Application for Change in Accounting Method.

**Rounding off to whole-dollar amounts.**—You may show money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

**Percentage computations.**—In figuring earnings rates, assumed rates, and the policyholders' and company's share of investment yield, carry out the computation to enough decimal places to ensure substantial accuracy and to eliminate any significant error in the resulting tax.

**Pension, profit-sharing, etc., plans.**—If you are an employer who maintains a pension, profit-sharing, or other funded deferred compensation plan whether or not it is qualified under the Internal Revenue Code and whether or not you claim a deduction for the current tax year, generally you are required to file one of the forms

**Note: The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) has made a number of changes to the rules for consolidated returns. For information on these changes, see sections 262 and 263 of TEFRA.**

**Penalties.**—Avoid penalties and interest by correctly filing and paying the tax when due.

**1. A corporation that does not file its tax return by the due date, including any extensions of time for filing, may be subject to a penalty of 5% a month or a fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is charged on the net amount due under section 6651(a)(1). The minimum penalty for failure to file a tax return within 60 days of the due date (including extensions) is the lesser of the underpayment of tax or \$100.**

**Since Regulations section 1.6012-2(c) requires that the NAIC annual statement be filed as part of the return, a penalty may be imposed under section 6651(a)(1) for not including the annual statement when filing the return.**

**2. A corporation that does not pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. The penalty is charged on the net amount due under section 6651(a)(2).**

**These penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.**

**These penalties are in addition to the interest charge imposed on unpaid tax at a rate determined under section 6621.**

**3. A corporation that does not pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty for tax years beginning after December 31, 1982, the amount of estimated tax payments required by a corporation is increased from 80% to 90%. See section 6655.**

**If the corporation underpaid estimated tax, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how you figured the penalty or which exceptions you believe the corporation meets.**

**Also be sure to check the box below line 15, Form 1120L, if the corporation owes a penalty, enter the amount in the space below line 15.**

**If there is tax due on line 15, include the amount of the penalty in with the total. If there is a refund due, subtract the amount of the penalty from the overpayment on line 16.**

**Signature.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return if he or she is required to file on behalf of a corporation.

**Paid Preparer's Information.**—If your corporate officer filled in Form 1120L, the Paid Preparer's Use Only area should remain blank. If someone prepares Form 1120L and does not charge the corporation, that person should not fill in the Paid Preparer's Use Only area. Certain others who prepare Form 1120L should not fill in

the Paid Preparer's Use Only area. For example, a regular, full time employee of the corporation such as clerk, secretary, etc., does not have to sign.

Generally, anyone who is paid to prepare Form 1120L must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The person required to sign the return as preparer MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);
- Give a copy of Form 1120L to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should know their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, lists some of the preparers' other responsibilities and penalties for which they may be liable. The publication also contains the regulations that govern their work.

### Sales and Exchanges of Life Insurance Company Property

**Capital assets.**—Each item of property a corporation holds (whether or not connected with its business) is a capital asset, except as provided in section 1221. But gains or losses from the sale or exchange of depreciable assets of any business (other than an insurance business) that the life insurance company carries on will be treated as gains or losses from the sale or exchange of capital assets. In addition, gains or losses from the sale or exchange of investment assets will be treated as gains or losses from the sale or exchange of capital assets.

Complete Schedule D (Form 1120), Capital Gains and Losses, according to its instructions. Enter the excess of net short-term capital gain over the net long-term capital loss from line 9, Schedule D (Form 1120) on line 6, Schedule A, Form 1120L. Enter the net capital gain from line 10, Schedule D (Form 1120) on line 6, Schedule C, Form 1120L and line 6, Schedule E, Form 1120L. Attach Schedule D (Form 1120) to Form 1120L.

**Assets used in a trade or business and Involuntary conversions.**—Use Form 4797, Supplementary Schedule of Gains and Losses, to report sales and exchanges of assets used in a trade or business, and involuntary conversions.

Section 817(a) provides that in applying section 1231(a), property used in a trade or business includes only (1) property used in carrying on an insurance business that is real property held for more than 1 year, or depreciable property held for more than 1 year; and (2) timber, coal, and domestic iron ore to which section 631 applies. The term does not include inventoriable property, property held primarily for sale to customers, or certain copyrights, literary, musical or artistic compositions, letters, or memoranda, and similar property.

Complete Form 4797 through line 14(a) according to its instructions. Enter ordinary income from investment assets (from line 2B, Part III, Form 4797), on line 14(b)(1), Form 4797 (write "investment assets" in the right hand margin), and on line 7, Schedule A, Form 1120L. Subtract line 14(b)(1) from line 14, Form 4797, and enter the result on line 14(b)(2), Form 4797, and on line 9, Schedule E, Form 1120L. Attach Form 4797 to Form 1120L.

**Special rules for section 817(b) property.**—See section 817(b) and related regulations for how to limit the gain from the sale or exchange of any section 817(b) property.

**Foreign Life Insurance Companies.**—A foreign life insurance company that sells a U.S. real property interest must file Form 1120L and Schedule D (Form 1120) to report the sale. Gain or loss from the sale of a U.S. real property interest is considered effectively connected with the conduct of a U.S. business, even though the foreign life insurance company does not carry on any insurance business in the U.S. and is not otherwise required to file a U.S. income tax return.

**Alternative tax on capital gains.**—See instructions for line 6 on page 9 to figure the alternative tax.

### Specific Instructions

#### Box A. Employer identification number.—Enter the corporation's employer identification number (EIN).

If the corporation does not have an EIN, apply for one on Form SS-4, Application for Employer Identification Number. You can get this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center where you send Form 1120L. If you have not received the EIN by the time to file Form 1120L, write "Applied for" in the space for the EIN.

#### SCHEDULE A—Investment Yield

Investment yield is gross investment income (defined in section 804(b)), less the deductions allowed in section 804(c). Add all items of income and allowable deductions in Schedule A to provide the basis for the exclusion of the policyholders' share of the investment yield from the life insurance company's taxable income.

**Line 1. Interest.**—Enter interest from all sources during the tax year. Decrease the gross interest reported by the amortization of premium and increase it by the accrual of discount (except market discount) for the tax year on bonds, notes, debentures, or other evidences of indebtedness. Determine these amounts by:

- The method regularly used, if reasonable, or
- Regulations prescribed by the Secretary of the Treasury.

Also see section 818(b). Attach a statement showing the method and computation used.

#### Line 2. Dividends.—

(a) Enter dividends received from domestic corporations subject to income tax that qualify for the 85% deduction under section 243(a)(1).

So-called dividends or earnings received from mutual savings banks, money market certificates, etc., are really interest and should not be treated as dividends.

For dividends received from a regulated investment company, see section 854 for the amount that qualifies for the deduction.

(b) Enter dividends received on the preferred stock of a public utility subject to income tax that is allowed the deduction under section 247 for dividends paid.

(c) Enter dividends received:

- From foreign corporations that qualify for the 85% deduction under section 245(a);
- From wholly-owned foreign subsidiaries that qualify for the 100% deduction under section 245(b). Attach a schedule showing the amount of these dividends included on line 2(c).

(d) Enter dividends that qualify for the 100% dividends-received deduction under section 243(e)(3) that are subject to the elective provisions of section 243(b).

(e) Attach a schedule showing separately:

- Foreign dividends not reportable on line 2(c). (Exclude distributions of amounts constructively taxed in the current year or earlier years under subpart F.)

- Income constructively received from controlled foreign corporations under subpart F. This should equal the total amounts reported in Schedule J of Form(s) 5471, Information Return with Respect to Foreign Corporations.

- Gross-up of dividends for taxes considered paid under sections 902 and 960.

- Dividends (other than capital gain and exempt interest dividends) received from regulated investment companies that do not qualify for the 85% deduction.

- Dividends from tax-exempt organizations.

- Dividends (other than capital gain dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856 through 860.

- Dividends not eligible for the dividends-received deduction because of the stock's holding period or an obligation to make corresponding payments on similar stock.

• Any other taxable dividend income not properly reported above (including distributions under sections 934(e)(3) or 936(h)(4)).

**Line 3. Gross rents.**—Enter the gross rents received for property. Deduct expenses such as repairs, taxes, and depreciation in the proper lines for deductions.

**Line 4. Gross royalties.**—Enter gross royalties. If you take a deduction for depletion, report it on line 12.

**Line 5. Leases, terminations, etc.**—Enter the gross income from entering into (or changing or ending) any lease, mortgage, or other instrument or agreement from which the life insurance company earns interest, rents, or royalties.

**Line 6. Net short-term capital gain minus net long-term capital loss.**—Enter the amount by which the net short-term capital gain is more than the net long-term capital loss (line 9, Schedule D (Form 1120)).

**Line 7. Gross income from trade or business other than insurance business.**—Enter the gross income from any business (other than an insurance business) carried on by the life insurance company, or by a partnership of which the life insurance company is a member.

Include section 1245, section 1250, and other gains for investment assets only from Form 4797, line 14(b)(1). See instructions on page 3 under Assets used in a trade or business and involuntary conversions.

#### Deductions

#### Limits on deductions.—

1. Transactions between related taxpayers. See section 267 for limitation on deductions for unpaid expenses and interest.

2. Tax preference items. Corporations may be required to reduce the following tax preference items by 15%: section 1,250 capital gain, amortizable basis of pollution control facilities, bad debts deduction for financial institutions, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

3. Real property construction period interest and taxes. For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189) shall be allowed for real property construction period interest and taxes.

**Line 9. Investment expenses.**—Enter expenses that are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot exceed line 5, Schedule A-1.

**Line 10. Real estate expenses.**—Enter all ordinary and necessary building expenses (such as taxes, fire insurance, heat, light, labor, and the cost of incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinary efficient operating condition). Include only expenses for real

estate the company owns. Do not include any amount for new buildings or for permanent improvements made to increase the value of the property; or any amount spent on foreclosed property before it is offered for rent.

**Line 11. Depreciation.**—See Instructions for Form 4562, Depreciation and Amortization and Publication 534, Depreciation.

**Limitation on deductions for real estate owned and occupied.**—Do not include in the deductions on lines 10 and 11 any amounts for real estate the company owns and occupies for insurance purposes. Allocate the deductions in the same ratio as the rental value of the space not occupied for insurance purposes is to the space that is occupied for insurance purposes. Attach a detailed schedule.

**Line 12. Depletion.**—See sections 613 and 613A for percentage depletion rates for natural deposits.

Attach Form T (Timber), Forest Industries Schedules, if you claim a deduction for timber depletion.

#### Line 13. Trade or business deductions.

—Enter total deductions for any trade or business income that is included in the life insurance company's gross investment income under section 804(b)(3). Do not include deductions for any insurance business. Do not include losses from (or considered as from) sales or exchanges of capital assets, or property used in the business (as defined in section 1231(b)), or from the compulsory or involuntary conversion of property used in the business.

**Adjustment under section 818(c).**—This adjustment is required if the company actually figures its life insurance reserves on a recognized preliminary term basis but elects to convert them to a net level premium basis in figuring the reserves for tax purposes.

If elected, the conversion may be made by one of two methods:

**Method 1. Exact Revaluation:** Figure the reserves for all contracts (for which reserves are figured on a preliminary term basis) on a net level premium basis using the same mortality assumptions and interest rates for both the preliminary term basis and the net level premium basis.

**Method 2. Approximate Revaluation:** For contracts for which you figure reserves on the preliminary term basis, increase the reserves by the total of:

- \$19 per \$1,000 of insurance in force (other than term insurance), less 1.9% (.019) of reserves under these contracts established under contracts entered into before April 1, 1982, use \$21 per \$1,000 of insurance in force (other than term insurance), less 2.1% (.021) of reserves under these contracts; plus
- \$5 per \$1,000 of term insurance in force under contracts which, when issued, covered a period of more than 15 years, less 0.5% (.005) of reserves under these contracts.

A life insurance company may elect, under section 818(c), the approximate revaluation method for all its life insurance reserves, except for noncancelable accident and health reserves. For these you may use the exact revaluation method.

If the company makes an election of one of the two methods, the method chosen must be used (other than for purposes of the definition of life insurance under section 801) for the tax year of the election and all later years, unless a change is approved by the Commissioner.

**Column 7. Adjustment under section 806(a).**—If, during the tax year, life insurance reserves change due to the transfer between the company and another person of liabilities under contracts taken into account in figuring the reserves, adjust the mean of the reserves on a daily basis to reflect the amount involved in the transfer. (See Regulations section 1.806-3.) This adjustment applies whether or not the transferor of the liabilities was the original insurer. However, this adjustment does not apply to reinsurance that another person cedes to the taxpayer or the taxpayer cedes to another person. For the definition of life insurance reserves, see section 801(b).

#### Part III—Pension Plan Reserves

Adjust these reserves under sections 806(b) and 818(c) as described in Part II above. However, for group pension contracts (for tax years beginning after December 31, 1982 and before January 1, 1984), the amount figured in this part may not exceed the amount actually credited to the policyholder. See section 805(g).

#### Part IV—Adjusted Life Insurance Reserves

This is the mean of the life insurance reserves (as defined in section 801(b)), figured under Part II and adjusted in Part IV. Use this amount to figure the policy and other contract liability requirements in Part VI.

#### Part V—Qualified Guaranteed Interest (Section 805(f))

Life insurance companies may deduct all qualified guaranteed interest credited on qualified contracts. Qualified interest is interest figured:

1. At a stated rate that is guaranteed both before the period for which it accrues, and for at least 12 months (or to the end of the tax year in which the contract was issued); or
2. By a formula or other method that is guaranteed before the period for which it accrues; may not be changed by the company for at least 12 months (or to the end of the tax year in which the contract was issued); and is independent of the experience of the company.

**Exception.**—The requirement that the rate be guaranteed for at least 12 months (or to the end of the tax year in which the contract was issued) does not apply to any moneys

held under a contract on August 13, 1982, and to any interest on such moneys after that date. Also, a contract entered into after August 13, 1982, but before January 1, 1983, will be treated as meeting this 12 month requirement if it meets the requirement on the first contract anniversary date.

**A qualified contract** is any annuity contract (except those described in section 805(d)) that (1) involves (when the qualified interest is credited) life contingencies, (2) provides no right under State law for the policyholder to participate in the company's divisible surplus, and (3) allows the company, from time to time, to credit, as interest, amounts that are larger than those required by the contract.

**Special rule for participating contracts.**—An annuity contract that would be a qualified contract but for the fact that it allows participation in the company's divisible surplus, will be treated as a qualified contract, but its deductible interest will be limited. The qualified guaranteed interest deduction for a participating contract is:

1. The interest that would be assumed in calculating the reserves under the contract, if it were not included in Part VI, lines 5(a) through 5(d); plus
2. 92.5% of the excess of:
  - (a) The qualified guaranteed interest determined without these rules and as if the contract was a qualified contract, over
  - (b) The amount in 1 above.

**Note: The portion of the excess in item 2 (7.5%) that is not treated as qualified guaranteed interest may not be taken as a deduction in figuring a life insurance company's Federal income tax.**

#### Part VI—Policy and Other Contract Liability Requirements (Section 805(a))

**Line 5. Interest Paid.**—For line 5, interest paid for the tax year may not include any amount paid or accrued after December 31, 1981, by a ceding company or its affiliates to any person in connection with a reinsurance agreement, other than interest because of delay in making periodic settlement of income and expense items under the terms of the agreement.

(a) Enter all interest paid for the tax year, except on indebtedness incurred or continued to purchase or carry obligations on which the interest income is wholly tax-exempt.

(b) Enter all amounts treated as interest, whether or not guaranteed, for the tax year on insurance or annuity contracts (including supplementary contracts) that at the time of accrual do not involve life, health, or accident contingencies.

(c) Enter all discounts treated as interest, whether or not guaranteed, on premiums or other consideration paid in advance on insurance or annuity contracts.

(d) Enter all interest for the tax year on special contingency reserves under contracts of group term life insurance or group health and accident insurance that are established and maintained to provide insurance on retired lives, to stabilize premiums, or both.

(e) Enter all qualified guaranteed interest from Part V, line 6.

#### SCHEDULE C—Taxable Investment Income

**General.**—The policyholders' share of each item of investment yield (including tax-exempt interest and dividends received) of any life insurance company cannot be included in taxable investment income.

**Line 2.**—Enter the policyholders' percentage share of each item of investment yield. Determine this percentage by dividing the policy and other contract liability requirements from Schedule B by the investment yield from Schedule A. If the policy and other contract liability requirements are more than the investment yield, the policyholders' share must be 100%.

**Line 3.**—The difference between 100% and the percentage on line 2 is the life insurance company's share of any item of investment yield.

**Line 4.**—Enter on line 4 the amount shown in Schedule A, line 15.

**Line 5.**—Multiply the amount on line 4 by the percentage on line 3 to figure the company's share of investment yield.

#### Deductions

**Line 8. Interest wholly tax-exempt.**—On line 8(a), enter the amount from Schedule A, line 1(a), column 4. Next, multiply the amount on line 8(b) by the amount on line 3. Then enter the result on line 8(d).

#### Line 9. Dividends-received deduction.

(a) **Dividends received from domestic corporations.**—Enter 85% of the amount from Schedule A, line 2(a) (except dividends on certain preferred stock of public utilities) from domestic corporations subject to income tax. Members of certain affiliated groups may elect to deduct 100% of the qualifying dividends received from other members of the same group. Include their dividend deduction on line 9(a). See section 243.

(b) **Dividends received on certain preferred stock of public utilities.**—Enter 59.13% of the amount from Schedule A, line 2(b). See section 244.

(c) **Dividends received from foreign corporations subject to the 85% or 100% deduction.**—

• Enter 85% of the amount from Schedule A, line 2(c) that was received from foreign corporations that qualify for the 85% deduction.

• Enter 100% of the amount from Schedule A, line 2(c) that was received from wholly-owned foreign subsidiaries that qualify for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on these deductions.

(d) Add lines 9(a), 9(b) and 9(c).

(e) Multiply the amount on line 9(d) by the percentage on line 3 to figure the company's share of the dividends-received deduction.

**(f) Dividends-received deduction.**—The dividends-received deduction cannot be more than 85% of line 7, minus lines 8(b) and 10 (taxable investment income figured without this deduction).

A member of an electing affiliated group is also limited to 85% of taxable investment income figured without this deduction. But the qualifying dividends received from the same group are not subject to the 85% limitation.

In general, no dividends-received deduction will be allowed on any share of stock if the corporation disposes of it after holding it 15 days or less; or to the extent that the corporation is obligated to make corresponding payments on substantially identical stock or securities.

**Line 10. Small business deduction.**—Enter 10% of the investment yield from Schedule A. But the deduction cannot be more than \$25,000.

Members of a controlled corporate group are limited to one \$25,000 small business deduction. See section 1561(a).

#### SCHEDULE E—Gain or (Loss) From Operations (Section 809(b))

**General.**—The policyholders' share of each item of investment yield (including tax-exempt interest and dividends received) of any life insurance company cannot be included in gain or loss from operations.

#### Income

**Line 2.**—Enter the policyholders' percentage share of each item of investment yield. This percentage is determined by dividing the required interest from Schedule E-1 by the investment yield from Schedule A. If the required interest is more than the investment yield, then the policyholders' share must be 100%.

**Lines 4 and 5.**—See instructions for Schedule C, lines 4 and 5.

**Line 7(a).**—Enter the gross premiums and other consideration (including advance premiums, deposits, fees, assessments, consideration from assuming liabilities under contracts not issued by the company and dividends to policyholders reimbursed to the taxpayer by a reinsurer for reinsured policies) on insurance and annuity contracts (including supplementary contracts).

**Line 7(b).**—Enter return premiums, and premiums and other consideration for reinsurance ceded. Except for premiums or other consideration returned to another life insurance company from reinsurance ceded, you cannot include amounts returned when they are not fixed in the contract but depend on the company's experience or the

management's discretion. But treat as return premiums amounts rebated or refunded due to policy cancellations or to incorrectly figured premiums. Then subtract line 7(b) from line 7(a) and enter the result in the column on the right.

**Line 8(a). Decrease in reserves.**—Take the sum of the items described in section 810(c) at the end of the tax year, and then reduce it by the policyholders' share of investment yield not included in gain and loss from operations (multiply line 4 by line 2) and the part of the interest (7.5%) that is not treated as qualified guaranteed interest under section 805(f)(3)(A)(ii). Subtract this amount from the sum of the items at the beginning of the tax year. Enter the excess on line 8(a).

**Line 8(b). Decrease in section 811(b)(2) reserves.**—Enter the amount from line 3, Part I, Schedule E-2. This is the amount by which the decrease for the tax year in the reserves for policyholder dividends is more than the dividends paid to policyholders during the year.

**Line 8(c). 10% of net decrease in reserves.**—Enter 10% of any net decrease in reserves required under section 810(d).

**Line 9. Other amounts.**—Enter the total other income not included in figuring investment yield and not otherwise

included above if the items are includable in gross income. Include all gains for other than investment assets from Form 4797, line 14(b)(2). See instructions on page 3 under Assets used in a trade or business and involuntary conversions. But exclude all gains that are, or are considered to be from the sale or exchange of capital assets.

#### Deductions

**Line 11. Death benefits, etc.**—Enter all claims and benefits accrued (including matured endowments and amounts allowed on surrender) and losses incurred (whether or not ascertained) during the year on insurance, annuity, and supplementary contracts. Losses incurred (whether or not ascertained) means a reasonable estimate of losses incurred but not reported, and losses reported, but the amount cannot be determined by the end of the year.

**Line 12(a). Increase in reserves.**—Take the sum of the items described in section 810(c) at the beginning of the tax year. Subtract this amount from the sum of the items at the end of the tax year, reduced by the policyholders' share of investment yield not included in gain or loss from operations (multiply line 4 by line 2) and the part of the interest (7.5%) that is not treated as qualified guaranteed interest under section 805(f)(3)(A)(ii). Enter the excess on line 12(a).

**Line 12(b). 10% of net increase in reserves.**—Enter 10% of any net increase in reserves required under section 810(d).

**Line 13. Assumption by another person of liabilities under insurance, etc., contracts.**—Enter the consideration (other than consideration from reinsurance ceded) from the assumption by another person of liabilities under insurance and annuity contracts (including supplementary contracts).

**Lines 14(a) and 14(b). Interest wholly tax-exempt.**—On line 14(a) enter the amount from Schedule A, line 1(a), column 4. Next, multiply the amount on line 14(a) by the amount on line 3. Then enter the result on line 14(b).

**Line 15. Investment expenses.**—(1) Subtract the amount allowed in figuring investment yield on line 9(b) of Schedule A from the total investment expenses. (2) If line 14, Schedule A, is more than line 8, Schedule A, add the excess to the result of (1) and enter the total on line 15.

**Line 16. Small business deduction.**—See instructions for Schedule C, line 10.

**Line 17. Other deductions.**—Enter the total of all other deductions not included in figuring investment yield and not included in lines 20 through 23(c). Attach a schedule showing the kind and amount of items included and group the minor items into one amount.

If you claim a deduction for depreciation, attach Form 4562, Depreciation and Amortization.

Include all items allowable as deductions in figuring taxable income except:

(a) **Interest.**—No deduction is allowed under section 163 for qualified guaranteed interest (as defined in section 805(f)(1)) or on interest on the items described in section 810(c).

(b) **Bad debts.**—No deduction is allowed for an addition to reserves for bad debts under section 166(c), but a deduction for specific bad debts is permitted if the other provisions of that section apply.

(c) **Contributions.**—Attach a schedule showing the name of each organization and the amount for a contribution made in property other than money. Describe the kind of property contributed and the method used in determining its fair market value. If you made a qualified conservation contribution under section 170(h), include the fair market value of the underlying property before and after the donation. Describe the conservation purpose furthered by your donation and the type of legal interest contributed. If you include a contribution carryover, show the amount and how it was determined. For limitation and the application of a charitable contribution carryover, see Regulations section 1.809-6(c).

In applying section 170, figure the 10% limitation on total deductions under section 809(e)(3). See Regulations section 1.809-6(c).

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

Companies on the accrual basis may deduct contributions paid by the 15th day of the 3d month after the end of the tax year if the board of directors authorizes the contribution during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contribution was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

For a charitable contribution of property, you must reduce the contribution by the sum of:

- the ordinary income, short-term capital gain and
- for certain contributions, 60.87% of the long-term capital gain

that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to 1. contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and 2. contributions of any property to or for the use of certain private foundations. (See section 170(e) and Regulations section 1.170A-4.)

For special rules for contributions of inventory and other ordinary income property to certain organizations, and contribution of scientific property used for research, see section 170(e).

For a charitable contribution deduction for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount that is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

**(d) Amortizable bond premiums.** — No deduction is allowed under section 171 since a deduction for these premiums has already been taken in Schedule A.

**(e) Net operating loss deduction.** — The deduction under section 172 is not allowed since an operations loss deduction is allowed. See line 21.

**(f) Dividends received.** — No deduction is allowed under sections 243, 244, or 245 because of the deduction allowed under section 809(c)(8). See line 20.

**Line 18. Dividends reimbursed.** — Enter the amount from Schedule E-2, Part V, line 3.

**Line 20. Dividends-received deduction.** — **(a) Dividends received from domestic corporations.** — Enter the amount from Schedule C, line 9(d).

**(b)** Multiply the amount on line 20(a) by the percentage on line 3 to figure the company's share of the dividends-received deduction.

**(c) Section 246(b) limitation.** — In applying the 85% limitation to the total dividends-received deduction, figure the gain from operations without the

deductions for dividends to policyholders (line 23(a)); certain nonparticipating contracts (line 23(b)); accident and health insurance, and group life insurance (line 23(c)); the operations loss deduction (line 21); and the dividends-received deduction. Since those items have not been deducted, the 85% limitation applies to the amount by which line 10 is more than line 19.

For a member of an electing affiliated group, the 85% limitation also applies to any amount by which line 10 is more than line 19. But qualifying dividends received from the same group are not subject to the 85% limitation.

The 85% limitation does not apply to any year for which there is a loss from operations.

**Line 21. Operations loss deduction.** — This deduction determined under section 812 is similar to the net operating loss deduction provided by section 172.

The operations loss deduction is the total of the operations loss carryovers and carrybacks to the tax year. See section 812(a).

Generally, you may carry a loss from operations incurred in tax years beginning after 1975 back to each of the 3 years preceding the year of the loss and carry it over to each of the 15 years following the year of the loss. **Or you may make an irrevocable election to carry the loss only to each of the 15 years after the loss year.** See section 812(b). If the company is a new company for the loss year, the carryover is for 18 years. For the definition of a new company, see section 812(e). After you apply the loss from operations to the first tax year to which it may be carried, the part of the loss you may carry to each of the remaining tax years is the amount by which the loss is more than the sum of the offsets for each of the earlier tax years to which the loss may be carried.

Offset means the increase in the operations loss deduction for the tax year that reduces the life insurance company taxable income (figured without section 802(b)(3)) for the year to zero.

To determine the loss from operations subtract line 10 from the allowable deductions. But:

- No operations loss deduction is allowed.
- You must figure the deductions allowed by section 243 (dividends received by corporations), section 244 (dividends received on certain preferred stock of public utilities), and section 245 (dividends received from certain foreign corporations) without section 246(b), as modified by section 809(c)(8).

See section 844 for special loss carryover rules for an insurance company that has changed its form of organization or has had a change in the nature of its insurance business.

For tax treatment of recoveries of foreign expropriation losses, see section 1351.

**Line 23.** — The deduction for accident and health insurance and group life insurance, certain nonparticipating contracts, and dividends to policyholders cannot be more than the greater of the alternative limitation (if the company elects it) or \$1,000,000 (but limited by section 809(f)(3)) plus any amount by which:

- The gain from operations for the tax year, figured without these deductions, is more than
- The taxable investment income for the tax year.

The company may elect to use the alternative limitation by checking the box on line 7, Part IV, Schedule E-2. This limitation is generally equal to:

- 100% of dividends allocable to pension plan contracts described in section 805(d); plus
- \$1,000,000 (but limited by section 809(f)(3)); plus

- 77.5% (for a mutual life insurance company) or 85% (for a stock life insurance company) of the excess of the deductions for dividends to policyholders (section 809(d)(3)) and certain nonparticipating contracts (section 809(d)(5)) over 100% of dividends allocable to pension plan contracts described in section 805(d).

**Note:** Members of a controlled group of corporations should see section 1561 for the proration of the \$1,000,000 amount.

The limitation the company chooses will first be applied to the deduction for dividends to policyholders; then to certain nonparticipating contracts; and finally to accident and health insurance and group life insurance. See Schedule E-2, Part IV.

### SCHEDULE E-1—Required Interest (Section 809(a)(2))

To find the required interest for any tax year, add the amount of qualified guaranteed interest (Schedule B, Part V, line 6) and the products you get by multiplying each rate of interest required or assumed in calculating the reserves described in section 810(c) by the means of these reserves figured at that rate at the beginning and end of the tax year. In making this computation, do not include the reserves on qualified contracts (defined in section 805(f)(2)) in the figure for the reserves described in section 810(c).

### SCHEDULE E-2

#### PART I—Dividends to Policyholders (Section 809(d)(3))

In general, amounts returned when the amount is not fixed in the contract but depends on the company's experience or the management's discretion are treated as dividends to policyholders. The term does not include interest paid (as defined in section 805(e)), dividends reimbursed (as

defined in section 809(d)(12)), or so-called excess interest payments made for supplementary contracts not involving life, accident, or health contingencies merely because the interest payments are more than the amounts guaranteed under these contracts.

To find the deduction, take the dividends paid to policyholders during the tax year and add (or subtract) any increase (or decrease) in the reserves for policyholder dividends payable during the next tax year. Reserves for policyholder dividends at the end of any tax year include all amounts set aside by the 15th day of the 3d month of the year after the tax year for payment of policyholder dividends during the year after the tax year.

If the decrease for the tax year in the reserves for policyholder dividends is more than the dividends paid to policyholders during the year, the excess is taken into account as an income item in Schedule E.

#### PART II—Certain Nonparticipating Contracts (Section 809(d)(5))

This deduction is the greater of:

- 10% of the increase for the tax year in the reserves for nonparticipating contracts (excluding group contracts), or
- 3% of the premiums for the tax year (as defined in Part III, except for the part of the premiums that is for annuity features) for nonparticipating contracts (other than group contracts) that are issued or renewed for periods of 5 years or more.

Reserves for nonparticipating contracts means the part of the life insurance reserves (excluding the part of the reserves that is for annuity features) for nonparticipating contracts (other than group contracts).

Whether a contract meets the 5-year requirement will be determined at the date it was issued or renewed. Thus, a 20-year nonparticipating endowment policy will qualify under section 809(d)(5), even though the individual insured dies at the end of the second year, since the policy was issued for a period of 5 years or more. However, a 1-year renewable term contract will not qualify, since at the date it was issued (or at any renewal date), it was not for a period of 5 years or more. Also, a policy originally issued for a 3-year period later renewed for an additional 3-year period will not qualify. But, if this policy were renewed for 5 years or more, the policy could qualify under section 809(d)(5) from the date it was renewed.

#### PART III—Certain Accident and Health Insurance and Group Life Insurance (Section 809(d)(6))

This deduction is 2% of the premiums for the tax year for accident and health insurance contracts (other than those to which Schedule E-2, Part II, applies) and group life insurance contracts. Premiums means the net amount of the premiums and

other consideration shown in Schedule E. But the deduction allowed for the current tax year and all preceding tax years cannot be more than 50% of the contract premiums for the current tax year.

#### PART IV—Limitation on Deduction (Schedule E, line 23) (Section 809(f))

This schedule calculates the limitation provided in section 809(f) and explained in connection with Schedule E, line 23.

#### PART V—Dividends Reimbursed (Section 809(d)(12))

This is the part of dividends to policyholders that is reimbursed by the taxpayer to another insurance company for policies the taxpayer has reimbursed with the company.

The deduction for dividends reimbursed is figured in the same manner as the deduction for dividends to policyholders, above.

#### SCHEDULE F—Shareholders' Surplus Account (Section 815(b))

Section 815(b)(1) provides that each stock life insurance company (whether domestic or foreign) must establish and maintain a shareholders' surplus account. In determining how much to enter on line 3, reduce the net capital gain, if any, by the taxable income (figured without section 802(b)(3)). For the limitation of the dividends-received deduction on line 4 when the 100% dividends-received deduction under section 243(a) applies, see the instructions for Schedule E, line 20(C).

Subtract from this account any amount treated under section 815 as a distribution to shareholders. Treat any distribution to shareholders as made first out of this account.

#### SCHEDULE G—Policyholders' Surplus Account (Section 815(c))

Section 815(c)(1) provides that every stock life insurance company (whether domestic or foreign) must establish and maintain a policyholders' surplus account. Increase the balance in this account at the beginning of the tax year by the additions in section 815(c)(2) (line 2 of Schedule G). Decrease the balance by the subtractions in section 815(c)(3) (line 4 of Schedule G).

**Line 4(a).** — Enter the actual distributions to shareholders that are more than the amount on Schedule F, line 9.

**Line 4(b).** — (1) Subtract the taxpayer's tax rate from 100%. (2) Divide the distributions on line 4(a) by the difference. (3) Subtract line 4(a) from the result of (2). Enter the amount you get on line 4(b).

**Line 4(c).** — (1) Determine the total amounts to be subtracted from the policyholders' surplus account under sections 815(c)(1) and 815(c)(4). Do this only after you have made the subtractions on lines 4(a) and (b).

(2) Add 100% to the taxpayer's tax rate. For example, if the tax rate is 46%, the result should be 146%.

(3) Divide the result of step (1), line 4(c), by the result of step (2), line 4(c). Enter the result on line 4(d). You must also add the amount on line 4(c) to the shareholders' surplus account at the beginning of the next tax year.

**Line 4(d).** — Subtract the result of step (3), line 4(c), from the result of step (1), line 4(c). Enter the result on line 4(d). This is the tax on the amount on line 4(c).

Section 815(d)(5) provides that if any addition to the policyholders' surplus account increases or creates a loss from operations and part or all of the loss cannot be used in any other year to reduce the company's taxable income, then the loss will reduce the policyholders' surplus account at the time the addition was made. You must reduce the account after any addition and before any subtraction. If the account has been adjusted under section 815(d)(5) and the balance at the end of the preceding tax year is different from the balance at the beginning of this year, attach a schedule showing the adjustments.

#### SCHEDULE H—Additional Information Required

(The letters in these instructions correspond with questions on Form 1120L, Schedule H.)

**H. U.S. person.** — This means: a citizen or resident of the United States, a domestic partnership, a domestic corporation, or any estate or trust (except as defined in section 7701(a)(31)).

Owner's country, for individuals, is their country of residence. For all others, it is the country where incorporated, organized, created, or administered.

**J. Stock ownership in foreign corporations.** — Attach the required statement if the company owned 5% or more in value of the outstanding stock of a foreign personal holding company. See section 551(c).

If you control a foreign corporation or are a 10% or more shareholder of a controlled foreign corporation, you may be required to file Form(s) 5471.

**K. Foreign financial accounts.** — Check the Yes box if:

1. At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country, and

- The combined value of the accounts was more than \$5,000 at any time during the year, AND
- The account was NOT with a U.S. military banking facility operated by a U.S. financial institution, OR

2. You own more than 50% of the stock in any corporation that would answer the question Yes based on item 1 above.

Otherwise, check the No box.

**Get Form 90-22.1, Report of Foreign Bank and Financial Accounts,** to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes, file Form 90-22.1 by June 30, 1984, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

Also, if Yes is checked to Question K, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

You can get Form 90-22.1 from many IRS offices.

**L. Foreign trusts.**—Check the Yes box if you were ever a grantor of, or a transferor to, a foreign trust that existed during the tax year.

#### SCHEDULE J—Compensation of Officers

Attach a schedule for all officers using the following columns: 1. Name of officer. 2. Social security number. 3. Percentage of time devoted to business. 4. Amount of compensation.

This information must be submitted by each member of an affiliated group included in a consolidated return.

#### SCHEDULE K—Assets (Section 805(b)(4)) and Total Insurance Liabilities (Section 819(a))

##### Part I—Assets

**Note:** All filers must complete Part I of Schedule K.

**Definition.**—Assets means all assets of the company (including nonadmitted assets) and all money but not real and personal property (other than money) that the company uses to carry on an insurance business.

**Valuation.**—Use the fair market value for real property and stocks. Use the adjusted basis for determining gain on sale or other disposition for other assets. Determine this adjusted basis under section 1011, and related sections, without section 817(b).

**Schedule 806(a) adjustment.**—Life insurance reserves may either increase or decrease during the tax year because liabilities under contracts taken into account in figuring these reserves are transferred between the taxpayer and another person. If that happens, adjust the mean of the assets daily to reflect the amounts involved in the transfer. See Regulations section 1.806-3. Attach a schedule showing the adjustment.

##### Part II—Total Insurance Liabilities

**Note:** All insurance companies required to file Form 1120L should submit this schedule.

Foreign insurance companies must maintain a certain surplus of U.S. assets

over their U.S. insurance liabilities. That minimum surplus is determined by multiplying their U.S. insurance liabilities by a percentage proclaimed by the Secretary of the Treasury. The Secretary determines the percentage from data supplied by domestic insurance companies in Schedule K, Part II. See section 819(a).

Companies with only general accounts should complete column 4 of the schedule. Companies with segregated asset accounts should include information for their general accounts in column 4 and for the total of all separate accounts in column 5.

Total insurance liabilities means the sum of the total reserves as defined in section 801(c), plus the items referred to in paragraphs (3), (4), (5), and (6) of section 810(c), to the extent not included in total reserves, at the end of the tax year.

Enter each item of total insurance liabilities on the appropriate line. Enter on line 9(f) any other amounts included in the definition of total insurance liabilities, but not described on this schedule.

Foreign insurance companies should report total insurance liabilities and section 805(b)(4) assets for their U.S. business only.

#### Tax Computation Instructions—Page 1, Lines 5-17

**General.**—Section 802(a)(1) provides a tax on life insurance company taxable income figured at the rates in section 11.

**Line 5. Taxable income bracket amount.**—Generally, corporations are entitled to one \$25,000 amount in each taxable income bracket. However, members of a controlled group (as defined in section 1563) must share the \$25,000 amount in each taxable income bracket.

Unless you elect an unequal apportionment plan, you as members of a controlled group will divide each taxable income bracket amount equally. But you may elect to divide the amounts in any way you choose.

If you adopt or amend an apportionment plan, each of you as a member of a controlled group must attach to your tax return a copy of your consent to the plan. The consent should show the amount of each taxable income bracket for that member, and other data. See section 1561 for the time and manner of making the election.

As a member of a controlled group you should enter your share of the taxable income bracket on lines 5(a), (b), (c), and (d) and figure your tax using the schedule below, instead of the instructions for line 6.

1. Enter the taxable income (line 4, page 1).
2. Enter line 1 above or your share of the first \$25,000 taxable income bracket, whichever is less . . . . .
3. Subtract line 2 from line 1 . . . . .
4. Enter line 3 or your share of the second \$25,000 taxable income bracket, whichever is less . . . . .
5. Subtract line 4 from line 3 . . . . .
6. Enter line 5 or your share of the third \$25,000 taxable income bracket, whichever is less . . . . .
7. Subtract line 6 from line 5 . . . . .
8. Enter line 7 or your share of the fourth \$25,000 taxable income bracket, whichever is less . . . . .
9. Subtract line 8 from line 7 . . . . .
10. 15% of line 2 . . . . .
11. 18% of line 4 . . . . .
12. 30% of line 6 . . . . .
13. 40% of line 8 . . . . .
14. 45% of line 9 . . . . .
15. Add lines 10 through 14. Enter here and on line 6, page 1 . . . . .

See Alternative Tax, below, if it applies.

Line 6. Income tax If the amount on line 4 is:	Enter on line 6:	Of the amount over—
Over— 0	But not \$25,000	15%      0
\$25,000	50,000	\$3,750 + 18%      \$25,000
50,000	75,000	8,250 + 30%      50,000
75,000	100,000	15,750 + 40%      75,000
100,000	-----	25,750 + 45%      100,000

See Alternative Tax, below, if it applies.

**Alternative Tax.**—Figure taxable income for the alternative tax as follows:

1. Taxable investment income (page 1, line 1(a)). . . . .
2. Net capital gain (line 10, Schedule D (Form 1120)) . . . . .
3. Subtract line 2 from line 1 (if less than zero, enter zero) . . . . .
4. Gain from operations (page 1, line 1(b)) . . . . .
5. Net capital gain (line 10, Schedule D (Form 1120)) . . . . .
6. Subtract line 5 from line 4 (if less than zero, enter zero) . . . . .
7. Smaller of line 3 or line 6 . . . . .
8. If line 6 is greater than line 3, enter 50% of any excess on this line . . . . .
9. Amount subtracted from policyholders' surplus account (page 1, line 3) . . . . .
10. Add lines 7, 8, and 9 . . . . .

Enter the amount from line 10, above, on line 14, Schedule D (Form 1120). Complete the rest of that schedule according to its instructions.

Enter the smaller of the regular tax or the alternative tax on Form 1120L, page 1, line 6. Check the box on line 6 if the alternative tax applies.

**Line 7(a). Foreign tax credit.**—Use Form 1118, Computation of Foreign Tax Credit—Corporations, to figure the credit.

**Line 7(b). Investment credit.**—If your corporation invested in certain types of trade or business property, or qualified energy property, you may be able to take the investment credit.

**Line 10. Foreign corporations.**—A foreign corporation carrying on an insurance business within the U.S. is taxable the same as a domestic insurance company on its income effectively connected with the conduct of a trade or business within the U.S. See sections 842 and 897. Income from sources outside the U.S. from U.S. business is treated as effectively connected with the conduct of a trade or business within the U.S. For a definition of effectively connected income, see sections 864(c) and 897.

Do not take a deduction for that part of the wages or salaries paid or incurred that is equal to the jobs credit determined without the limitation based on tax. Members of a controlled group or a business under common control with other businesses, see section 280C.

Attach a schedule to Form 1120L to show how and where you reduced the salary and wage deduction(s). Show in this schedule the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120L on which you made a reduction. If the reduction of salaries and wages is less than the jobs credit on Form 5884 explain the difference.

**Line 7(d). Other credits.**—Possessions corporation tax credit.—Use Form 5712, Election to be Treated as a Possessions Corporation Under Section 936, to claim this tax credit. Figure the credit on Form 5735, Computation of Possessions Corporation Tax Credit Under Section 936, and include the credit in line 7(d). Write the amount of the credit and identify it as a section 936 credit on the line next to the entry space. Attach Forms 5712 and 5735 on line 10, page 1.

**Line 11. Increase in tax from refiguring an earlier year investment credit.**—If you dispose of property, or it ceases to qualify, before the end of the useful life you use to figure the regular or energy investment credit, you must refigure the credit. If the credit you took including carrybacks and carryovers is more than the refigured credit, you must increase the tax by the excess in the year you disposed of the property. Use Form 4255, Recapture of Investment Credit, to figure the tax increase.

You cannot subtract the tax increase from refiguring an earlier year investment credit from the current year's investment credit.

**Line 12. Minimum tax.**—Attach Form 4626, Computation of Minimum Tax—Corporations, if tax preference items are more than \$10,000 even if there is no minimum tax. OR if any minimum tax is deferred from an earlier tax year to this year. If you are a member of a controlled group, you must attach Form 4626 if your share of tax preference items is more than your share of the \$10,000 exclusion.

Some tax preference items are: accelerated depreciation on real property (including the ACRS deduction on 15-year real property); amortization of certified pollution control facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

**Line 14(b). Estimated tax.**—You must make estimated tax payments if you are a corporation and can expect your estimated tax (income tax less credits) to be \$40 or more.

You may use Form 1120-W (WORKSHEET), Corporation Estimated Tax, as a worksheet to figure estimated tax.

**Line 14(c). Refund of estimated tax.**—You may file Form 4466, Corporate Application for Quick Refund of Overpayment of Estimated Tax, for a quick refund if an overpayment of estimated tax is (1) at least 10% of expected income tax liability AND (2) at least \$500. You must apply within 2½ months after the tax year ends and before you file Form 1120L.

**Line 14(h). Other payments.**—Overpaid crude oil windfall profit tax.—Enter on line 14(h) the overpayment from Form 6249, Computation of Overpaid Windfall Profit Tax. See the instructions for that form for more information.

**Line 15. Tax due.**—You must pay the tax due in full when you file the return, but not later than the 15th day of the 3d month after the tax year ends.

**Special election.**—If a reinsurer made an election by March 15, 1983, to pay the tax that resulted from the repeal of section 820 in three installments, then the second installment must be paid by March 15, 1984, and the third installment by March 15, 1985. See section 256(e) of TEFRA.

On page 1, line 15, TAX DUE, enter the total amount that is due, including the amount of the second installment on your election. In the margin, next to the entry on line 15, write in "special election".

**Note:** If you file Form 7004, figure your tentative tax using only the tax that is not attributable to income from the repeal of section 820. However, your payments of tax by March 15, 1984, must include at least 90% of your regular tax, plus the amount of the tax due to the repeal of section 820.

**Depositary tax payment.**—Deposit corporation income tax payments and estimated tax payments with a Federal Tax Deposit Coupon (Form 8109). Make these tax deposits with either a financial institution qualifying as a depository for Federal taxes or the Federal Reserve Bank or Branch servicing the area where the corporation is located. Do not submit deposits directly to an IRS office, otherwise you may be subject to a 5% Federal Tax Deposit penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book for more information. There will no longer be periodic mailouts of Federal Tax Deposit forms. To get more deposit forms, use the reorder form (Form 8109A) contained in the coupon book.

**1120M**  
Form  
Department of the Treasury  
Internal Revenue Service

**U.S. Mutual Insurance Company  
Income Tax Return**

For calendar year 1983, or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_.

OMB No. 1545-0566

**1983**

Name	A. Employer identification number
Number and street	B. Date incorporated
City or town, State, and ZIP code	C. Check if this is a consolidated return <input type="checkbox"/>
D. Check if address changed from previous year <input type="checkbox"/>	

**Part I.—Taxable Income and Tax Computation**

1 Taxable investment income or (loss)—Part II, line 23. If less than \$6,000, see instructions for line 11	1
2 Statutory underwriting income or (loss)—Part III, line 36	2
3 Amounts subtracted from the Protection Against Loss Account—Schedule E, line 4(f)	3
4 Total (combine lines 1, 2, and 3)	4
5 Unused loss deduction (attach schedule)	5
6 Mutual insurance company taxable income (subtract line 5 from line 4). If less than \$12,000, see instructions for line 8	6
7 (a) Check if you are a member of a controlled group (see sections 1561 and 1563). If checked, see instructions and enter your share of the \$25,000 in each taxable income bracket: (i) \$ <input type="text"/> (ii) \$ <input type="text"/> (iii) \$ <input type="text"/> (iv) \$ <input type="text"/>	7(b)
8 Special computation (see instructions)	8
9 Enter amount reciprocal must include (see instructions)	9
10 Total (line 7(b) or line 8, whichever applies, plus line 9)	10
11 Alternative tax for certain small companies (see instructions)	11
12 Income tax—Enter the smallest of line 10, line 11 (if it applies), or the alternative tax from Schedule D (Form 1120). Check box <input type="checkbox"/> if tax is from Schedule D (Form 1120)	12
13 Tax credits—(a) Foreign tax credit (attach Form 1118) (b) Investment credit (attach Form 3468) (c) Jobs credit (attach Form 5884) (d) Other credits (see instructions) (e) Total credits (add lines 13(a) through 13(d))	13(a) 13(b) 13(c) 13(d) 13(e)
14 Subtract line 13(e) from line 12	14
15 Foreign corporations—Tax on income not connected with U.S. business (see instructions)	15
16 Increase in tax from refiguring an earlier year investment credit (attach Form 4255)	16
17 Minimum tax on tax preference items (see instructions—attach Form 4626)	17
18 Total tax (add lines 14 through 17)	18
19 Credits and payments: (a) Overpayment from 1982 allowed as a credit (b) 1983 estimated tax payments (c) Less refund of 1983 estimated tax applied for on Form 4466 (d) Tax deposited with Form 7004 (e) Credit by reciprocal for tax paid by attorney-in-fact under section 826(e) (f) Other refundable credits and payments (see instructions) (g) Total credits and payments	19(a) 19(b) 19(c) 19(d) 19(e) 19(f) 19(g)
20 TAX DUE (subtract line 19(g) from line 18). See instructions for depositary method of payment (Check <input type="checkbox"/> if Form 2220 is attached. See instructions for "Penalties.") <input type="checkbox"/> \$ _____	20
21 OVERPAYMENT (subtract line 18 from line 19(g))	21
22 Enter amount of line 21 you want Credited to 1984 estimated tax <input type="checkbox"/> \$ _____ Refunded <input type="checkbox"/> \$ _____	22

Please Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here	Signature of officer	Date	Title	
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours, if self-employed) <input type="checkbox"/>	E.I. No. <input type="checkbox"/>	ZIP code <input type="checkbox"/>	

For Paperwork Reduction Act Notice, see page 1 of the instructions.

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**Part II.—Taxable Investment Income or (Loss)—Section 822**

	1. Interest received	2. Amortization of premium	3. Balance (Column 1 minus column 2)
Gross Investment Income			
1 Interest on:			
(a) Wholly exempt obligations (attach schedule)			
(b) U.S. obligations			
(c) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.			
(d) Totals			
2 Dividends (from Schedule B, line 6)			
3 Gross rents			
4 Gross royalties			
5 Gross income from trade or business other than insurance business and from Form 4797. (Include sections 1245, 1250, etc. gain for investment assets only)			
6 Leases, etc.			
7 Total (add lines 1(d) through 6)			
8 Gain from separate Schedule D (Form 1120)			
9 Gross investment income (add lines 7 and 8)			
Deductions			
10 Taxes			
11 Real estate expenses			
12 Depreciation (attach Form 4562—see instructions for line 12)			
13 Depletion			
14 Trade or business deductions as provided in section 822(c)(8) (attach schedule)			
15 Interest paid or accrued			
16 Other capital losses (from Schedule C, line 12, column g)			
17 Total (add lines 10 through 16)			
18 Interest wholly exempt from tax (from line 1(a), column 3)			
19 Investment expenses (attach schedule—see instructions for line 19)			
20 Total deductions (add lines 17 through 19)			
21 Subtract line 20 from line 9			
22 Dividends-received deduction (from Schedule B, line 12—see Schedule B instructions for limitation)			
23 Taxable investment income or (loss) (subtract line 22 from line 21). Enter here and on Part I, line 1			

**SCHEDULE A.—Invested Assets Book Values**

(Complete only if you claim a deduction for general expenses allocated to investment income.)

	1. Beginning of tax year	2. End of tax year
1 Real estate		
2 Mortgage loans		
3 Collateral loans		
4 Policy loans, including premium notes		
5 Bonds of domestic corporations		
6 Stock of domestic corporations		
7 Government obligations, etc.		
8 Bank deposits bearing interest		
9 Other interest-bearing assets (attach schedule)		
10 Total (add lines 1 through 9)		
11 Add columns 1 and 2, line 10		
12 Mean of the invested assets for the tax year (enter one-half of line 11)		
13 1/4 of 1% of line 12 (multiply line 12 by .0025)		
14 Income base (subtract line 17, Part II from line 9, Part I)		
15 3 1/4% of line 12 (multiply line 12 by .0375)		
16 Subtract line 15 from line 14 (but do not enter less than zero)		
17 25% of line 16 (multiply line 16 by .25)		
18 Limitation on deduction for investment expenses (add lines 13 and 17)		

**SCHEDULE B.—Dividends (See Instructions)**

Income	Deductions
1 Certain domestic corporations	7 85% of line 1
2 Certain public utility corporations	8 59.13% of line 2
3 Certain foreign corporations	9 85% (see instr. for 100% of line 3)
4 Certain affiliated groups	10 Total (see instructions for 85% limitation)
5 Other corporations (attach schedule)	11 100% of line 4
6 Total (add lines 1 through 5)	12 Total (add lines 10 and 11)

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**Part III.—Statutory Underwriting Income or (Loss)—Section 823**

Page 3

1	Investment income—Section 832(b)(2): (a) Interest . . . . .	
(b)	Dividends (from Schedule B, line 6) . . . . .	
(c)	Rents . . . . .	
2	Premiums earned—Section 832(b)(4) . . . . .	
3	(a) Net gain from sale or other disposition of capital assets—Section 832(b)(1)(B) (attach Schedule D (Form 1120)) . . . . .	
(b)	Ordinary gain from attached Form 4797 (include all sections 1245, 1250, etc. gains) . . . . .	
4	Other income—Section 832(b)(1)(C) (attach schedule) . . . . .	
5	Decrease in subscriber amounts—Section 823(b)(2)(B) . . . . .	
6	<b>Gross income (add lines 1 through 5) . . . . .</b>	
7	Salaries and wages—Section 832(c)(1) . . . . .	
8	Rents—Section 832(c)(1) . . . . .	
9	Interest—Section 832(c)(2) . . . . .	
10	Taxes—Section 832(c)(3) . . . . .	
11	Losses incurred on insurance contracts—Section 832(c)(4) . . . . .	
12	Other capital losses—(from Schedule C, line 12, column g) . . . . .	
13	Worthless agency balances and bill receivable—Section 832(c)(6) . . . . .	
14	Interest excluded under section 103—Section 832(c)(7) . . . . .	
15	Depreciation—Section 832(c)(8) (attach Form 4562) . . . . .	
16	Depletion—Section 832(c)(8) . . . . .	
17	Contributions—Section 832(c)(9) (not over 10% of line 24—see instructions) . . . . .	
18	Dividends paid or declared to policyholders—Section 832(c)(11) . . . . .	
19	Increase in subscriber accounts—Section 823(b)(2)(A) . . . . .	
20	Pension, profit-sharing, etc. plans—Section 832(c)(10) (see instructions) . . . . .	
21	Employee benefit programs—Section 832(c)(10) (see instructions) . . . . .	
22	Other deductions—Section 832(c)(10) (attach schedule) . . . . .	
23	Total deductions (add lines 7 through 22) . . . . .	
24	Subtract line 23 from line 6 . . . . .	
25	Dividends-received deduction—Section 832(c)(12) (Schedule B, line 12—see Schedule B instructions for limitation) . . . . .	
26	Total deductions (add lines 23 and 25) . . . . .	
27	Subtract line 26 from line 6 . . . . .	
28	Taxable investment income or (loss) (from Part II, line 23) . . . . .	
29	Subtract line 28 from line 27 (if a loss, skip line 30 and enter the loss on line 31) . . . . .	\$1,100,000.00
30	(a) Limitation . . . . .	
(b)	Amount from Part II, line 7 . . . . .	
(c)	Premiums (see instructions) . . . . .	
(d)	Total (add lines 30(b) and 30(c)). If \$500,000 or less, skip line 30(e) and enter \$6,000 (but not more than line 29) on line 30(f) . . . . .	
(e)	Subtract line 30(d) from line 30(a). If less than zero, enter zero on line 30(f) . . . . .	
(f)	1% of line 30(e) (multiply line 30(e) by .01). Do not enter more than line 29 . . . . .	
31	<b>Underwriting gain or (loss)—subtract line 30(f) from line 29 . . . . .</b>	
32	1% of line 11 (multiply line 11 by .01) . . . . .	
33	25% of underwriting gain on line 31 (multiply gain on line 31 by .25). If line 31 is zero or a loss, skip lines 34(a) through 34(e) and enter a zero on line 34(f) . . . . .	
34	(a) Concentrated risks: (a) Premiums earned (line 2, above) . . . . .	
(b)	Amount of line 34(a), attributable to insuring against losses arising either in any one State or within 200 miles of any fixed point selected by the taxpayer, from windstorm, hail, flood, earthquake, or similar hazards . . . . .	%
(c)	Divide line 34(b) by line 34(a) . . . . .	40%
(d)	Limitation . . . . .	%
(e)	Premium percentage that exceeds 40% (subtract 34(d) from 34(c)) . . . . .	
(f)	Multiply line 31 (if a gain) by line 34(e) . . . . .	
35	Protection against loss deduction (add lines 32, 33, and 34(f)). Enter here and in Schedule E, line 2 . . . . .	
36	<b>Statutory underwriting income or (loss) (combine lines 31 and 35). Enter here and in Part I, line 2 . . . . .</b>	

Protection Against Loss Deduction

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**SCHEDULE C.—Other Capital Losses (See Instructions) (Capital assets sold or exchanged to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.)**

1	Dividends and similar distributions paid to policyholders . . . . .	
2	Losses paid . . . . .	
3	Expenses paid . . . . .	
4	Total (add lines 1, 2, and 3) . . . . .	
5	Interest received (Part II, line 1(d), col. 3, adjusted to cash method if on accrual method) . . . . .	
6	Dividends received (Schedule B, line 6, adjusted to cash method if on accrual method) . . . . .	
7	Lines 3 through 6 of Part II (adjusted to cash method if on accrual method) . . . . .	
8	Net premiums received (adjusted to cash method if on accrual method) . . . . .	
9	Total (add lines 5 through 8) . . . . .	

**10 Limitation on gross receipts from sales of capital assets (subtract line 9 from line 4, but not less than zero)**

a. Description of capital asset	b. Date acquired	c. Gross sales price	d. Cost or other basis	e. Expense of sale	f. Depreciation allowed (or allowable)	g. Less (col. d plus col. e less the sum of cols. c and i)
11						
12	Totals—column c must not be more than line 10 (Enter column g in Part II, line 16, and Part III, line 12)					

**SCHEDULE E.—Protection Against Loss Account**

1	Balance at beginning of year . . . . .	
2	Addition (from Part III, line 35) . . . . .	
3	Total (add lines 1 and 2) . . . . .	
4	Subtractions (attach computation of any item (lines 4(a) through 4(e)) that apply):	
(a)	Section 824(d)(1)(A) . . . . .	
(b)	Section 824(d)(1)(B) . . . . .	
(c)	Section 824(d)(1)(C) . . . . .	
(d)	Section 824(d)(1)(D) . . . . .	
(e)	Section 824(d)(1)(E) . . . . .	
(f)	Total (add lines 4(a) through 4(e)). Enter here and on page 1, line 3 . . . . .	

**5 Balance at end of year (subtract line 4(f) from line 3)****SCHEDULE F.—Compensation of Officers (See Instructions for information to be attached)****SCHEDULE G.—Additional Information Required**

Yes	No	Yes	No	
		(5) Employee or family vacations not reported on Form W-2? . . . . .		
H.		At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country? (See page 8 of the instructions for exceptions and filing requirements for Form 90-22.) . . . . .		
If "Yes," attach a schedule showing: (1) name, address, and identifying number; and (2) percentage owned.		If "Yes," write in the name of the foreign country		
F.		Were you a U.S. shareholder of any controlled foreign corporation (see sections 951 and 957)? (If "Yes," attach Form 5471.) . . . . .		
G.		Did you claim a deduction for expenses connected with:		
(1)		Entertainment facility (boat, resort, ranch, etc.)? . . . . .		
(2)		Living accommodations (except employees on business)? . . . . .		
(3)		Employees attending conventions or meetings outside the North American area? (See section 274(h).) . . . . .		
(4)		Employees' families at conventions or meetings? If "Yes," were any of those conventions or meetings outside the North American area? (See section 274(h).) . . . . .		
K.		Check method of accounting:		
(1)	<input type="checkbox"/>	Cash	<input type="checkbox"/>	Accrual
(3)	<input type="checkbox"/>	Other (Specify) . . . . .		

1983



## Instructions for Form 1120M U.S. Mutual Insurance Company Income Tax Return

(Section references are to the Internal Revenue Code, unless otherwise noted.)

### Highlights

Please note these important tax changes.

#### A. Reduction in Corporate Tax Rates

For tax years beginning after December 31, 1982, the tax rates are reduced for the two lowest taxable income brackets. For the taxable income bracket of \$25,000 or less, the tax rate decreases for 1983, from 16% to 15%. For the taxable income bracket over \$25,000 but not over \$50,000, the tax rate decreases for 1983, from 19% to 18%. These tax rate changes also affect the caps on taxes of small mutuals under sections 821(a)(2) and 821(c)(1)(B).

#### B. Reduction in Tax Preference

Items.—A corporation may be required to reduce the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities, bad debts deduction for financial institutions, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

**C. Basis Adjustment for Investment Tax Credits.**—A taxpayer may be required to reduce the basis of property placed in service after December 31, 1982, by 50% of the regular, energy, or certified historic structure investment tax credit taken for the property. See the instructions for Form 3468, Computation of Investment Credit.

**D. Accelerated Tax Payments.**—For tax years beginning after December 31, 1982, the amount of estimated tax payments required by a corporation is increased from 80% to 90%. See sections 6655(b)(1) and (d)(3).

For tax years beginning after December 31, 1982, a corporation must pay the amount of unpaid taxes on line 20, page 1, Form 1120M, within 214 months after the end of the tax year. The election to pay in two equal installments is no longer available.

**E. New Method for Depositing Taxes.**—Beginning January 1, 1984, a new method for depositing taxes will take effect. The IRS will send taxpayers a Federal Tax Deposit Coupon Book (Form 8109) containing 15 coupons for depositing all types of taxes. Indicate the type of tax on the coupons and include a coupon with each deposit made. If the company does not receive these coupons, please contact the company's IRS district office.

**F. New Six-Month Automatic Extension of Time to File Corporate Return.**—For tax years ending after December 31, 1982, the automatic extension of time to file a corporate tax return has been extended from 3 months to 6 months. Use Form 7004, Application for Automatic Extension

of Time to File Corporation Income Tax Return, to apply for this 6-month extension. Such automatic extension does not extend the time for payment of the tax. Form 7005, previously used for the additional extension of 3 months, has been obsolete.

**G. Real Property Construction Period Interest and Taxes.**—For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189) shall be allowed for real property construction period interest and taxes.

### Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt," with the tax return. These amounts are tax-deductible, subject to the rules and limitations for charitable contributions. Please keep the contribution to reduce the public debt separate from any amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

### General Instructions

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and so that we can figure and collect the right amount of tax. You are required to give us this information.

**Purpose of Form.**—This form is used to report the income and expenses of a mutual insurance company and to figure any tax that may be due.

**Who must file Form 1120M.**—Every domestic mutual insurance company (other than a life insurance company subject to a tax under section 802 and other than a fire, flood or marine insurance company subject to tax under section 831) and every foreign corporation carrying on an insurance business within the U.S. (if its U.S. business would qualify as a mutual insurance company subject to tax under section 821) uses Form 1120M to report income and deductions.

**Exceptions.**—For a mutual insurance company that is:

- Exempt under section 501(c)(15), file Form 990, Return of Organization Exempt from Income Tax.

- Subject to tax under section 821, and disposes of its insurance business and reserves or otherwise ceases to be taxed under section 821, but continues its corporate existence while winding up and liquidating its affairs, file Form 1120, U.S. Corporation Income Tax Return.

**When to file.**—In general, a corporation must file Form 1120M by the 15th day of the 3d month after the end of the tax year. A new corporation filing a short period return must generally file by the 15th day of the 3d month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3d month after the date it dissolved.

**Extension.**—File Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 6-month extension of time to file Form 1120M.

**Where to file.**—  
If the corporation's principal business, office, or agency is located in

Use the following Internal Revenue Service Center address

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester  
Holtsville, NY 00501

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont  
Andover, MA 05501

Alabama, Florida, Georgia, Mississippi, South Carolina  
Atlanta, GA 31101

Michigan, Ohio  
Cincinnati, OH 45999

Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas  
Austin, TX 73301

Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming  
Ogden, UT 84201

Illinois, Iowa, Missouri, Wisconsin  
Kansas City, MO 64999

California, Hawaii  
Fresno, CA 93888

Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia  
Memphis, TN 37501

Delaware, District of Columbia, Maryland, Pennsylvania, foreign countries, U.S. possessions  
Philadelphia, PA 19255

The separate income tax returns of a group of corporations may be filed with the service center for the principal office of the managing corporation that keeps all the books and records.

**Penalties.**—Avoid penalties and interest by correctly filing and paying the tax when due.

- (1) A corporation that does not file its tax return by the due date (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is

imposed under section 6651(a)(1) on the net amount due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

**Note:** Since Regulations section 1.6012-2(c) requires that the NAIC annual statement be filed as part of the return, a penalty may be charged under section 6651(a)(1) for not including the NAIC annual statement when filing the return.

(2) A corporation that does not pay the tax when due may be subject to a penalty of 1/2% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. The penalty is imposed under section 6651(a)(2) on the net amount due.

These penalties will not be imposed if the corporation can show that no filing or no paying was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate determined under section 6621.

(3) A corporation that does not pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty for tax years beginning after December 31, 1982, the amount of estimated tax payments required by a corporation is increased from 80% to 90%. See sections 6655(e)(1) and (d)(3).

If the corporation underpays its estimated tax, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets. Also be sure to check the box below line 20, Form 1120M. If the corporation owes a penalty, enter the amount in the space below line 20.

If there is tax due on line 20, include the amount of the penalty in with the total. If there is a refund due, subtract the amount of the penalty from the overpayment on line 21.

**Penalty for Overstated Tax Deposits.**—If you overstate your deposits, you may be subject to a penalty. See section 6656(b).

**Accounting methods.**—You must figure taxable income by the method of accounting regularly used in keeping the corporation's books and records. The method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, you cannot change the method of accounting used to report income in earlier years (for income as a whole or for any material item) unless you first get consent on Form 3115, Application for Change in Accounting Method.

**Rounding off to whole-dollar amounts.**—You may show money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

**Attachments.**—If you need more space on forms or schedules, attach separate sheets and use the same arrangement as on the printed forms. Show the totals on the printed forms. Be sure to give the taxpayer's name and employer identification number on these separate sheets.

**Signatures.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of another person.

**Paid preparer's information.**—If your corporate officer filed in Form 1120M, the Paid Preparer's Use Only area should remain blank. If someone prepares Form 1120M and does not charge the corporation, that person should not fill in this area. Certain others who prepare Form 1120M should not fill in this area. For example, a regular, full-time employee of the corporation, such as a clerk or secretary, does not have to fill in the Paid Preparer's Use Only area.

Generally, anyone who is paid to prepare Form 1120M must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The person required to sign the return as preparer MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);
- Give a copy of Form 1120M to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should know their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, lists some of the preparers' other responsibilities and penalties for which they may be liable. The publication also contains the regulations that govern their work.

**Other forms needed.**—In addition to Form 1120M, you may need to file one or more of the following information forms. Other forms you may need are listed in the instructions.

- (1) Forms W-2 and W-3.—Wage and Tax Statement; and Transmittal of Income and Tax Statement.
- (2) Form W-2P.—Statement for Recipients of Periodic Annuities, Pensions, Retired Pay, or IRA Payments.
- (3) Form 1096.—Annual Summary and Transmittal of U.S. Information Returns.
- (4) Form 5452.—Corporate Report of Nontaxable Dividends.
- (5) Form 966.—Information return regarding dissolution or liquidation.

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments:

- Items of gross income and deductions.
- A computation of taxable income.
- Balance sheets as of the beginning and end of the tax year.
- A reconciliation of retained earnings.
- A reconciliation of income per books with income per return.

Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

## Specific Instructions

**Name, address, and employer identification number.**—Enter the employer identification number (EIN) of the corporation.

Corporations that do not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number, available from most IRS and Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120M is sent. Write "Applied for" in the space provided for the EIN if it is not received by the time Form 1120M is filed.

**Period covered.**—This return is for tax years beginning in 1983. If the return is for a fiscal year, fill in the dates it began and ended at the top of page 1, Form 1120M. If the corporation ceased to exist in 1983, write "FINAL RETURN" at the top of the form.

## Part I—Taxable Income and Tax Computation

### Mutual Insurance Company Taxable Income (Lines 1-6)

#### Line 5

**Unused loss deduction.**—The deduction is the total of the unused loss carryovers and carrybacks to the tax year.

**Unused loss.**—Unused loss for any tax year is the amount by which the sum of the statutory underwriting loss and the investment loss is more than the sum of:

- (1) The taxable investment income,
- (2) The statutory underwriting income, and
- (3) The amount section 824(d) requires to be subtracted from the protection against loss account.

You may carry back the unused loss for a loss year beginning after 1975 to each of the 3 tax years before the loss year, and carry it over to each of the 15 years after the loss year; or you may irrevocably elect only to carry the unused loss over to each of the 15 years after the loss year. After you apply the loss to the first year, the part of the loss you may carry to each of the remaining tax years is the amount by which the loss is more than the sum of the offsets (as defined in section 825(f)) for each of the earlier tax years to which you may carry the loss.

**Limits.**—You may not carry an unused loss:

- (1) To or from any tax year for which the insurance company is not subject to the tax under section 821(a), or
- (2) To any tax year if, between the loss year and that tax year, there is an intervening tax year for which the insurance company was not subject to the tax under section 821(a).

See section 844 for special carryover loss rules for an insurance company that has changed its form of organization or kind of insurance business.

### Tax Computation (Lines 7-20)

#### Line 7(a)

**Taxable income bracket amount.**—Generally, corporations are entitled to one \$25,000 amount in each taxable income bracket. However, members of a controlled group (as defined in section 1563) must share the \$25,000 amount in each taxable income bracket.

Unless you elect an unequal apportionment plan, each of you as members of a controlled group will divide each taxable income bracket amount equally. But you may elect to divide the amounts in any way you choose.

If you adopt or amend an apportionment plan, each of you as a member of the controlled group must attach to your tax return a copy of your consent to the plan. The consent should show the amount of each taxable income bracket for that member, and other data. See section 1561 for the time and manner of making the election.

As a member of a controlled group you should enter your share of the taxable income bracket on lines 7(a)(i), (ii), (iii), and (iv) and figure your tax using the schedule below, instead of the instructions for line 7(b).

**Note: If the alternative tax on capital gains applies:** (1) On line 1 below, enter amount from line 14, Schedule D (Form 1120). Capital Gains and Losses; (2) complete lines 2 through 15 below; (3) enter partial tax from line 15 below on line 15, Schedule D (Form 1120) and complete the balance of Schedule D (Form 1120). Enter the alternative tax on line 12, Part I, Form 1120M, (and check the box on that line).

1	Enter taxable income (line 6, page 1) . . . . .
2	Enter the smaller of line 1 or your share of the first \$25,000 taxable income bracket . . . . .
3	Subtract line 2 from line 1 . . . . .
4	Enter the smaller of line 3 or your share of the second \$25,000 taxable income bracket . . . . .
5	Subtract line 4 from line 3 . . . . .
6	Enter the smaller of line 5 or your share of the third \$25,000 taxable income bracket . . . . .
7	Subtract line 6 from line 5 . . . . .
8	Enter the smaller of line 7 or your share of the fourth \$25,000 taxable income bracket . . . . .
9	Subtract line 8 from line 7 . . . . .
10	15% of line 2 . . . . .
11	18% of line 4 . . . . .
12	30% of line 6 . . . . .
13	40% of line 8 . . . . .
14	45% of line 9 . . . . .
15	Add lines 10 through 14. Enter here and on line 7(b), page 1 . . . . .

#### Line 7(b)

If you are not a member of a controlled group, figure your income tax as follows:

If the amount on line 6 is:	But not over—	Enter on line 7(b)—	Of the amount over—
0	\$25,000	\$3,750 + 18%	\$25,000
\$25,000	50,000	8,250 + 30%	50,000
50,000	75,000	12,750 + 40%	75,000
75,000	100,000	17,250 + 46%	100,000
100,000	.....	.....	.....

#### Line 8

**Special Computation.**—Section 821(a)(2) limits the income tax of a mutual insurance company whose taxable income is less than \$12,000. If line 6 is less than \$12,000, subtract \$6,000 from line 6 and multiply the result by 30%.

#### Line 9

**Amount a reciprocal must include.**—If you are a reciprocal underwriter and want to elect to be subject to the limitation in section 826(b), see section 826(a) and the related regulations for the required statement.

If the mutual insurance company's taxable income is \$100,000 or more before including the section 826(a) amount, make no entry. If the taxable income is less than \$100,000 before including the section 826(a) amount, you must figure the tax on the section 826(a) amount at the highest rate of tax specified in section 11(b) which is 46%.

For example, a mutual insurance company's taxable income is \$110,000, \$40,000 of which is the section 826(a) amount. Of the \$40,000, \$5,000 was taxed at 30% (the third taxable income bracket), \$25,000 was taxed at 40% (the fourth taxable income bracket), and \$10,000 was taxed at 46%.

You must multiply each amount by the appropriate percentage so that the section 826(a) amount is taxed at the highest rate specified in section 11(b). Therefore, multiply the \$5,000 by 15% (45% minus 30%) and multiply the \$25,000 by 6% (45% minus 40%). Do not adjust the \$10,000 since it was already taxed at 46%.

If you made an election under section 826(a) and there is an amount to be taxed at the highest rate specified in section 11(b), please attach a statement showing how you figured the tax. Enter the total on line 9.

#### Line 11

**Alternative tax for certain small companies.**—Section 821(c) provides an alternative tax for mutual insurance companies whose gross amount reported on Part II, line 7, plus premiums, is over \$150,000 but not over \$500,000. See the instructions for Part III, line 30, for a definition of premiums.

Section 821(c)(1)(B) limits the income tax of these companies if taxable investment income (line 1) is less than \$6,000. If line 1 is less than \$6,000, subtract \$3,000 from line 1 and multiply the result by 30%. Enter the limitation on line 4 of the alternative tax schedule below.

Any company subject to tax under section 821(c) may elect to be subject to the tax under section 821(a). See section 821(d) and the related regulations for how to elect to include statutory underwriting income or loss.

A company cannot use this alternative tax if it has a balance in its protection against loss account when the tax year begins or if it has an election in effect under section 821(d) to be taxed under section 821(a).

#### Figure the alternative tax using the following schedule:

(1) Amount from Part II, line 7	.....
(b) Premiums . . . . .	.....
(c) Total (add (a) and (b)): If \$250,000 or more, enter \$250,000 . . . . .	.....
(d) Subtract limitation . . . . .	\$150,000.00
(e) Balance (Do not enter less than zero) . . . . .	.....
2 Divide line 1(e) by \$100,000 . . . . .	.....
3 Tax—see instructions for line 7 to figure tax using amount in Part I, line 1, instead of Part I, line 6 . . . . .	.....
4 Enter the limitation if the section 821(c)(1)(B) special computation applies. Otherwise enter the amount from line 3, above . . . . .	.....
5 Multiply the smaller of line 3 or line 4 by 2. Enter here and on Part I, line 11 . . . . .	.....

#### Line 12

**Income tax.**—Enter the smallest of line 10, line 11 if it applies, or the alternative tax from Schedule D (Form 1120) figured on the amount on line 6. Check the box on line 12 if the alternative tax from Schedule D (Form 1120) applies.

#### Line 13(a)

**Foreign tax credit.**—See Form 1118, Computation of Foreign Tax Credit—Corporations, for rules on this credit.

#### Line 13(b)

**Investment credit.**—If your corporation invested in certain types of trade or business property, or qualified energy property, you may be able to take the investment credit or the energy investment credit. See Form 3468, Computation of Investment Credit, to figure the credit for investment in certain types of property. Also see Publication 572, Investment Credit.

Section 821(c)(2) limits the income tax of these companies if taxable investment income (line 1) is less than \$6,000. If line 1 is less than \$6,000, subtract \$3,000 from line 1 and multiply the result by 30%. Enter the limitation on line 4 of the alternative tax schedule below.

Any company subject to tax under section 821(c) may elect to be subject to the tax under section 821(a). See section 821(d) and the related regulations for how to elect to include statutory underwriting income or loss.

Do not deduct the part of the wages or salaries paid or incurred that is equal to the job credit (determined without regard to the limitation based on tax (section 53)). See the instructions for Form 5884 for more information.

Attach a schedule to Form 1120M to show how and where you reduced the salary and wage deduction(s). Show the otherwise allowable deduction(s) before the reduction, and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120M on which you made a reduction. If the salary and wage reduction is less than the credit on Form 5884, explain the difference.

#### Line 13(d)

**Possessions corporation tax credit.**—See Form 5712, Election to be Treated as a Possessions Corporation Under Section 936, for rules on how to claim this credit. Figure the credit on Form 5735.

Computation of Possessions Corporation Tax Credit Under Section 936, and include the credit in line 13(d). Write the amount of the credit on the dotted line next to the entry on line 13(d), and identify it as a section 936 credit. Attach Forms 5712 and 5735 to your return.

**Credit for alcohol used as a fuel or production of nonconventional source fuels.**—If the corporation can claim either of these credits, include it in line 13(d). In the margin next to the entry write the name and the amount of the credit. See the instructions for Form 6478, Credit for Alcohol Used as Fuel, and sections 44D, 44E, and 86.

**Credit for increasing research activities.**—If you engage in qualified research activities, you may be able to claim a credit for certain expenses incurred after June 30, 1981, and before January 1, 1986. See Form 6765, Credit for Increasing Research Activities, for more information. Write the amount of the credit on the dotted line next to the entry on line 13(d) and identify it as a section 44F credit. Attach Form 6765 to your return.

#### Line 15

**Foreign corporations.**—A foreign corporation carrying on an insurance business in the U.S. is taxable the same as a domestic insurance company on its income effectively connected with the conduct of a business in the U.S. See section 842.

Any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a business in the U.S. is taxed at 30% (or lower treaty rate). See section 881. If you have this income, attach a schedule showing the kind and amount of income, tax rate (30% or lower treaty rate), and amount of tax. Enter the section 881 tax on line 15.

#### Line 16

**Increase in tax from refiguring an earlier year investment credit.**—If property is disposed of or ceases to qualify before the end of the life-years category used in figuring the regular or energy investment credit, the credit must be refigured, using as the useful life the period the property was actually held. If the credit taken, including carrybacks and carryovers, exceeds the refigured credit, the tax in the year of disposition must be increased by the excess. Form 4255, Recapture of Investment Credit, may be used to figure the increase in tax.

The increase in tax may not be offset against the current year's investment credit.

#### Line 17

**Minimum tax on tax preference items.**—Attach Form 4626, Computation of Minimum Tax—Corporations, if items of tax preference exceed \$10,000 even if there is no minimum tax. OR if you have any minimum tax liability deferred from an earlier tax year to this year. Members of a controlled group must attach Form 4626 if their share of the \$10,000 exclusion.

Some tax preference items are accelerated depreciation on real property (including the ACRS deduction on 15-year real property); amortization of certified pollution control facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

#### Line 19(b)

**Estimated tax.**—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W (WORKSHEET), Corporation Estimated Tax, may be used as a worksheet to figure estimated tax.

#### Line 19(c)

**Credit by reciprocal for tax paid by attorney-in-fact.**—See section 826(e) and the related regulations.

#### Line 19(f)

**Other refundable credits and payments.**—You may claim credit for Federal excise tax on gasoline for farm use; business nonhighway uses; intercity, local, and school bus uses; and commercial fishing vessel uses. Attach Form 4136, Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil, to Form 1120M if you claim this credit.

Include on line 19(f) any of the tax on line 15 that was withheld at the U.S. source and attach a schedule of how the amount was arrived at.

If the company overpaid the crude oil windfall profit tax, include on line 19(f) the overpayment from Form 6249, Computation of Overpaid Windfall Profit Tax. Also, attach Form 6249 to Form 1120M if you claim this credit. See the instructions for Form 6249 for more information.

Include on line 19(f) any credit from a regulated investment company. Attach Form 2439, Notice to Shareholders of Undistributed Long-Term Capital Gain, to Form 1120M if you claim this credit.

#### Line 20

**Tax due.**—The balance of tax due must be paid in full by the 15th day of the 3d month after the end of the tax year.

Deposit corporation income tax payments and estimated tax payments with a Federal Tax Deposit Coupon (Form 8109). Make these tax deposits with either a financial institution qualified as a depository for Federal taxes or the Federal Reserve Bank or Branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a 5% Federal Tax Deposit penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book for more information. There will no longer be periodic mailouts of Federal Tax Deposit forms. To get more deposit forms, use the reorder form (Form 8109A) contained in the coupon book.

**Note:** If you overstate your deposits, you may be subject to a penalty. See section 6656(b).

## Part II.—Taxable Investment Income or (Loss) Income (Lines 1-9)

#### Line 1

**Interest.**—Enter interest received or accrued from all sources during the tax year. Decrease the gross interest reported by the amortization of premiums for the tax year on bonds, notes, debentures, or other evidences of indebtedness. Determine the amortization by the method regularly used, if reasonable, or under the regulations. Attach a statement showing the method and computation.

#### Line 3

**Gross rents.**—Enter gross rents for property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions in Part II.

#### Line 4

**Gross royalties.**—Enter gross royalties. If you take a deduction for depletion, report it in Part II, line 13.

#### Line 5

**Gross income from business other than insurance business.**—Enter the gross income from any business (other than an insurance business) carried on by the mutual insurance company, or by a partnership of which the mutual insurance company is a member. Include section 1245, section 1250 (as modified by section 291), and other gains from Form 4797, Supplemental Schedule of Gains and Losses, in investment assets only.

#### Line 6

**Leases, etc.**—Enter gross income from entering into (or changing or ending) any lease, mortgage, or other instrument or agreement from which the mutual insurance company earns interest, dividends, rents, or royalties.

#### Line 8

**Net gain from sale or exchange of capital assets.**—Report sales or exchanges of capital assets on Schedule D (Form 1120) but see Schedule C (Form 1120M). You must report every sale or exchange of a capital asset in detail, even if there is no gain or loss.

For companies taxable under section 821, losses from sales or exchanges of capital assets are allowed up to the gains from sales or exchanges. This does not include losses from capital assets sold or exchanged to get funds to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.

The net capital loss for these companies is the amount by which losses for the year from sales or exchanges of capital assets are more than the gains from these sales or exchanges plus the smaller of (1) taxable investment income (figured without gains or losses from sales or exchanges of capital assets) or (2) losses from capital assets sold or exchanged to get funds to meet abnormal insurance losses and pay dividends and similar distributions to policyholders.

You may carry a net capital loss back 3 years and forward 5 years as a short-term capital loss. Section 1212(a)(1) limits the capital loss carryback.

For more information on gains and losses from sale or exchange of property, see the instructions for Schedule D (Form 1120).

#### Deductions (Lines 10-22)

**Items not deductible.**—Generally, you cannot deduct expenses that relate to tax-exempt income. An exception is tax-exempt interest income. Items related to wholly exempt income must be allocated to this income, and items related to any class of taxable income must be allocated to taxable income. If an item relates to both taxable and exempt income, you must allocate a reasonable part of the item to each.

Attach a statement showing the kind and amount of expense items allocated to each class of exempt income. Show the amount allocated by apportionment separately.

#### Limitations on deductions.

(1) Transactions between related taxpayers. See section 267 for limitation on deductions for unpaid expenses and interest.

(2) Tax preference items. Corporations may be required to reduce the following tax preference items by 15%; section 1250 capital gain, amortizable basis of pollution control facilities, bad debts deduction for financial institutions, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

(3) Real property construction period interest and taxes. For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189) shall be allowed for real property construction period interest and taxes.

The deductions on lines 10, 11, and 12 for real estate the company owns and occupies are limited to an amount that bears the same ratio to the total deductions (figured without section 822(d)(2)) as the rental value of the space not so occupied bears to the rental value of the entire property. Attach a schedule showing this computation.

#### Line 10

**Taxes.**—Enter taxes paid or accrued only on real estate the company owns as provided in section 164.

#### Line 11

**Real estate expenses.**—Enter all ordinary and necessary building expenses, such as fire insurance, heat, light, and labor. Also enter the cost of incidental repairs that neither materially add to the property's value nor appreciably prolong its life but keep it in an ordinary efficient operating condition. Do not include any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or any amount spent on foreclosed property before the property is held for rent.

#### Line 12

**Depreciation.**—You can deduct only the depreciation on the property to the extent it is used for producing the income specified in section 822(b). Besides depreciation, include in line 12 the part of the cost (up to \$5,000) you elect to expense for certain recovery property placed in service during tax year 1983. See the instructions for Form 4562, Depreciation and Amortization.

#### Line 13

**Depletion.**—See sections 613 and 613A for percentage depletion rates for natural deposits.

Attach Form T (Timber), Forest Industries Schedules, if a deduction is claimed for depletion of timber.

#### Line 14

**Trade or business deductions.**—Enter total deductions for any business income included in the mutual insurance company's gross investment income under section 822(b)(2). (Do not include deductions for any insurance business.) Do not include losses from sales or exchanges of capital assets, or property used in the business, or from the compulsory or involuntary conversion of property used in the trade or business.

#### Line 15

**Premiums earned.**—Deduct return premiums and premiums paid for reinsurance from the gross premiums written on insurance contracts during the year. To this result add unearned premiums on outstanding business at the end of the preceding tax year and deduct unearned premiums on outstanding business at the end of this tax year.

**Line 16**

**Depreciation.**—See instructions for Part II, line 12.

**Line 17**

**Contributions.**—Enter contributions or gifts paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from earlier years.

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3d month after the tax year ends if the board of directors authorizes the contributions during the tax year.

You must attach to the return a declaration signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

You cannot deduct more than 10% of Part III, line 24, figured without any deduction for contributions.

Generally, the interest and carrying charges on straddles must be capitalized. See section 263(g).

#### Line 16

**Other capital losses.**—See instructions for Schedule C on page 8.

#### Line 18

**Interest wholly exempt from tax.**—Enter the interest income that is wholly tax-exempt under section 103.

#### Line 19

**Investment expenses.**—Enter expenses that are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot be more than Schedule A, line 18. Attach a schedule showing the kind and amount of the items and group the minor items into one amount. See the regulations under section 822(c)(2).

#### Line 22

**Dividends-received deduction.**—See instructions for Schedule B on page 7.

The 85% limitation on the dividends-received deduction does not apply for any year in which there is a loss from taxable investment income.

## Part III.—Statutory Underwriting Income or (Loss) Income (Lines 1-6)

#### Line 1

**Investment income.**—Add the interest, dividends, and rents due and accrued at the end of the current tax year to the interest, dividends, and rents received during the tax year. Deduct all interest, dividends, and rents due and accrued at the end of the preceding tax year.

#### Line 2

**Losses incurred on insurance contracts.**—To losses paid during the tax year, add salvage and reinsurance recoverable outstanding when the preceding tax year ended. From these losses, deduct salvage and reinsurance recoverable outstanding at the end of this tax year. Add to this result all unpaid losses outstanding at the end of this tax year and deduct unpaid losses outstanding when the preceding tax year ended.

See section 164(d) for how to divide real estate taxes between seller and buyer.

#### Line 11

**Other capital losses.**—See instructions for Schedule C on page 8.

#### Line 13

**Worthless agency balances and bills receivable.**—Enter agency balances and bills receivable that became worthless during the tax year.

#### Line 14

See instructions for Part II, line 18.

For a charitable contribution deduction for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount that is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

#### Line 19

**Increase in subscriber accounts.**—A mutual insurance company that is an interinsurer or reciprocal underwriter may deduct the increase in savings credited to subscriber accounts for the tax year.

Savings credited to subscriber accounts means the surplus credited to the individual accounts of subscribers by March 15, 1984. This is true only if the company would be required to pay this amount promptly to a subscriber if the subscriber ended the contract when the company's tax year ends. The company must notify the subscriber as required by Regulations section 1.823-6(c)(2)(v). The subscriber must treat any savings credited to the subscriber's account as a dividend paid or declared.

#### Line 20

**Pension, profit-sharing, etc. plans.**—If you are an employer who maintains a pension, profit-sharing, or other funded deferred compensation plan whether or not it is qualified under the Internal Revenue Code and whether or not you claim a deduction for the current tax year, generally you are required to file one of the forms described below. Section 6652(f) imposes a penalty for not filing these forms on time.

**Form 5500.—Annual Return/Report of Employee Benefit Plan.**—For each plan with 100 or more participants.

**Form 5500-C.—Return/Report of Employee Benefit Plan, or Form 5500-R, Registration Statement of Employee Benefit Plan.**—Complete the applicable form for each plan with fewer than 100 participants.

#### Line 21

**Employee benefit programs.**—Enter your contributions to employee benefit programs (such as insurance and health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 20. Also include contributions to a qualified group legal services plan. Section 120 provides certain rules for an employer that will permit employees (including spouses and dependents) to exclude from their income employer contributions to a qualified group legal services plan.

#### Line 25

**Dividends-received deduction.**—See instructions for Schedule B.

The 85% limitation on the dividends-received deduction does not apply to any year in which there is a loss from statutory underwriting income.

#### Line 30

**Special deductions.**—If Part II, line 7, (other than capital gains) and premiums (as defined below) is less than \$1,100,000, you may take an additional deduction for determining statutory underwriting income or loss under section 823(a) for the tax year.

Premiums means the total premiums and other consideration provided in the insurance contract without deduction for commissions, return premiums, reinsurance, dividends to policyholders, dividends left on deposit with the company, discounts on premiums paid in advance, interest applied to reduce premiums (whether or not it must be credited to reduce premiums under the terms of the contracts) or any similar item.

The term includes advance premiums, premiums deferred and uncollected, premiums due and unpaid, deposits, fees, assessments, and consideration for assuming liabilities under contracts not issued by the taxpayer (such as a payment or transfer of property in an assumption reinsurance transaction). It does not include amounts received from other insurance companies for losses paid under reinsurance contracts. See Regulations section 1.821-4(a)(1)(ii).

#### Protection Against Loss Deduction

#### (Lines 32-35)

Under section 824 you can deduct 1% of the losses incurred plus 25% of the underwriting gain for the tax year. If the concentrated windstorm premium percentage for the tax year is more than 40%, you can also deduct an amount obtained by multiplying the percentage that is more than 40% times the underwriting gain for the year.

Also, see the instructions for Schedule E, on page 8.

#### SCHEDULE B.—Dividends

#### Dividend Income (Lines 1-6)

##### Line 1

**Certain domestic corporations.**—Enter dividends received from domestic corporations subject to income tax that qualify for the 85% deduction under section 243(a)(1).

So-called dividends or earnings from mutual savings banks, etc., are really interest and should not be treated as dividends.

See section 854 for the amount of dividends received from a regulated investment company that qualify for the 85% deduction.

#### Line 2

**Certain public utility corporations.**—Enter dividends received by the mutual insurance company on the preferred stock of a public utility. This applies only if the public utility is subject to income tax and the dividends qualify for the section 247 deduction (by the public utility) for dividends paid.

#### Line 3

**Certain foreign corporations.**—Enter dividends received by the mutual insurance company from foreign corporations that qualify for the 85% deduction in section 245(a).

Enter dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which all its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends and all its gross income from all sources is effectively connected with the conduct of a U.S. business.

Attach a schedule showing how the amount on line 3 was computed.

#### Line 4

**Certain affiliated groups.**—Enter only those dividends that are subject to section 243(b).

#### Line 5

**Other corporations.**—Attach a schedule showing separately:

- (1) Foreign dividends not reportable on line 3. Do not include distributions of amounts constructively taxed in the current year or in earlier years under subpart F.
- (2) Income constructively received from controlled foreign corporations under subpart F. (This amount should equal the total reported in Schedule J of Form(s) 5471, Information Return with Respect to a Foreign Corporation.)
- (3) Gross-up of dividends for taxes considered paid under sections 902 and 960.
- (4) Dividends (other than capital gain dividends) received from regulated investment companies that do not qualify for the 85% deduction.
- (5) Dividends from tax-exempt organizations.
- (6) Dividends (other than capital gain and exempt-interest dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856 through 860.
- (7) Dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments on similar stock.
- (8) Any other taxable dividend income not properly reported above (including distributions under sections 934(e)(3) or 936(h)(4)).

#### Dividends-Received Deduction (Lines 7-12)

##### Line 9

**Dividends received from certain foreign corporations.**—Enter 85% of dividends received from certain foreign corporations described in section 245(a).

Enter 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction in section 245(b).

If both types of dividends are included in the line 9 amount, attach a schedule showing how the amount was figured.

See section 245 for qualifications and limitations on these deductions.

##### Line 10

**Total.**—This total is subject to the 85% limitation under section 246(b) as follows:

- Part II.—The line 10 total cannot be more than 85% of (Part II, line 21 less Schedule B, line 11).
- Part III.—The line 10 total cannot be more than 85% of (Part III, line 24 less Schedule B, line 11).

##### Line 11

**Dividends received from certain members of affiliated groups.**—Members of affiliated groups may elect under section 243(h) to deduct 100% of the qualifying dividends received from other members of the same group. Qualifying corporations that elect to take the 100% deduction are limited to one \$25,000 amount in each taxable income bracket. That amount must be apportioned among the members of the controlled group. See section 243(h) for qualifications and restrictions on this deduction.

You must add the protection against loss deduction from Part III, line 35, to this account.

See section 824(d) for subtractions from this account. You must include these subtractions in the mutual insurance company taxable income. Attach a separate schedule showing the computation of any subtraction.

If you checked Yes for Question H, file Form 90-22.1 by June 30, 1984, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS. You can get Form 90-22.1 from many IRS offices.

If you checked Yes for Question H, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

**Question I.—Foreign Trusts.**—Check the Yes box if you were ever a grantor of, or a transferor to, a foreign trust that existed during this tax year.

#### SCHEDULE C.—Other Capital Losses

**Capital assets** are considered sold or exchanged to provide funds to meet abnormal insurance losses and to pay dividends and make similar distributions to policyholders to the extent that the gross receipts from their sale or exchange are not more than the amount by which the sum of dividends and similar distributions paid to policyholders, losses paid, and expenses paid for the tax year is more than the total of line 9, Schedule C.

This information must be submitted by each member of an affiliated group included in a consolidated return.

#### SCHEDULE F.—Compensation of Officers

Attach a schedule for all officers using the following columns: 1. Name of officer, 2. Social security number, 3. Percent of time devoted to business, and 4. Amount of compensation.

This information must be submitted by each member of an affiliated group included in a consolidated return.

#### SCHEDULE G.—Additional Information Required

**Question H.—Foreign financial accounts and foreign trusts.**—Check the Yes box if either (1) or (2) below applies to you. Otherwise, check the No box.

(1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country AND

- The combined value of the accounts was more than \$5,000 at any time during the year; AND
- The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.

(2) You own more than 50% of the stock in any corporation that would answer the question Yes based on item (1) above.

Get Form 90-22.1, Report of Foreign Bank and Financial Accounts, to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question H, file Form 90-22.1 by June 30, 1984, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS. You can get Form 90-22.1 from many IRS offices.

If you checked Yes for Question H, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

**Question I.—Foreign Trusts.**—Check the Yes box if you were ever a grantor of, or a transferor to, a foreign trust that existed during this tax year.

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27 TAX DUE (subtract line 26c from line 25c). See instructions for Paying the Tax. .....		27																																																																																																																																																			
28 OVERPAYMENT (subtract line 25c from line 26c). .....		28																																																																																																																																																			
Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.																																																																																																																																																				
Paid Preparer's Use Only	Preparer's signature ►	Date _____	Title _____																																																																																																																																																		
	Firm's name (or yours, if self-employed) and address ►	E.I. No. ►	ZIP code ►																																																																																																																																																		

Form 1120S (1983)

Form 1120S (1983) Page 2

**SCHEDULE A.—Cost of Goods Sold and/or Operations**  
(See instructions for Schedule A)

1	2	3	4	5	6	7
1 Inventory at beginning of year.						
2 Merchandise bought for manufacture or sale.						
3 Salaries and wages.						
4 Other costs (attach schedule).						
5 Total—Add lines 1 through 4.						
6 Inventory at end of year.						
7 Cost of goods sold—Subtract line 6 from line 5. Enter here and on line 2, page 1.						
8 (a) Check all methods used for valuing closing inventory:						
(i) <input type="checkbox"/> Cost						
(ii) <input type="checkbox"/> Lower of cost or market as described in Regulations section 1.471-4 (see instructions)						
(iii) <input type="checkbox"/> Writedown of "subnormal" goods as described in Regulations section 1.471-2(c) (see instructions)						
(iv) <input type="checkbox"/> Other (Specify method used and attach explanation) ►						
(b) Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970).						
(c) If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO.						
(d) If you are engaged in manufacturing, did you value your inventory using the full absorption method (Regulations section 1.471-11)?						
(e) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach explanation.						

**Additional Information Required**

G Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) Yes No  
If "Yes," attach a schedule showing: (1) name, address, and employer identification number;  
(2) percentage owned;  
(3) highest amount owed by you to such corporation during the year; and  
(4) highest amount owed to you by such corporation during the year.  
(Note: For purposes of G(3) and G(4), "highest amount owed" includes loans and accounts receivable/payable.)

H Refer to the listing of Business Activity Codes and state your principal:  
Business activity ► Product or service ►

I Were you a member of a controlled group subject to the provisions of section 1561? Yes No

J Did you claim a deduction for expenses connected with:  
1 Entertainment facilities (boat, resort, ranch, etc.)?  
2 Living accommodations (except for employees on business)?  
3 Employees attending conventions or meetings outside the North American area? (See section 274(h).)  
4 Employees' families at conventions or meetings?  
If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)

K At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country? (See instructions for exceptions and filing requirements for Form 90-22.1.) Yes No  
If "Yes," write the name of the foreign country ►

L Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926.

M During this tax year did you maintain any part of your accounting/tax records on a computerized system?

N Check method of accounting: (1)  Cash (2)  Accrual (3)  Other (specify) ►

**SCHEDULE F.—Bad Debts—Reserve Method** (See instruction for line 13, page 1)

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve	6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries	
1978					
1979					
1980					
1981					
1982					
1983					

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**SCHEDULE K.—Shareholders' Share of Income, Credits, Deductions, etc. (See Instructions.)**

Page 3

a. Distributive share items	b. Total amount
<b>Income and Deductions</b>	
1 Ordinary income (loss) (page 1, line 24) . . . . .	1
2 Interest from All-Savers Certificates . . . . .	2
3 Dividends qualifying for the exclusion . . . . .	3
4 Net short-term capital gain (loss) (Schedule D (Form 1120S)) . . . . .	4
5 Net long-term capital gain (loss) (Schedule D (Form 1120S)) . . . . .	5
6 Net gain (loss) from involuntary conversions due to casualty or theft . . . . .	6
7 Other net gain (loss) under section 1231 . . . . .	7
8 Other income (loss) (attach schedule) . . . . .	8
9 Charitable contributions: 50% . . . . .      30% . . . . .      20% . . . . .	9
10 Expense deduction for recovery property (section 179 expense) . . . . .	10
11 Other (attach schedule) . . . . .	11
<b>Credits</b>	
12 Jobs credit . . . . .	12
13 Credit for alcohol used as fuel . . . . .	13
14 Other (see instructions) . . . . .	14
<b>Tax Preference Items</b>	
15a Accelerated depreciation on nonrecovery real property or 15-year real property . . . . .	15a
b Accelerated depreciation on leased personal property or leased recovery property other than 15-year real property . . . . .	15b
c Depletion (other than oil and gas) . . . . .	15c
d (1) Excess intangible drilling costs from oil, gas, or geothermal wells . . . . .	15d(1)
(2) Net income from oil, gas, or geothermal wells . . . . .	15d(2)
e Net investment income (loss) . . . . .	15e
f Other (attach schedule) . . . . .	15f
<b>Interest on Investment Indebtedness</b>	
16a (1) Interest on investment indebtedness incurred before 12-17-69 . . . . .	16a(1)
(2) Interest on investment indebtedness incurred before 9-11-75 but after 12-16-69 . . . . .	16a(2)
(3) Interest on investment indebtedness incurred after 9-10-75 . . . . .	16a(3)
b Net investment income or (loss) . . . . .	16b
c Excess expenses from "net lease property" . . . . .	16c
d Net capital gain attributable to investment property . . . . .	16d
<b>Foreign Taxes</b>	
17a Type of income . . . . .	17a
b Name of foreign country or U.S. possession . . . . .	17b
c Total gross income from sources outside the U.S. (attach schedule) . . . . .	17c
d Total applicable deductions and losses (attach schedule) . . . . .	17d
e Total foreign taxes (check one): <input checked="" type="checkbox"/> Paid <input type="checkbox"/> Accrued . . . . .	17e
f Reduction in taxes available for credit (attach schedule) . . . . .	17f
g Other (attach schedule) . . . . .	17g
<b>Other Items</b>	
18 Total dividend distributions paid from retained earnings (lines 23 and 24 of Schedule L) . . . . .	18
19 Total property distributions (including cash) other than dividend distributions reported on line 18 above . . . . .	19
20 Other (attached schedule) . . . . .	20

Form 1120S (1983)

**SCHEDULE L.—Balance Sheets**

Page 4

Assets	Beginning of tax year		End of tax year	
	(A)	(B)	(C)	(D)
1 Cash . . . . .				
2 Trade notes and accounts receivable . . . . .				
(a) Less allowance for bad debts . . . . .				
3 Inventories . . . . .				
4 Federal and State government obligations . . . . .				
5 Other current assets (attach schedule) . . . . .				
6 Loans to stockholders . . . . .				
7 Mortgage and real estate loans . . . . .				
8 Other investments (attach schedule) . . . . .				
9 Buildings and other depreciable assets . . . . .				
(a) Less accumulated depreciation . . . . .				
10 Depletable assets . . . . .				
(a) Less accumulated depletion . . . . .				
11 Land (net of any amortization) . . . . .				
12 Intangible assets (amortizable only) . . . . .				
(a) Less accumulated amortization . . . . .				
13 Other assets (attach schedule) . . . . .				
14 Total assets . . . . .				
<b>Liabilities and Shareholders' Equity</b>				
15 Accounts payable . . . . .				
16 Mortgages, notes, bonds payable in less than 1 year . . . . .				
17 Other current liabilities (attach schedule) . . . . .				
18 Loans from shareholders . . . . .				
19 Mortgages, notes, bonds payable in 1 year or more . . . . .				
20 Other liabilities (attach schedule) . . . . .				
21 Capital stock . . . . .				
22 Paid-in or capital surplus . . . . .				
23 Retained earnings—Appropriated (attach schedule) . . . . .				
24 Retained earnings—Unappropriated . . . . .				
25 Shareholders' undistributed taxable income previously taxed . . . . .				
26 Accumulated adjustments account . . . . .				
27 Other adjustments account . . . . .				
28 Less cost of treasury stock . . . . .				
29 Total liabilities and shareholders' equity . . . . .				

**SCHEDULE M.—Reconciliation of Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Adjustments Account, and Other Adjustments Account, lines 25, 26, and 27 above (see Instructions).**

	Shareholders' undistributed taxable income previously taxed	Accumulated adjustments account	Other adjustments account
1 Balance at beginning of year . . . . .			
2 Ordinary income from page 1, line 24 . . . . .			
3 Other additions . . . . .			
4 Total of lines 1, 2, and 3 . . . . .			
5 Distributions other than dividend distributions . . . . .			
6 Loss from page 1, line 24 . . . . .			
7 Other reductions . . . . .			
8 Add lines 5, 6, and 7 . . . . .			
9 Balance at end of tax year—Line 4 less line 8 . . . . .			

1983



## Instructions for Form 1120S

### U.S. Income Tax Return for an S Corporation

(Section references are to the Internal Revenue Code, unless otherwise noted.)

#### Tax Highlights

#### Changes Made by the Subchapter S Revision Act of 1982 (Act)

Effective for tax years beginning after December 31, 1982, the Act extensively revised Subchapter S of the Internal Revenue Code that affects an S corporation and shareholders of an S corporation. Major changes made by the Act are:

- 1. The Act provides for partnership-type treatment for income, loss, expenses and other tax items of an S corporation. The corporation's ordinary income (page 1, line 24) is passed through (deemed distributed) as one amount. If the separate treatment of an item of income or expense could affect the computation of a shareholder's tax liability, the item is passed through separately on Schedule K-1 (Form 1120S). Shareholder's Share of Income, Credits, Deductions, etc. Separate pass through items include (but are not limited to):
- Long-term capital gains and losses
- Short-term capital gains and losses
- Gains or losses under section 1231
- Dividends received that qualify for the dividend exclusion
- Tax-exempt income and nondeductible expenses
- Charitable contributions
- Foreign taxes
- Intangible drilling and development costs
- Investment interest expenses, etc.
- All credits except for section 39 credit

Generally, each shareholder's share of the income (loss) and expenses of the corporation is passed through pro-rata on a per-share, daily basis (prior law provided for daily allocation of losses only). The income or loss is reported in the shareholder's tax year that ends with the corporation's tax year or the shareholder's tax year which includes the end of the corporation's tax year.

All current year income or loss and other tax items are allocated to shareholders at the end of the corporation's tax year. The corporation no longer pays dividends from its current earnings and profits. Dividends are only paid from prior year earnings (retained earnings). All distributions (except dividend distributions) are considered a return of capital to the extent of a shareholder's basis in stock of the corporation. Distributions in excess of basis are treated as gain from the sale or exchange of property.

2. Each shareholder's share of aggregate losses and deductions for any tax year is limited to the shareholder's adjusted basis in stock and debt of the corporation for the tax year. For tax years beginning after December 31, 1982, any loss or deduction disallowed because of this limitation is treated as a loss or deduction for the following tax year. See section 1366(d).

3. New section 1363(d) provides that gain is recognized by an S corporation on a distribution of appreciated property to shareholders (with certain exceptions) in the same manner as if the property had been sold to the shareholder at its fair market value. Like other capital gains, this gain is subject to the capital gains tax and is passed through to shareholders. See Instructions for Schedule D (Form 1120S), Capital Gains and Losses.
4. The Act establishes a new balance sheet account called the accumulated adjustments account (AAA). Section 1368 provides for adjustments to the AAA for income and expenses and a priority system for distributions from the AAA and the retained earnings account. Section 1379(c) provides for continued distributions from the "shareholder's undistributed taxable income previously taxed account." See Schedules L and M instructions for details.
5. An existing S corporation is required to use a permitted tax year (generally the calendar year) as defined in section 1378(b) for any tax year beginning after the 1st day on which it has a more than 50% shift in ownership. See section 1378(c) for details.
6. The corporation is now liable for investment credit recapture in certain cases. See instruction for line 25c of Form 1120S.
7. An S corporation may now have up to 35 shareholders.
8. The 80% limitation on foreign income is repealed.
9. The provision that allowed a new shareholder to end the corporation's election to be an S corporation by affirmatively refusing to consent to the election is repealed. See instruction titled "End of Election" on page 2 of the instructions for more information.

10. Revocation of S corporation status may be made by shareholders owning more than 50% of the corporate stock. See "End of Election" for more information.

11. Sections 6(c) and 6(d) of the Act provide special rules that make certain subchapter S provisions (as in effect before enactment of the Act) continue to apply in the case of:

- Certain corporate subsidiaries, casualty insurance companies, and corporations with oil and gas production.
- Certain existing fringe benefits.

#### Administrative Provisions

The sections listed below were added to the Internal Revenue Code by the Act and are effective for tax years beginning after December 31, 1982.

- Section 6241. Tax treatment determined at corporation level.
- Section 6242. Shareholder's return must be consistent with the corporation's return or the IRS must be notified of the inconsistency.
- Section 6243. Notice to shareholders of proceedings.
- Section 6244. Certain partnership provisions made applicable.
- Section 6245. Subchapter S items defined.

#### New Method for Depositing Taxes

Beginning January 1, 1984, a new method for depositing taxes will take effect. The IRS will send you a Federal Tax Deposit Coupon Book (Form 8109) containing 15 coupons for depositing all types of taxes. Indicate the type of tax on the coupons and include a coupon with each deposit made. If you do not receive these coupons, please contact your IRS district office.

#### New Six-Month Automatic Extension of Time to File Corporate Return

For tax years ending after December 31, 1982, the automatic extension of time to file a corporate tax return has been extended from 3 months to 6 months. Use Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to apply for this 6-month extension. Such automatic extension does not extend the time for payment of the tax. Form 7005 previously used for the additional extension of 3 months has been obsoleted.

#### Basis Adjustment for Investment Tax Credit

A taxpayer may be required to reduce the basis of property placed in service after December 31, 1982, by 50% of the credit taken for the property. See instruction for line 18 of Schedule K-1 (Form 1120S).

#### Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

#### Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt," with the tax return. Please keep the contribution to reduce the public debt separate from the amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

#### General Instructions

##### Purpose of Form

Form 1120S is used instead of Form 1120 if a corporation has filed Form 2553, Election by a Small Business Corporation, to be an S corporation and its election is in effect. Do not file your first Form 1120S until you have been notified by the IRS that your election is accepted and the tax year it will take effect.

If you need more information, get Publication 589, Tax Information on S Corporations. It is available from many Internal Revenue Service offices.

#### Filing Form 1120S

##### Who Must File

You must file Form 1120S if you elected, by filing Form 2553 to be taxed as an S corporation and IRS accepted your election; and if the election remains in effect.

##### End of Election

Once the election is made, it stays in effect for all years until it is terminated. During the 5 years after the tax year the election has been terminated, the corporation can make another election on Form 2553 only if the Commissioner consents. See section 1362(g).

The election ends automatically in any of the following cases:

- a. The corporation is no longer a small business corporation as defined in section 1361(b). The ending of an election in this manner is effective as of the day on which the corporation ceases to be a small business corporation. See sections 1362(d)(2) and 1362(e) for more information.
- b. If, for each of three consecutive tax years, the corporation has both subchapter C earnings and profits, and gross receipts more than 25% of which are derived from passive investment income as defined in section 1362(d)(3)(D), the election shall terminate on the first day of the first tax year beginning after the third consecutive tax year. The corporation must pay a tax for each year it has excess net passive income. See specific instructions for line 25a for details on how to figure the tax.
- c. When an existing S corporation (section 1378(c)(1)) has a more than 50% change in ownership and has not adopted a permitted tax year as defined in section 1378(b) for any tax year following the year it has the more than 50% change in ownership. See section 1378(c) for details.
3. Is signed by a corporate officer authorized to sign the corporation's return.

Page 2

The election may be revoked if shareholders who collectively own a majority of the stock in the corporation consent to a revocation. So long as the specified date is on or after the date of consent to the revocation, the revocation is effective as of the specified date. If no date is specified, the revocation is effective as of the beginning of a tax year if it is made on or before the 15th day of the 3rd month of such tax year. If no date is specified and the revocation is made after the 15th day of the 3rd month, it is not effective until the beginning of the following tax year. See section 1362(d)(1) for more information.

#### Where to File

If the corporation's principal business, office, or agency is located in

Use the following Internal Revenue Service address

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester  
Holtsville, NY 09901

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont  
Andover, MA 00201

Alabama, Florida, Georgia, Mississippi, South Carolina  
Chamblee, GA 26901

Michigan, Ohio  
Covington, KY 41901

Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas  
Austin, TX 73201

Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming  
Ogden, UT 84801

Illinois, Iowa, Missouri, Wisconsin  
Kansas City, MO 64201

California, Hawaii  
Fresno, CA 94201

Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia  
Memphis, TN 39801

Delaware, District of Columbia, Maryland, Pennsylvania  
Philadelphia, PA 21301

**Accounting Methods**  
Figure ordinary income using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect income. (See section 446.)

Unless the law specifically states otherwise, a corporation may change the method of accounting used to report income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method. Also see Publication 538, Accounting Periods and Methods.

#### Rounding Off to Whole-dollar Amounts

You may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents, and increase any amount from 50 cents through 99 cents to the next higher dollar.

#### Change in Accounting Period

To change an accounting period, see regulations section 1.442-1 and Form 1128, Application for Change in Accounting Period. Also see Publication 538.

#### Paying the Tax

The corporation must pay the tax due (line 27, page 1) in full within 2½ months after the end of the tax year.

Deposit corporation income tax payments with a Federal Tax Deposit Payment Coupon (Form 8109). Make these tax deposits with either a financial institution qualified as a Depository for Federal taxes or the Federal

Reserve Bank or Branch (FRB) servicing the geographic area where the corporation is located. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more information. There will no longer be periodic mailouts of Federal Tax Deposit forms. To get more deposit forms, use the reorder form (Form 8109A) provided in the coupon book.

**Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a 5% penalty.**

For additional information concerning deposits, see Publication 583, Information for Business Taxpayers.

#### Penalties

a. A corporation that does not file its tax return by the due date, including any extensions, may have to pay a penalty of 5% a month, or fraction of a month, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due. See section 6651(a)(1).) The minimum penalty for not filing a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

b. A corporation that does not pay the tax when due may have to pay a penalty of 5% a month, or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. (The penalty is imposed on the net amount due. See section 6651(a)(2).)

These penalties will not be imposed if the corporation can show that not filing or not paying was due to reasonable cause and not willful neglect.

The penalties are in addition to the interest charge imposed on unpaid tax at a rate under section 6521.

#### Stock Ownership In Foreign Corporations

If the corporation owned at least 5% in value of the outstanding stock of a foreign personal holding company, attach the statement required by section 551(c).

A taxpayer who controls a foreign corporation, or who is a 10% or more shareholder of a controlled foreign corporation, may have to file Form 5471, Information Return with Respect to a Foreign Corporation.

#### Balance Sheets

You may use either Schedule L or copies of other balance sheets required by Federal, State, or other authorities. Balance sheets filed under this procedure must contain sufficient information to enable IRS to reconstruct a balance sheet similar to that contained on Form 1120S, without contacting you during processing. Include certificates of deposit as cash on line 1 of the Schedule L.

The balance sheets must agree with your books and records. Complete Schedule M of Form 1120S or attach your own schedule to reconcile the beginning and ending balances for lines 25, 26, and 27 of Schedule L.

#### Net Operating Loss and Other Deductions

An S corporation may not take the deduction for net operating losses provided by section 172 and the special deductions in sections 241 through 250 (except section 248).

The corporation's net operating loss is allowed as a deduction from the shareholders' gross income. (Section 1366.)

#### Attachments

Attach Form 4136, Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil, after page 4, Form 1120S. Attach schedules in alphabetical order and other forms in numerical order.

If you need more space on the forms or schedules, attach separate sheets and show the same information in the same order as on the printed forms. But show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Be sure to put the taxpayer's name and employer identification number (EIN) on each sheet.

#### Unresolved Tax Problems

IRS has a Problem Resolution Program for taxpayers who have been unable to resolve their problems with IRS. If the corporation has a tax problem it has been unable to resolve through normal channels, write to the corporation's local IRS District Director or call the corporation's local IRS office and ask for Problem Resolution Assistance. This office will take responsibility for your problem and ensure that it receives proper attention. Although the Problem Resolution Office cannot change the tax law or make technical decisions, it can frequently clear up misunderstandings that resulted from previous contacts.

#### Signature

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of a corporation.

If your corporate officer fills in Form 1120S, the Paid Preparer's space under "Signature of Officer," should remain blank. If someone prepares Form 1120S and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120S should not sign. For example, a regular, full-time employee of the corporation such as a clerk, secretary, etc. does not have to sign.

In general, anyone paid to prepare Form 1120S must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST:

- Complete the required preparer information.
- Sign, by hand, in the space provided for the preparer's signature. (Signature, stamps or labels are not acceptable.)

- Give a copy of Form 1120S to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, for more details.

#### Transfers to Corporation Controlled by Transferor

If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee must attach the information required by regulations section 1.351-3.

#### Information Returns That May be Required

Form 1096, Annual Summary and Transmittal of U.S. Information Returns.

Forms 1099-DIV, INT, MISC, OID, PATR and R. You may have to file these information returns to report certain dividends, interest payments, medical and health care payments, miscellaneous income, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements.

Use Form 1099-DIV to report actual dividends paid by the corporation. For tax years beginning after December 31, 1982, only distributions from prior year earnings (retained earnings, lines 23 and 24 of Schedule L) are classified as dividends. These dividends qualify for the dividend exclusion under section 116. Do not issue Form 1099-DIV for dividends received by the corporation that are allocated to shareholders on line 3 of Schedule K-1 (Form 1120S).

Form 966, Corporate Dissolution or Liquidation.

Form 5713, International Boycott Report, for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A, Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and DISC benefits.

**Windfall Profit Tax** Notify each shareholder of any income tax deduction for windfall profit tax on Form 6248, Annual Information Return of Windfall Profit Tax -1983. Include on line 22 of Schedule K-1 the shareholder's share of windfall profit tax. The individual shareholder figures his or her overpaid windfall profit tax on Form 6249, Computation of Overpaid Windfall Profit Tax.

#### Specific Instructions

**Employer Identification Number.** If the employer identification number (EIN) on the label is wrong or if you did not receive a label, write the correct number at the top of the return.

A corporation that does not have an EIN should apply for one on Form SS-4, Application for Employer Identification

Number. Obtain this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120S is mailed. If the EIN has not been received by "Applied for" in the space for the EIN. See Publication 583 for additional information.

**Business Code No.**—See "Codes for Principal Business Activity" at the end of these instructions.

**Total Assets.** Enter the total assets of the corporation. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

#### Gross Income

**Caution:** Do not include investment interest expense on debts incurred after December 16, 1969, in figuring the amounts to enter on lines 1 through 8. Report this amount on lines 16a and 16b of page 1. This amount is passed through to the shareholders on Schedule K and K-1. See the instructions for lines 16a(2) and (3) of Schedule K-1. Property held for investment, including property subject to a net lease, includes all investments held for producing taxable income or gain. It does not include property used in the corporation's trade or business.

**Note:** Do not include any income that is tax-exempt in lines 1 through 8, or any nondeductible expenses in lines 10 through 22. Enter this income and expense in line 26 to 27 of Schedule K-1. Also, see instructions for line 22 of Schedule K-1.

A corporation that receives any exempt income other than interest, or holds any property or engages in an activity that produces exempt income, must attach to its return an itemized statement showing the amount of each type of exempt income and the expenses allocated to each type.

#### Line 1

##### Gross receipts

Enter gross receipts or sales from all business operations except those you report on lines 4 through 8.

For reporting advance payments and long-term contracts, see regulations sections 1.451-3 and 1.451-5.

If you use the installment method, enter on line 1c the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current year and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on amount collected.

#### Line 2

##### Cost of goods sold and/or operations

See the instructions for Schedule A.

#### Line 4

Enter the total nonqualifying interest and the total nonqualifying dividends. See Publication 550, Investment Income and Expenses, for additional information.

#### Page 4

#### Nonqualifying interest

Nonqualifying interest is taxable interest that is included in ordinary income from all sources. It does not include interest exempt from tax and interest on tax-free covenant bonds.

#### Nonqualifying dividends

Nonqualifying dividends are taxable dividends that are included in ordinary income and for which the individual shareholder is not entitled to an exclusion under section 116. These dividends come from the following:

- Foreign corporations, including a controlled foreign corporation.
- Exempt organizations (charitable, fraternal, etc.) and exempt farmers' cooperative organizations.
- Regulated investment companies (including Money Market Funds) and real estate investment trusts, unless the companies have told you how much of the dividends qualify for the exclusion or as capital gain dividends.

Qualifying dividends are taxable dividends received from domestic corporations not listed above. They are passed through to the shareholders on Schedules K and K-1, line 3. See section 116 for more information.

#### Line 5 Gross rents

Enter the gross amount you received for renting property. Enter expenses attributable to rental income on the proper deduction lines (10-22).

The corporation may be limited in the amount of deductions for renting a vacation home if a shareholder uses the property for personal purposes. (See section 280A.)

Before deducting any interest expense, see the instructions for lines 16a-c and Schedule K, line 16c to determine if the interest on rental property is investment interest.

#### Line 8 Other income

Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other income are recoveries of bad debts deducted in earlier years under the specific charge-off method, the amount of credit for alcohol used as a fuel that was figured on Form 6478, Credit for Alcohol Used as Fuel, and refunds of taxes deducted in earlier years. Do not include those items requiring separate computations by shareholders that must be reported on Schedule K. (See the instructions for Schedules K and K-1.) Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 8. A separate schedule need not be attached to the return in this case.

#### Deductions

**Note:** See section 58(e) regarding qualified expenditures under sections 173, 174(a), 263(c), 616(a), and 617. These

expenditures are passed through separately to shareholders to allow them the write-off option under section 58(e). See instructions for line 11 of Schedules K and K-1.

#### Line 10

##### Compensation of officers

Enter on line 10 the total compensation of all officers.

#### Line 11

##### Salaries and wages

Enter on line 11a the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the tax year.

Enter on line 11b the applicable jobs credit from Form 5884, Jobs Credit (and WIN Credit Carryover). See Instructions for Form 5884 for more information.

If a shareholder or a member of the family of one or more shareholders of the corporation renders services or furnishes capital to the corporation for which reasonable compensation is not paid, the IRS may make adjustments in the items taken into account by such individuals and such shareholders as necessary to reflect the value of such services or capital. See section 1366(e).

#### Line 12

##### Repairs

Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life. New buildings, machinery, or permanent improvements that increase the value of the property are not deductible. They are chargeable to capital accounts and may be depreciated or amortized.

Do not include section 179 expense items. Report this amount on Form 4562, Depreciation and Amortization, Part I, Section A and on Schedule K, line 10, and each shareholder's share on line 10 of Schedule K-1.

#### Line 13

##### Bad debts

You may treat bad debts in either of two ways: (a) as a deduction for specific debts that become worthless in whole or in part, or (b) as a deduction for a reasonable addition to reserve for bad debts. (Section 166) Apply on Form 3115 if you want to change the method of figuring bad debts.

#### Line 15

##### Taxes

Enter taxes paid or incurred on business property for carrying on a trade or business, if not reflected in cost of goods sold. Federal import duties and Federal excise and stamp taxes are deductible only if paid or incurred in carrying on the trade or business of the corporation. Taxes incurred in the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income may be considered to be deductible only under section 212. These are not deductible on line 15; they are reported separately on Schedules K and K-1, line 11, as an itemized deduction.

**Do not deduct taxes assessed against local benefits that increase the value of the property assessed (such as for paving, etc.), Federal income taxes, estate, inheritance, legacy, succession, and gift taxes, or taxes reported elsewhere, such as in Schedule A.**

**Do not deduct section 901 foreign taxes.** These taxes are reported separately to shareholders on line 17 of Schedules K and K-1.

See section 189(b) for information on amortizing real property construction period taxes.

#### Line 16a-16c

**Caution:** Include on lines 16a and 16b interest expense on indebtedness incurred after 12/16/69 to purchase or carry property held for investment (including net lease property). Also include interest expense not incurred in the trade or business of the corporation required to be reported on line 11 of Schedules K and K-1. Property held for investment includes all investments held for producing taxable income or gain. It does not generally include property used in a trade or business. See the instructions for Schedules K and K-1, line 16b for a description of investment income. See the instructions for Schedules K and K-1, line 16c to determine if rental property is investment property.

For more information, see section 163(d) and Form 4952, Investment Interest Expense Deduction.

#### Line 16a

Enter interest on all indebtedness incurred for the operation of the corporation that is deductible by either the corporation or the shareholders (that is not claimed elsewhere on the return).

Generally, both accrual and cash basis corporations must deduct prepaid interest payments over the period of the prepayment instead of when actually paid. (See section 461(g).)

**Do not include on line 16a:**

- Amounts claimed elsewhere on the return such as on Schedule A.
- Amounts paid or accrued during the year for real property construction period interest. See section 189 for more information.

The interest and carrying charges on straddle positions established after June 23, 1981, can no longer be deducted. Instead, capitalize these amounts. See section 263(g) for exceptions.

#### Line 16b

See Caution under Lines 16a-16c above before completing line 16b. The line 16b amount is entered on lines 16a(2) and 16a(3) of Schedule K.

#### Line 17

##### Depreciation

Enter depreciation expense from Form 4562. Enter amortization expense from Form 4562 on line 22.

**Do not include any expense deduction for recovery property (section 179) on this line. This amount is not deductible by the**

corporation. Instead, it is passed through to the shareholders on line 10 of Schedules K and K-1.

#### Line 18

##### Depletion

Do not report depletion deductions for oil and gas properties on this line. Each shareholder figures depletion on these properties under section 613A(c)(13). See the instructions for Schedules K and K-1, line 15, item d, for the information on oil and gas depletion that must be supplied to the shareholders by the corporation.

#### Line 20

##### Pension, profit-sharing, etc., plans

Employers who maintain a pension, profit sharing or other funded retirement compensation plan whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms listed below.

Employers who maintain a section 401(k) type plan in which employees or shareholder-employees are participants may not maintain a simplified employee pension plan (section 408(k)).

There are penalties for failure to file these forms on time.

**Form 5500, Annual Return/Report of Employee Benefit Plan (With 100 or more participants).**

**Form 5500-C, Return/Report of Employee Benefit Plan (With fewer than 100 participants).**

**Form 5500-R, Registration Statement of Employee Benefit Plan. Filed on a rotating basis with Form 5500-C.**

See section 1379(b) for inclusion of excess contributions in gross income of the shareholder-employee beneficiary.

#### Line 21

##### Employee benefit programs

Enter the amount of contributions to employee benefit programs (such as insurance and health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included in line 20.

Effective for tax years beginning after December 31, 1982, partnership-type rules apply for fringe benefit purposes. See section 1372 for more information and section 6(d) of Public Law 97-354 for exceptions to section 1372.

Also include the corporation's contributions to a qualified group legal services plan established for the exclusive benefit of employees (including shareholders) or their spouses or dependents. Section 120 permits employees (including their spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

#### Line 22

##### Other deductions

Enter any other authorized deductions for which there is no line on page 1 of the return. Do not include those items requiring

separate computations which must be reported on Schedules K and K-1. Do not deduct losses incurred in transactions which were not connected with the corporation's trade or business. Report these losses separately to the shareholders on Schedules K and K-1, line 11.

Include in line 22 the deduction taken for amortization. See Form 4562 and sections 169, 174, 177, 188, 189, 195, etc. for more information.

In most cases, you may not take a deduction for any part of any item allocable to a class of exempt income. (See section 265(2) for exceptions.) Items directly attributable to wholly exempt income must be allocated to that income. Items directly attributable to any class of taxable income must be allocated to that taxable income.

If an item is indirectly attributable both to taxable income and to exempt income, allocate a reasonable proportion of the item to each, based on all the facts of each case.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each such class. Show the amount allocated by apportionment separately.

In the case of a farming syndicate, a deduction for amounts paid for feed, seed, fertilizer, or other similar farm supplies is allowed only in the tax year in which these items are actually used or consumed. For definitions, exceptions to the general rule, and special rules for orchard and vineyard expenses, see section 278.

For special treatment of certain expenses incurred in the production of films, books, records, or similar property, see section 280.

If any part of a loss from section 465 activities was not distributed to shareholders for the corporation's 1982 tax year because of section 465 limits, that part of the loss is treated as a deduction allocated to the activity in 1983. (See section 465(a)(2).)

**Generally, the corporation can deduct all ordinary and necessary travel and entertainment expenses paid or incurred in the corporation's trade or business.** However, the corporation cannot deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation. (The corporation may be able to deduct the expenses if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent contractor.) See Publication 463, Travel, Entertainment, and Gift Expenses, for more details.

Effective for tax years beginning after December 31, 1982, partnership-type rules apply for fringe benefit purposes. See section 1372 for more information and section 6(d) of Public Law 97-354 for exceptions to section 1372.

Also include the corporation's contributions to a qualified group legal services plan established for the exclusive benefit of employees (including shareholders) or their spouses or dependents. Section 120 permits employees (including their spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

#### Line 24

##### Ordinary Income (loss)

This is nonseparately computed income or loss as defined in section 1366(a)(2). This income or loss is entered on line 1 of Schedule K.

Line 24 income is not used in figuring line 25a or 25b tax. See instruction for line 25a for figuring taxable income for purposes of line 25a or 25b tax.

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#### Line 25a

If the corporation has always been a subchapter S corporation, the line 25a tax does not apply to the corporation. If the corporation has subchapter C earnings and profits at the close of its tax year, has passive investment income that is in excess of 25% of gross receipts, and has taxable income at year end, the corporation must pay a tax on the excess net passive income. Complete lines 1 through 3 below. If line 2 is greater than line 3 and the corporation has taxable income, it must pay the tax. Complete a separate schedule using the format of lines 1 through 10 to figure the tax. Enter the tax on line 25a, page 1, Form 1120S, and attach the computation schedule to Form 1120S.

##### Worksheet

1. Enter gross receipts for the tax year (see section 1362(d)(3)(C) for gross receipts from the sale of capital assets)\*

2. Enter passive investment income as defined in section 1362(d)(3)(D)\*

3. Enter 25% of line 1 (if line 2 is greater than line 3, continue computation)

4. Excess passive investment income-Subtract line 3 from line 2

5. Enter expenses directly connected with the production of income on line 2 (see section 1375(b)(2))\*

6. Net passive income-Subtract line 5 from line 2

7. Divide amount on line 4 by amount on line 2

8. Excess net passive income-Multiply line 6 by line 7

9. Enter taxable income (see instruction for taxable income below)

10. Tax on excess net passive income-Enter 46% of the smaller of line 8 or 9. (Enter here and on line 25a, page 1, Form 1120S)

\*Income and expenses on lines 1, 2, and 5 are from total operations for the tax year. This includes applicable income and expenses from page 1, Form 1120S, as well as those that are passed through to shareholders on Schedules K and K-1.

##### Taxable Income (line 9 above)

Line 9 income is defined in section 1374(d). You figure this income by completing lines 1 through 28 of Form 1120, U.S. Corporation Income Tax Return. Include the Form 1120 computation with the worksheet computation you attach to Form 1120S. You do not have to attach the schedules, etc. called for on Form 1120. However, you may want to complete certain Form 1120 schedules, such as Schedule D (Form 1120) if you have capital gains or losses.

#### Line 25b

If net capital gain, line 10, Schedule D (Form 1120S) is \$25,000 or less, the corporation is not liable for income tax or minimum tax. If the net capital gain is more than \$25,000, see Instructions for Part IV, for additional requirements.

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**Tax Computation of Schedule D (Form 1120S) to determine if the corporation is liable for income tax or minimum tax.**

**Note: Taxable income is the same for figuring line 25b tax as for figuring line 25a tax.**

#### Line 25c

Section 1371(d) provides that an S corporation is liable for investment credit recapture attributable to credits allowed for tax years for which the corporation was not an S corporation.

Include the corporation's section 47 recapture tax in the total amount to be entered on line 25c. Write to the left of the line 25c total the amount of recapture tax and the words "section 47 tax", and attach Form 4255, Recapture of Investment Credit, to Form 1120S.

#### Schedule A

##### Cost of Goods Sold and/or Operations

##### Cost of Operations

If the entry on line 2 of Form 1120S is for the cost of operations, complete Schedule A, even if inventories are not used.

##### Valuation methods

Your inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner of Internal Revenue, if that method conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. To make this change, file Form 3115. For more information, see regulations section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

In line 8a, check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions when there is a current fair price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional requirements, see regulations section 1.471-4.

Inventories may be valued below cost when the merchandise is unsaleable at normal prices or unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct costs of disposition (but not less than scrap value) when the taxpayer can establish such a price. See regulations section 1.471-2(c) for additional requirements.

If question K is checked Yes, file Form 90-22.1 by June 30, 1984, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS. But be sure to file your Form 1120S with the IRS.

Form 90-22.1 can be obtained from many IRS offices.

Also, if question K is checked Yes, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

If this is the first year the "Last-in-First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, as provided in section 472, attach Form 970, Application to Use LIFO Inventory Method, or a statement with Form 1120S and check the LIFO box in line 8b. In line 8c, enter the amount or percent (estimates may be used) of total closing inventories covered under section 472.

If you have changed or extended your inventory method to LIFO and have had to "writeup" your opening inventory to cost in the year of election, report the effect of this writeup as income (line 8, page 1) proportionately over a 3-year period that begins in the tax year you made this election. (Section 472(d).)

If you are engaged in manufacturing or production, you must use the full absorption method of inventory costing. If you are not using it, you must change to this method. Under it, both direct and certain indirect production costs are included for inventory valuation purposes. Use Form 3115 to change to full absorption. For details, see Rev. Proc. 75-40, 1975-2 C.B. 571; 1975-2 C.B. 812; 1981-2 C.B. 116.

#### Additional Information

Be sure to answer the questions and provide other information in items G through N. The instructions that follow are keyed to these items.

##### Question K

##### Foreign financial accounts

Check the Yes box if either 1. or 2. below applies to you. Otherwise, check the No box.

1. At any time during the year the corporation had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if either of the following applies to you:

- The combined value of the accounts was \$5,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

2. The corporation owns more than 50% of the stock in any corporation that would answer the question "Yes" based on Item 1 above.

Get Form 90-22.1, Report of Foreign Bank and Financial Account, to see if the corporation is considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If question K is checked Yes, file Form 90-22.1 by June 30, 1984, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS. But be sure to file your Form 1120S with the IRS.

Form 90-22.1 can be obtained from many IRS offices.

**Question L****Foreign trusts**

Check the Yes box if you were ever a grantor of, or a transferor to a foreign trust that existed during the tax year.

**Schedule K and Schedule K-1****Shareholder's Share of Income, Credits, Deductions, etc.****Purpose**

Schedule K is a summary schedule of all the shareholders' share of the corporation's income, deductions, credits, etc. Schedule K-1 shows each shareholder's separate share. A copy of each shareholder's K-1 is attached to the Form 1120S filed with the IRS. A copy is kept as a part of the corporation's records and each shareholder receives his or her own separate copy with attached instructions.

**General Instructions**

The corporation is liable for taxes on lines 2a, b, and c, page 1, Form 1120S. Shareholders are liable for income tax on their share of the corporation's income (reduced by any taxes paid by the corporation on income) and must include their share of the income on their tax return whether or not it is distributed to them.

The total distributive share items (column b) of all Schedules K-1 should equal the amount reported on the same line of Schedule K. Lines 1 through 17 of Schedule K and K-1 are the same. Other lines are not the same, but instructions will explain the differences.

Substitute forms—You do not need IRS approval to use a substitute Schedule K-1 if it is an exact facsimile of the IRS schedule (including the OMB number and the instructions for the shareholder attached to Schedule K-1), or if it includes the OMB number and the instructions for the shareholder attached to Schedule K-1, and contains only those lines the shareholder is required to use, and the lines have the same numbers and titles and are in the same order as on the comparable IRS Schedule K-1. If you do not plan to give each shareholder a copy of the instructions for the shareholder, you must request approval from the IRS for your substitute Schedule K-1.

Other substitute Schedules K-1 require approval. You may apply for approval of a substitute form by writing to: Internal Revenue Service, Attention D:R.R., 1111 Constitution Avenue, NW, Washington, DC 20224.

**Shareholder's Distributive Share Items**

Effective for corporate tax years beginning after December 31, 1982, items of income, loss, deductions, etc. are allocated to a shareholder on a daily basis, according to the number of shares of stock held by the shareholder on each day during the tax year of the corporation. See item A in the Line-by-Line Instructions.

A transferee shareholder (rather than the transferor) is considered to be the owner of stock on the day it is transferred.

Special rule—If a shareholder terminates his or her interest in a corporation during the tax year, the corporation, with the concurrence of all shareholders (including the one whose interest is terminated), may elect to allocate income and expenses, etc. as if the corporation's tax year consisted of 2 tax years, the first which ends on the date of the shareholder's termination. To make the election, the corporation must file a statement of election with the return for the tax year of election and attach a statement of consent signed by all shareholders. If the election is made, write "Section 1377(e)(2) Election Made" at the top of each Schedule K-1. See section 1377(a)(2) and temporary regulations section 18.1377-1 for details.

**Specific Instructions****(Schedule K only)**

Enter the total distributive amount for each applicable item listed.

**(Schedule K-1 only)**

Prepare and give to each shareholder a Schedule K-1 on or before the day on which the corporation's return was filed. On each Schedule K-1, enter the names, addresses, and identifying numbers of the shareholder and corporation, complete items A and B, and enter the shareholder's distributive share of each item.

**Line-by-Line Instructions**

**Note:** Actual dividend distributions paid out of retained earnings (accumulated earnings and profits) of the S corporation are not reported on Schedule K-1. However, these dividends are reported to shareholders on Form 1099-DIV. These distributions do not increase or decrease a shareholder's basis in stock.

**Item A (Schedule K-1 only)**

If there was no change in shareholders or the relative interest in stock the shareholders owned during the tax year, enter the percentage of total stock owned by each shareholder during the tax year. For example, if shareholders X and Y each owned 50% for the entire tax year, enter 50% in item A for each shareholder. Each shareholder's distributive share items (lines 1–22 of Schedule K-1) are figured by multiplying the annual amount on Schedule K by the percentage in A.

If there was a change in stock ownership during the tax year, each shareholder's percentage of ownership is weighted for the number of days in the tax year that stock was owned. For example, A and B each held 50% for half the tax year and A, B, and C held 40%, 40%, and 20% respectively for the remaining half of the tax year. The percentage of ownership for the year for A, B, and C is figured as follows and is then entered in item A.

a	b	c. (a x b)
% of total stock owned	% of tax year held	% of ownership for the year
A 50%	50%	25%
40%	50	+ 20
B 50%	50	25
40%	50	+ 20
C 20%	50	10
Total . . . . .		100%

If there was a change in stock ownership during the tax year, each shareholder's distributive share items (lines 1–22 of Schedule K-1) are figured on a daily basis, based on the percentage of stock held by the shareholder on each day. See section 1377(e)(1) and (2) for details.

**Item B (Schedule K-1 only)**

Enter the Internal Revenue Service Center address where the tax return, to which a copy of this K-1 was attached, was or will be filed. For example: Holtsville, NY 09901.

**Line 1**

Enter ordinary income (loss) from line 24, page 1. If line 24 is a loss, enter the shareholder's full share of the loss. Enter the loss without reference to the adjusted basis of the shareholder's stock at the corporation or the shareholder's amount at risk. Line 1 should reflect the total ordinary income (loss) from all business operations, including section 465 at risk activities and income (loss) from other activities.

If the corporation is involved in more than one business activity and has a section 465 at risk activity loss(es), the corporation must show section 465 loss(es) separately. This separate reporting is to assist the shareholder in determining the allowable loss to claim on his or her tax return.

**Line 3**

Enter the qualifying dividends received from other domestic corporations for which each shareholder is entitled to an exclusion under section 116. The investment companies will tell the S corporation what part, if any, of the dividends qualify for the exclusion. (See the instructions for Form 1120S, line 4.)

**Line 6**

Enter the gain (loss) which resulted from involuntary conversions due to casualty or theft.

**Caution for line 6.**—Give each shareholder a schedule that shows the amounts to be reported on the shareholder's Form 4684, Casualties and Thefts, line 22, columns B(i), B(ii), and C, if there is an amount to be reported in column B(ii) of line 22 of the shareholder's Form 4684, tell each individual shareholder: (1) the amount that must be reported on line 10 of Form 4684 before reporting it in Part II of Form 4684 because the amount is subject to the \$100 floor and 10% of AGI limitation; and (2) the amount to be reported directly on line 22, column B(ii).

**Line 8**

Enter any other items of income or loss not included on lines 1–7, such as gains from the disposition of farm recapture property (see Form 4797) and other items to which sections 1251 and 1252 apply.

**Line 9**

Enter the total amount of charitable contributions, and each amount subject to the 50%, 30%, and 20% limitations, paid by the corporation during its tax year. Attach an itemized list that separately shows the corporation's charitable contributions subject to the 50%, 30%, and 20% limitations.

If the corporation made a qualified conservation contribution under section 170(h), also include the fair market value of the underlying property before and after the donation, the type of legal interest contributed, and describe the conservation purpose furthered by the donation. Give a copy of this information to each shareholder.

**Line 10**

A corporation may elect to expense part of the cost (up to \$5,000) of recovery property that qualifies for investment credit that the corporation purchased this year for use in its trade or business. The corporation may not deduct the section 179 expense, but should report the expense separately on Schedules K and K-1. Show the total section 179 expense on Schedule K, line 10, and allocate it to each shareholder on Schedule K-1 (Form 1120S), line 10.

The corporation must specify the item(s) of section 179 property which it elects to treat as an expense and the portion of the cost of each item which is being treated as an expense. Do this on Form 4562 and on a schedule attached to Schedule K-1. Generally, any election made under section 179 may not be revoked except with the consent of the Commissioner of IRS.

Depreciation, amortization, or investment credit may not be taken on any amount for which a deduction is allowed under section 179.

See section 179 and Form 4562 for more information.

**Line 11**

Enter any other deductions not included on lines 9 and 10, such as:

a. Amounts (other than investment interest required to be reported on Schedules K and K-1, lines 16a(2) and 16a(3) and the part of Schedules K and K-1, line 16a(1) deductible under section 162), paid by the corporation that would be itemized deductions on any of the shareholder's income tax returns if they were paid directly by a shareholder for the same purpose. These amounts include, but are not limited to, expenses under section 212 for the production of income other than from the corporation's trade or business.

b. Any penalty on early withdrawal of savings. The Form 1099-INT given to the corporation by a bank or savings and loan association will show the amount of any penalty the corporation was charged because it withdrew funds from its time savings deposit before its maturity.

c. Soil and water conservation expenditures (section 175).

d. Deduction and recapture of certain mining exploration expenditures paid or incurred (section 617).

e. Intangible drilling costs. See Publication 553 to determine the amount to pass through to each shareholder.

**f. Section 58(i) expenditures.**

If there was an involuntary conversion due to casualty or theft, include in the total amount for this line the amount from Form 4684, line 20. Give each shareholder a schedule that shows: (1) the amount to be reported on line 10 of the shareholder's Form 4684 before reporting it in Part II of Form 4684 because the amount is subject to the \$100 floor and 10% of AGI limitation; and (2) the amount to be reported directly on line 22, column B(ii).

**Credits****Line 12**

On Schedule K enter the jobs credit (from attached Form 5884) computed by the corporation. The jobs credit is computed at the corporate level. On Schedule K-1 enter each shareholder's share of the credit. See Form 5884 for definitions, special rules, limitations, and other details on the credit.

**Line 13**

A credit is allowed for the sale of alcohol fuel or the use of alcohol as a fuel by the corporation. The credit is figured at the corporation level and then apportioned to property. If the corporation uses the Class Life Asset Depreciation Range (CLADR) System, use the asset guideline period as the straight-line useful life to figure lines 15a and 15b. For line 15a, but not line 15b, use any variance in useful life under section 167(m)(1) as the straight-line useful life.

**Line 15**

For property other than recovery property, enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if the corporation had used the straight-line method from the depreciation actually allowable. Complete and attach Form 6478 to Form 1120S.

The amount shown on this line must be included in the corporation's income, line 8, page 1, Form 1120S.

**Line 14**

The following credits are also figured at the corporate level and then apportioned to persons who are shareholders of the corporation in accordance with stock ownership.

1. Credit for increasing research activities  
2. Nonconventional source fuel credit  
3. Unused regular investment credit from cooperatives  
4. Unused energy investment credit from cooperatives

5. Credit for withholding on interest and dividends paid to the corporation.

The credit for increasing research activities is figured by the corporation on Form 6765, Credit for Increasing Research Activities. Attach Form 6765 to Form 1120S. See Form 6765 for details about the research credit.

The nonconventional source fuel credit is figured by the corporation on a separate schedule prepared by the corporation. This computation schedule must also be attached to Form 1120S. See section 44D for computation provisions and other special rules for figuring this credit.

If the corporation is a member of a cooperative that passes an unused regular investment credit or unused energy investment credit through to its members, these credits are in turn passed through to the corporation's shareholders.

If tax withholdings were made on dividends, interest, or patronage dividends paid to the corporation during the tax year, the total amount withheld is passed to shareholders at year end.

If the corporation has only one of the above 5 credits, enter the amount of the credit in the amount column in line 14 and identify the type of credit in the space to the left of the amount. If the corporation has more than one credit, enter the total credits on line 14 and identify and list the amount(s) of the credits on an attached schedule.

**Tax Preference Items****Lines 15a through 15f**

Enter items of income and deductions that are tax preference items. (See Form 6251, Alternative Minimum Tax Computation, and Publication 909, Minimum Tax and Alternative Minimum Tax, for details.)

**Lines 15a and 15b**

Accelerated depreciation on nonrecovery real property or 15-year real property; Accelerated depreciation on leased personal property or leased recovery property. If the corporation uses the Class Life Asset Depreciation Range (CLADR) System, use the asset guideline period as the straight-line useful life to figure lines 15a and 15b. For line 15a, but not line 15b, use any variance in useful life under section 167(m)(1) as the straight-line useful life.

**Line 15c**

For property other than recovery property, enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if the corporation had used the straight-line method from the depreciation actually allowable. For property other than real property, enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if the deduction which would have been allowable had the property been depreciated using a 15-year period and the straight-line method without salvage value.

For 15-year real property, enter the amount by which the deduction allowed under section 168(a) is more than the deduction which would have been allowable had the property been depreciated using a 15-year period and the straight-line method without salvage value.

The amount shown on this line must be included in the corporation's income, line 8, page 1, Form 1120S.

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In the case of mines, wells, and other natural deposits, other than oil and gas wells, enter the amount by which the deduction for depletion under section 611 (including percentage depletion for geothermal deposits), is more than the adjusted basis of such property at the end of the tax year. Figure the adjusted basis without regard to the depletion deduction and figure the excess separately for each property.

#### Lines 15d(1) and 15d(2)

On line 15d(1), enter the excess intangible drilling costs from oil, gas, and geothermal wells under section 57(a)(1). On line 15d(2), enter the net income (loss) from oil, gas, and geothermal properties of the corporation.

Figure excess intangible drilling costs as follows: From the allowable intangible drilling and development costs (except for costs in drilling a nonproductive well), subtract the amount that would have been allowable if the corporation had capitalized these costs and either amortized them over the 120 months that started when production began, or treated them according to any election the corporation made under section 57(d)(2).

Net income from oil, gas, and geothermal properties is gross income from them, minus the deductions allocable to them, except for excess intangible drilling costs and nonproductive well costs.

Figure the amount separately for oil and gas properties which are not geothermal deposits and for all properties which are geothermal deposits.

#### Line 15e

Enter the corporation's investment income minus investment expenses from all sources that was included on page 1, Form 1120S.

Investment income is gross income from nonqualifying interest, nonqualifying dividends, rents, and royalties, and any amount treated as ordinary income under sections 1245, 1250, and 1254 reported on page 1, Form 1120S. Do not include income from the corporation's trade or business.

Investment expenses are those expenses allowable against the production of investment income provided they are allowed in figuring a shareholder's adjusted gross income and not includable as a tax preference item.

#### Line 15f

Attach a schedule which shows each shareholder's share of:

- Amortization of certified pollution control facilities. Enter the amount by which the amortization the corporation took for 1983 is more than the depreciation deduction otherwise allowable.
- Mining exploration and development costs. For each mine or other natural deposit (other than an oil or gas well), enter the amount by which the deduction the corporation took under section 615(e) or 617, are more than the amount that would have been allowable if the corporation had amortized the expenses over a ten-year period.

- Circulation and research and experimental expenditures. Enter the amount by which the deductions the corporation took for circulation and research and experimental expenditures under sections 173 or 174(a) are more than the amount that would have been allowable if the corporation had amortized the expenses over the period under section 58(j).
- Reserves for losses on bad debts of financial institutions. Enter the corporation's share of the excess of the addition to the reserve for bad debts over the reasonable addition to the reserve for bad debts that would have been allowable if the corporation had maintained the bad debt reserve for all tax years based on actual experience.
- Any other items not shown on lines 15a through 15e.

#### Interest on Investment Indebtedness

##### Lines 16a-d

Enter the interest on investment indebtedness and items of investment income and expenses, and gains and losses from the sale or exchange of investment property.

The interest expense reported on line 16a(1) may also be included on page 1, Form 1120S, line 16c or Schedules K and K-1, line 11. However, the interest expense reported on line 16a(2) and 16a(3) must not appear as a deduction on line 16c, page 1, Form 1120S, or elsewhere on the return. The income and expenses included on lines 16b, 16c, and 16d are reported elsewhere on Form 1120S and Schedule K-1. For example, interest income included on line 16b is reported on Form 1120S, line 4.

For more information, see Form 4952.

##### Line 16a(1)

Enter investment interest expense from all sources on debts created before December 17, 1969, from a specific item of property for a specified term. Also include debts in existence after December 16, 1969, if a binding contract was in effect on that date.

##### Line 16a(2)

Enter investment interest expense from all sources, from a specific item of property for a specified term, and from debts incurred before September 10, 1975, but after December 16, 1969, that is included on line 16b, page 1, Form 1120S. Also include interest on obligations incurred after September 10, 1975, but subject to a written contract or commitment in effect on September 11, 1975, that is included on line 16b, page 1, Form 1120S.

##### Line 16a(3)

Enter investment interest expense from all sources from obligations incurred after September 10, 1975, that is included on line 16b, page 1, Form 1120S. Do not include those obligations for which a binding contract was in effect on September 11, 1975.

**Note:** The corporation must have an amount on line 16b of page 1, Form 1120S, in order to have an amount shown on either line 16a(2) or 16a(3).

##### Line 16b

Enter the corporation's investment income minus investment expenses from all sources that was included on page 1, Form 1120S.

Net investment income is the amount by which investment income exceeds investment expenses. (Net investment loss is the amount by which investment expenses exceed investment income.) Investment income and expenses generally do not include any amounts connected with a trade or business.

Investment income includes the following that are includable in gross income: interest, dividends, rents from net lease property, royalties, and amounts recaptured as ordinary income from the sale or exchange of investment property subject to sections 1245, 1250, and 1254 provisions.

Investment expenses are those deductions directly connected with the production of investment income. Interest is not included in investment expenses for this purpose. Depreciation is limited to the amount figured using the straight-line method. Depreciation is limited to an amount based on cost.

##### Line 16c

Excess expenses from net lease property is the amount by which the expenses allowable under sections 162, 163 (without any reduction for the limitations of section 163(d)), 164(a)(1) or (2), and 212, attributable to property subject to a net lease, are more than the income produced by this property.

##### Net lease property

Rental income is to be considered trade or business income unless it is from net lease property. Then it is treated as investment income. Rental property is net lease property if:

- (a) The corporation (the lessor) is either guaranteed a specific return of income or guaranteed in whole or in part against loss of income; or
- (b) The corporation's 1983 deductions for the property that are allowable only because of section 162 (except rents and reimbursed amounts) are less than 15% of the rental income produced by the property. For this 15% test, the corporation may elect to: (1) treat all leased portions of a parcel of real property as subject to a single lease, and (2) exempt real property that has been in use for more than 5 years.

In figuring your section 162 deduction for purposes of (b) above, do not include depreciation, taxes, interest, etc.

For more information and the special provisions that apply to "out of pocket" expenses and rental income from property subject to a net lease, see section 163(d), Publication 550, and Form 4952.

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#### Foreign Taxes

##### Lines 17a through 17g

In addition to the instructions below, see Form 1116, Computation of Foreign Tax Credit-Individual, Fiduciary, or Nonresident Alien Individual, and the related instructions.

##### Line 17a

Enter the type of income earned as follows:

- Nonbusiness (section 904(d)) interest income
- Dividends from a DISC or former DISC
- All other income from sources outside the U.S. (including income from sources in U.S. possessions)

If, for the country or U.S. possession shown on line 17b, the corporation had more than one type of income, enter "More than one type" and attach a schedule for each type of income for lines 17b through 17g.

##### Line 17b

Enter the name of the foreign country or U.S. possession. If, for the type of income shown on line 17a, the corporation had income from or paid taxes to more than one foreign country or U.S. possession, enter "More than one foreign country or U.S. possession" and attach a schedule for each country for lines 17a and 17c through 17g.

##### Line 17c

Enter in U.S. dollars the total gross income from sources outside the U.S. Attach a schedule that shows each type of income as follows:

- Dividends
- Gross rents and royalties
- Foreign source capital gain net income
- Wages, salaries, and other employee compensation
- Business or profession
- Gross income from trust and estates
- Other (including interest) (specify)

##### Line 17d

Enter in U.S. dollars the total applicable deductions and losses. Attach a schedule that shows each type of deduction or loss as follows:

- Expenses directly allocable to business or profession
- Depreciation and depletion directly allocable to rent and royalty income
- Repairs and other expenses directly allocable to rent and royalty income
- Other expenses directly allocable to specific income items (specify)
- Pro rata share of all other deductions not directly allocable to specific items of income
- Losses from foreign sources

##### Line 17e

Enter in U.S. dollars the total foreign taxes (described in section 901) that were paid or accrued by the corporation to foreign

countries or U.S. possessions. Attach a schedule that shows the date(s) the taxes were paid or accrued, and the amount in both foreign currency and in U.S. dollars, as follows:

- Taxes withheld at source on dividends
- Taxes withheld at source on rents and royalties
- Other foreign taxes paid or accrued

##### Line 17f

Enter in U.S. dollars the total reduction in taxes available for credit. Attach a schedule that shows separately the:

- Reduction for foreign mineral income
- Reduction for failure to furnish returns required under section 6038
- Reduction for taxes attributable to boycott operations (section 908)
- Reduction for foreign oil and gas extraction income (section 907(a))
- Reduction for any other items (specify)

##### Line 17g

Enter in U.S. dollars any items not covered in lines 17c, 17d, 17e, and 17f.

##### Line 18 (Schedule K only)

Enter total dividends paid to shareholders from retained earnings (lines 23 and 24 of Schedule L). Report these dividends to shareholders on Form 1099-DIV. Do not report them on Schedule K-1.

#### Property Subject to Recapture of Investment Credit

##### Line 19 (Schedule K-1 only)

Complete line 19 when regular or energy investment credit property is disposed of or ceases to qualify before the end of the "life-years category" or "recovery period" assigned. For more information, see Form 4255 and Publication 572, Investment Credit. The corporation is now liable for investment credit recapture in certain cases. See instructions for line 25c, page 1, Form 1120S, for details.

##### Line 19 (Schedule K) and Line 20 (Schedule K-1)

Enter total distributions made to shareholders other than dividends reported on line 18 of Schedule K. Non-cash distributions of appreciated property are valued at fair market value. See Schedules L and M instructions for ordering rules on distributions.

##### Line 20 (Schedule K) and Line 22 (Schedule K-1)

Do not put an amount on these lines. Instead, enter on an attached statement the description and the amounts of the following:

- a. Tax-exempt income realized by the corporation. Fiscal year 1983/1984 corporations should report tax-exempt interest separately to assist certain retired individual shareholders in figuring income under section 85.
- b. Nondeductible expenses incurred by the corporation.
- c. Taxes paid on undistributed capital gains by a regulated investment company. As a shareholder of a regulated investment company, the corporation will receive notice on Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, that the company paid tax on undistributed capital gains.

- d. Gross income and other information relating to oil and gas well properties that are reported to shareholders to allow them to figure the depletion deduction for oil and gas well properties. See section 613(a)(13) for details.

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## Schedules L and M

### Lines 23 through 27

The following rules apply in determining the balances of lines 23 through 27 of Schedules L and M.

### Lines 23 and 24

Generally, the retained earnings accounts (accumulated earnings and profits) are only maintained if the corporation had a balance in the accounts at the start of its 1983 tax year. If there is a beginning balance for the 1983 tax year, no adjustments are made to the accounts except to reduce the accounts for dividend distributions made during the year. See Distributions instruction below regarding distributions from retained earnings and section 1371(c) for other details.

### Line 25

The shareholder's undistributed taxable income previously taxed account, also called previously taxed income (PTI), is only maintained if the corporation had a balance in this account at the start of its 1983 tax year. If there is a beginning balance for the 1983 tax year, no adjustments are made to the account except to reduce the account for distributions made under sections 1375(d) and 1375(f) (as in effect before the enactment of the Subchapter S Revision Act of 1982). See Distributions instruction below for the order of distributions from the account.

Each shareholder's right to nontaxable distributions from PTI is personal and cannot be transferred to another person. The corporation is required to keep records of each shareholder's net share of PTI. See regulations section 1.1375-4(d) for more information.

### Line 26

The accumulated adjustments account (AAA) is maintained by all S corporations for all tax years beginning after December 31, 1982. For the 1983 tax year, the beginning balance of the AAA is zero for all corporations. At the end of the tax year, if the corporation does not have a balance in its retained earnings accounts (line 23 or 24), the AAA is determined by taking into account all items of income, loss, and deductions for the tax year (including nontaxable income and nondeductible losses and expenses). See section 1368.

After the year-end income and expense adjustments are made, the account is reduced by distributions made during the tax year. See the Distributions instruction below for distribution rules.

### Line 27

The other adjustments account is maintained only by corporations that have retained earnings at year end. The account is adjusted for tax-exempt income and nondeductible expenses of the corporation.

See section 1368(e)(1)(A). After these adjustments, the account is reduced for distributions made during the tax year. See the Distributions instruction below for distribution rules.

### Distributions

Generally, property distributions are applied to reduce balance sheet equity accounts in the following order:

- Reduce shareholders' PTI account for any section 1375(f) (as in effect before January 1, 1983) distributions. (Note: Only cash distributions made within the first 2½ months of the corporation's tax year qualify as section 1375(f) distributions.)
- Reduce accumulated adjustments account.
- Reduce shareholders' PTI account for any section 1375(d) (as in effect before January 1, 1983) distributions.
- Reduce retained earnings account.
- Reduce other adjustments account.
- Reduce any remaining shareholders' equity accounts.

If a section 1368(e)(3) election is made, distributions are made from the retained earnings account before the accumulated adjustments account. If the corporation has PTI and wants to make distributions from retained earnings before PTI, the election under regulations section 1.1375-4(c) must be made. In the case of either election, after all retained earnings are distributed, the above general order of distributions applies except item d is eliminated.

## Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

Using the list below, enter on page 1, under B, the code number for the specific industry group

Code	Transportation and Public Utilities	Finance, Insurance, and Real Estate Code
<b>Agriculture, Forestry, and Fishing</b>		<b>Banking</b>
<b>Code</b>	<b>Code</b>	<b>Code</b>
2815 Industrial chemicals, plastic materials and synthetics	6030 Mutual savings banks	6355 Life insurance
2830 Drugs	6060 Bank holding companies	6356 Health care providers
2840 Soaps, detergents, and toilet goods	6090 Credit unions, savings and loan associations	6357 Investment companies
2850 Paints and allied products	6100 Railroad transportation	6358 Insurance companies
2898 Agricultural and other chemical products	6100 Local and interurban passenger transit	6359 Investment companies
<b>Mining</b>	4200 Rail transport	6411 Other insurance companies
<b>Metal mining:</b>	4200 Local and interurban passenger transit	6412 Savings and loan associations
1010 Iron ores	4200 Rail transport	6414 Credit card institutions
1070 Copper, lead, zinc, gold and silver	4200 Local and interurban passenger transit	6415 Business credit institutions
1098 Other metal mining	4200 Rail transport	6416 Other credit agencies
1150 Coal mining	4200 Local and interurban passenger transit	
<b>Petroleum refining and related industries (includes those industries listed in section 1368):</b>	4200 Rail transport	
2910 Petroleum refining (including integrated)	4200 Local and interurban passenger transit	
2998 Other petroleum and coal products	4200 Rail transport	
<b>Oil and gas extraction:</b>	4200 Local and interurban passenger transit	
1330 Crude petroleum, natural gas, and natural gas liquids	4200 Local and interurban passenger transit	
1380 Oil and gas field services	4200 Local and interurban passenger transit	
<b>Nonmetallic mineral, stone, and glass products:</b>	4200 Local and interurban passenger transit	
1430 Dimension, crushed and broken stone; sand and gravel	4200 Local and interurban passenger transit	
1498 Other nonmetallic minerals, except fuels	4200 Local and interurban passenger transit	
<b>Leather and leather products:</b>	4200 Local and interurban passenger transit	
3140 Footwear, except rubber	4200 Local and interurban passenger transit	
3198 Other leather and leather products	4200 Local and interurban passenger transit	
<b>Construction</b>	4200 Local and interurban passenger transit	
<b>General building contractors and operative builders:</b>	4200 Local and interurban passenger transit	
1510 General building contractors	4200 Local and interurban passenger transit	
1531 Operative builders	4200 Local and interurban passenger transit	
1600 Heavy construction contractors	4200 Local and interurban passenger transit	
<b>Special trade contractors:</b>	4200 Local and interurban passenger transit	
1711 Plumbing, heating, and air conditioning	4200 Local and interurban passenger transit	
1731 Electrical work	4200 Local and interurban passenger transit	
1798 Other special trade contractors	4200 Local and interurban passenger transit	
<b>Manufacturing</b>	4200 Local and interurban passenger transit	
<b>Food and kindred products:</b>	4200 Local and interurban passenger transit	
2010 Meat products	4200 Local and interurban passenger transit	
2020 Dairy products	4200 Local and interurban passenger transit	
2030 Preserved fruits and vegetables	4200 Local and interurban passenger transit	
2040 Grain mill products	4200 Local and interurban passenger transit	
2050 Bakery products	4200 Local and interurban passenger transit	
2060 Sausage, prepared food, and bakery products	4200 Local and interurban passenger transit	
2081 Malt liquors and malt	4200 Local and interurban passenger transit	
2088 Alcoholic beverages, except malt liquors and malt	4200 Local and interurban passenger transit	
2089 Bottled soft drinks, and flavorings	4200 Local and interurban passenger transit	
2100 Other food products	4200 Local and interurban passenger transit	
2100 Tobacco manufacturers	4200 Local and interurban passenger transit	
<b>Tobacco mill products:</b>	4200 Local and interurban passenger transit	
2228 Wearing mills and textile finishing	4200 Local and interurban passenger transit	
2250 Knitting mills	4200 Local and interurban passenger transit	
2298 Other textile mill products	4200 Local and interurban passenger transit	
<b>Apparel and other textile products:</b>	4200 Local and interurban passenger transit	
2315 Men's and boys' clothing	4200 Local and interurban passenger transit	
2345 Women's and children's clothing	4200 Local and interurban passenger transit	
2388 Other apparel and accessories	4200 Local and interurban passenger transit	
2390 Miscellaneous fabricated textile products	4200 Local and interurban passenger transit	
<b>Lumber and wood products:</b>	4200 Local and interurban passenger transit	
2415 Logging, sawmills, and planing mills	4200 Local and interurban passenger transit	
2430 Milling, plywood, and related products	4200 Local and interurban passenger transit	
2498 Other wood products, including wood buildings and mobile homes	4200 Local and interurban passenger transit	
2500 Furniture and fixtures	4200 Local and interurban passenger transit	
<b>Paper and allied products:</b>	4200 Local and interurban passenger transit	
2625 Pulp, paper, and board mills	4200 Local and interurban passenger transit	
2699 Other paper products	4200 Local and interurban passenger transit	
<b>Printing and publishing:</b>	4200 Local and interurban passenger transit	
2710 Books, periodicals, and pamphlets	4200 Local and interurban passenger transit	
2720 Books, greeting cards, and stationery	4200 Local and interurban passenger transit	
2735 Commercial and other printing, and printing trade services	4200 Local and interurban passenger transit	
2799 Other manufacturing products	4200 Local and interurban passenger transit	
<b>Instruments and related products:</b>	4200 Local and interurban passenger transit	
3815 Scientific instruments and medical equipment	4200 Local and interurban passenger transit	
3845 Optical, medical, and photographic goods	4200 Local and interurban passenger transit	
3850 Photographic equipment and supplies	4200 Local and interurban passenger transit	
3998 Other manufacturing products	4200 Local and interurban passenger transit	
<b>Amusement and recreation services:</b>	4200 Local and interurban passenger transit	
7812 Motion picture production, distribution, and services	4200 Local and interurban passenger transit	
7830 Amusement and recreation services	4200 Local and interurban passenger transit	
7900 Amusement and recreation services, except motion pictures	4200 Local and interurban passenger transit	
<b>Other services:</b>	4200 Local and interurban passenger transit	
8015 Offices of physicians, including osteopathic physicians	4200 Local and interurban passenger transit	
8021 Offices of dentists	4200 Local and interurban passenger transit	
8040 Offices of other health practitioners	4200 Local and interurban passenger transit	
8050 Nursing and personal care facilities	4200 Local and interurban passenger transit	
8060 Hospitals	4200 Local and interurban passenger transit	
8071 Medical laboratories	4200 Local and interurban passenger transit	
8100 Other medical services	4200 Local and interurban passenger transit	
8111 Legal services	4200 Local and interurban passenger transit	
8200 Accounting, auditing, and bookkeeping	4200 Local and interurban passenger transit	
8500 Membership organizations	4200 Local and interurban passenger transit	
8911 Advertising, publishing, and editing services	4200 Local and interurban passenger transit	
8930 Advertising, auditing, and bookkeeping	4200 Local and interurban passenger transit	
8960 Management services (including veterinarians)	4200 Local and interurban passenger transit	

the principal product or service may be "Cereal preparations."

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracted out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing."

**SCHEDULE D  
(Form 1120S)**

 Department of the Treasury  
Internal Revenue Service

**Capital Gains and Losses**

Attach to your tax return.

► For Paperwork Reduction Act Notice, see page 1 of Instructions for Form 1120S.

OMB No. 1545-0130

1983

**PART I.—Short-term Capital Gains and Losses—Assets Held One Year or Less**

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, plus expense of sale	f. Gain or (loss) (d less e)
1					
2 Short-term capital gain from installment sales from Form 6252, line 21 or 29 . . . . .					2
3 Unused capital loss carryover (attach computation) . . . . .					3 ( )
4 Net short-term gain or (loss) (combine lines 1, 2, and 3) Enter here and on line 4 of Schedule K of Form 1120S . . . . .					4

**PART II.—Long-term Capital Gains and Losses—Assets Held More Than One Year**

5					
6 Long-term capital gain from installment sales from Form 6252, line 21 or 29 . . . . .					6
7 Net long-term capital gain or (loss) (combine lines 5 and 6) Enter this amount (less any applicable tax on line 19 below) on line 5 of Schedule K of Form 1120S . . . . .					7
8 Enter section 1231 gain from line 6(a)(1), Form 4797. (See instructions regarding casualties and thefts and the line 8 amount to be entered on Schedule K of Form 1120S) . . . . .					8
9 Net long-term capital gain or (loss) (combine lines 7 and 8) . . . . .					9

**PART III.—Summary of Schedule D Gains for Tax Computation Purposes**

Note: If the corporation is liable for the excess net passive income tax (line 25a, page 1, Form 1120S), see line 10 instruction before completing line 10.

10 Net capital gain—Enter excess of net long-term capital gain (line 9) over net short-term capital loss (line 4). (If more than \$25,000, enter here and see instructions for Part IV. If \$25,000 or less, enter here and do not complete Part IV as the tax computation does not apply) . . . . .					10
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**PART IV.—Tax Computation (See Instructions)**

11 Taxable income (See instructions for line 25a, page 1, Form 1120S) . . . . .					11
12 Enter tax on line 11 amount (See instructions for computation of tax) . . . . .					12
13 Net capital gain from line 10 . . . . .					13
14 \$25,000 (statutory minimum) . . . . .					14 \$25,000
15 Subtract line 14 from line 13 . . . . .					15
16 Enter 28% of line 15 . . . . .					16
17 Income tax on capital gains—Enter smaller of line 12 or line 16 . . . . .					17
18 Minimum tax (See instructions—attach Form 4626) . . . . .					18
19 Total tax—Add lines 17 and 18. Enter here and on Form 1120S, page 1, line 25b . . . . .					19

**Instructions**

(Section references are to the Internal Revenue Code, unless otherwise specified.)

**Tax Law Change**

Effective for tax years beginning after December 31, 1982, gain is recognized by an S corporation on a distribution of appreciated property to shareholders (with certain exceptions) in the same manner as if the property had been sold to the shareholder at fair market value. Like other capital gains, it is subject to the capital gains tax and is passed through to shareholders. See section 1363(d).

**Purpose of Schedule**

Schedule D should be used by corporations to report sales or exchanges of capital assets and gains on distributions to shareholders of appreciated assets that are capital assets (hereafter referred to as distributions).

Sales, exchanges, and distributions of property other than capital assets, including property used in a trade or business, involuntary conversions (other than casualties or thefts), and gain from the disposition of interests in oil, gas, or geothermal property, should be reported on Form 4797, Supplemental Schedule of Gains and Losses. See the instructions for Form 4797 for

more information. If property is involuntarily converted because of a casualty or theft, use Form 4684, Casualties and Thefts.

**Parts I and II**

Generally, you should report sales and exchanges (including involuntary conversions) even though there is no gain or loss. Report gains and net loss on a distribution. In Part I report the sale, exchange, or distribution of capital assets held one year or less. In Part II report the sale, exchange, or distribution of capital assets held more than one year.

For more information, see Publication 544, Sales and Other Dispositions of Assets.

Schedule D (Form 1120S) 1983

**Schedule D (Form 1120-S) (1983)**

Exchange of like-kind property—Report the exchange of "like-kind" property on Schedule D or on Form 4797, whichever applies. Report it even though no gain or loss is recognized when you exchange business or investment property for property of "like-kind." (This does not include stock in trade or other property held primarily for sale. It also does not include stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest.)

If you use Schedule D, identify the property you disposed of in column a. Enter the date you acquired it in column b, and the date you exchanged it in column c. Write "like-kind exchange" in column d. Enter the cost or other basis in column e. Enter zero in column f.

**Special Rules for the Treatment of Certain Gains and Losses**

- Gain from installment sales.—Except as explained below, if you sell property at a gain this year and will receive any payment in a later tax year, you must use the installment method to report your gain. You must file Form 6252, Computation of Installment Sale Income, to report the sale and gain as payments are received.

**Electing out.**—You may elect out of the installment method by doing the following on a timely filed return (including extensions):

- (1) Enter in the margin of Schedule D, next to the sale, "I elect out of the installment method."
- (2) If you received a note or other obligation and are repaying it at less than face value, state that fact in the margin and give the percentage of valuation.

Also use Form 6252 if you received a payment in 1983 from a sale made in an earlier year on the installment basis. For additional information, get Publication 537, Installment Sales.

- Gains and losses on regulated futures and straddles positions.—For information on how to report gains and losses from regulated futures contracts and straddles, see Form 6781, Gains and Losses From Regulated Futures Contracts and Straddles.

- Gain or loss on an option to buy or sell property.—See section 1234 for the rules that apply to a purchaser or grantor of an option.

- Gain or loss from a short sale of property.—Report the gain or loss to the extent that the property used to close the short sale is considered a capital asset in the hands of the taxpayer. A loss from a wash sale of securities resulting from certain transactions between related persons is not deductible. (Sections 1091 and 267.)

- Loss from securities that are capital assets that belong to others.—Report the loss as if you were the owner of the securities. Except for securities held by a bank, you must attach Form 4684, Casualties and Thefts, to the tax return. (See section 582 for the rules on the treatment of securities held by a bank.)

If you answer questions A, B, and C or questions A, B, and D "Yes," the tax applies and you must complete Part IV of Schedule D (Form 1120S). Otherwise, you are not liable for the tax.

## A. Is taxable income per attached schedule more than \$25,000?

Yes  No

B. Is net capital gain (line 10, Part III, Schedule D (Form 1120S)) more than \$25,000, and more than 50% of taxable income per attached schedule?

Yes  No

C. Have you been other than an S corporation at any time during the 3 tax years just before this year or since existence, if less than 4 years?

Yes  No

D. If answer to question C is "No," does line 10 (long-term capital gain, Part III, Schedule D (Form 1120S)) represent gain from property described in each of items 1, 2, and 3 below?

Yes  No

1. Property was acquired during the tax year or within 36 months before the tax year;

2. Property was acquired, directly or indirectly, from a corporation that was not in existence as an S corporation during the tax year or within 36 months before the tax year up to the time of the acquisition; and

3. Property has a substituted basis to you. (A substituted basis is one determined by reference to its basis in the hands of the transferor corporation.)

- If the answer to question D is "Yes" and the tax is applicable, multiply by 28% the net capital gain from property described in question D (reduced by any excess net passive income attributable to the corporation) and enter the result on line 10. If the amount is less than the tax figured on line 12, Part IV, enter this amount on line 17, Part IV, and write to the right of the amount, "Substituted basis." Attach the computation of the substituted basis amount to Schedule D (Form 1120S). (See section 1374(c)(3).)

For purposes of questions C and D above, a corporation is not considered to be in existence for any tax year before the first tax year in which the corporation has shareholders, acquires assets, or begins business, whichever occurs first.

**Members of a Controlled Group.**—If the corporation is a component member of a controlled group of corporations, see section 1561 and related regulations for rules on how to allocate the amounts on lines (b), (c), (f), and (h) in the instruction for line 12 below.

**Line 10.**—If the corporation is liable for the tax on excess net passive income (line 25a, page 1, Form 1120S), and capital gain income was included in the computation of the tax, the amount to be entered on line 10 is figured as follows:

1. Reduce the capital gain income reported on line 10 from a sale made in an earlier year of the installment basis. For additional information, get Publication 537, Installment Sales.

2. Refigure lines 4 and 9 of Schedule D based on the revised amounts from step 1 above.

3. Enter on line 10 the net capital gain (if any) from revised lines 4 and 9.

See Section 1375(c)(2) for more information.

**Part IV—Tax Computation**

Section 1374 imposes a tax on certain capital gains of an S corporation.

By answering the following questions, you can determine if you are liable for the tax. If your net capital gain is less than \$25,000, and you are not liable for the tax, you must answer questions A through D below as your explanation of why you are not liable for the tax.

If answers to questions A, B, and C or questions A, B, and D are "Yes," the tax applies and you must complete Part IV of Schedule D (Form 1120S). Otherwise, you are not liable for the tax.

## A. Is taxable income per attached schedule more than \$25,000?

Yes  No

B. Is net capital gain (line 10, Part III, Schedule D (Form 1120S)) more than \$25,000, and more than 50% of taxable income per attached schedule?

Yes  No

C. Have you been other than an S corporation at any time during the 3 tax years just before this year or since existence, if less than 4 years?

Yes  No

D. If answer to question C is "No," does line 10 (long-term capital gain, Part III, Schedule D (Form 1120S)) represent gain from property described in each of items 1, 2, and 3 below?

Yes  No

**Note:** If for any reason the computation for line 10 is made on a separate schedule, attach the schedule to Schedule D (Form 1120S).

**Line 18.**—S corporations are subject to the minimum tax only for the capital gains items of tax preference and only to the extent that the gains are subject to the tax imposed by section 1374. Corporations having such capital gains of more than \$10,000 must attach Form 4626 to Form 1120S.

Yes  No



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**SCHEDULE C.—Dividends and Special Deductions (See page 5 of Instructions.)**

	(A) Dividends received	(B) %	(C) Special deductions: (multiply A) x (B))
1 Domestic corporations subject to 85% deduction . . . . .	85		
2 Certain preferred stock of public utilities . . . . .	59.13		
3 Foreign corporations subject to 85% deduction . . . . .	85		
4 Wholly-owned foreign subsidiaries subject to 100% deduction (section 245(b)) . . . . .	100		
5 Total—Add lines 1 through 4, Column C. See instructions for limitation. Enter here and on line 6b, page 1 . . . . .			
6 Other dividends from foreign corporations not included in lines 3 and 4 . . . . .			
7 Income from controlled foreign corporations under subpart F (attach Form 5471) . . . . .			
8 DISC or former DISC dividends not included in line 1 (section 246(d)) . . . . .			
9 Other dividends . . . . .			
10 Total dividends (add amounts on lines 1 through 9, Column A) . . . . .			
11 Qualified dividends—Enter here and on line 2e, Column D, Schedule B . . . . .			
12 Nonqualified dividends (subtract line 11 from line 10) and enter on line 3e, Column D, Schedule B . . . . .			

**SCHEDULE E.—Deductions (See page 5 of Instructions.)**

1 Export promotion expenses:	2 Other expenses not deducted on line 1:
a Market studies . . . . .	
b Advertising . . . . .	
c Depreciation (attach Form 4562) . . . . .	
d Salaries and wages . . . . .	
e Rents . . . . .	
f Sales commissions . . . . .	
g Warehousing . . . . .	
h Freight (excluding insurance—see instructions) . . . . .	
i Compensation of officers . . . . .	
j Repairs (see instructions) . . . . .	
k Pension, profit-sharing, etc. plans (see instructions) . . . . .	
l Employee benefit programs . . . . .	
m Other (list) . . . . .	
n Total (add lines 1a through 1m) . . . . .	
	h Total (add lines 2a through 2g) . . . . .
	3 Total deductions (add lines 1n and 2h)—Enter here and on line 4, page 1 . . . . .

**SCHEDULE F.—Bad Debts—Reserve Method**

1. Year	2. Trade notes and accounts receivable outstanding at the end of the year	3. Sales on account	4. Amount added to the reserve	5. Recoveries	6. Amount charged against the reserve	7. Reserve for bad debts at the end of the year
1978						1
1979						2
1980						3
1981						4
1982						5
1983						6

**SCHEDULE J.—Deemed and Actual Distributions to Shareholders for the Tax Year (See page 6 of Instructions.)****Part I.—Deemed Distributions under Section 995(b)(1)**

1 Enter taxable income from line 7, page 1 . . . . .	1
2 Enter income as specified in instructions for Part I, line 2 (attach schedule) . . . . .	2
3 Adjusted taxable income (subtract line 2 from line 1)(enter here and on line 1, Part II) . . . . .	3
4 Enter amount from line 22, Part II . . . . .	4
5 Subtract line 4 from line 3 . . . . .	5
6 Enter 50% of line 5 . . . . .	6
7 Enter 57.5% of line 5 . . . . .	7

(Continued on page 4.)

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**Part I.—Deemed Distributions under Section 995(b)(1)—Continued**

8 International boycott income (section 995(b)(1)(F)(ii)) (see instructions) . . . . .	8
9 Illegal bribes and other payments (section 995(b)(1)(F)(iii)) (see instructions) . . . . .	9
10 Total of lines 2, 4, 6, 8, and 9 . . . . .	10
11 Total of lines 2, 4, 7, 8, and 9 . . . . .	11
12 Earnings and profit for the year (see instructions—attach schedule) . . . . .	12
13 Enter smaller of line 10 or 12 . . . . .	13
14 Enter smaller of line 11 or 12 . . . . .	14
15 Foreign investment attributable to producer's loans (see instructions—attach schedule):	
(a) Computation of amount to be added in 16 below . . . . .	15a
(b) Computation of amount to be added in 17 below . . . . .	15b
16 Add lines 13 and 15(a) . . . . .	16
17 Add lines 14 and 15(b) . . . . .	17
18 Enter percentage of stock owned by shareholders that are not corporations . . . . .	18
19 Enter percentage of stock owned by shareholders that are corporations . . . . .	19
20 Multiply line 16 by line 18 (see instructions) . . . . .	20
21 Multiply line 17 by line 19 (see instructions) . . . . .	21
22 Total deemed distributions under section 995(b)(1)—Add lines 20 and 21 . . . . .	22

**Part II.—Taxable Income Attributable To Base Period Export Gross Receipts (section 995(b)(1)(e))**

1 Adjusted taxable income (from line 3, Part I) . . . . .	1
2 Larger of: (a) 365 divided by the number of days in your tax year or, (b) 1 (one) . . . . .	2
3 Annualized adjusted taxable income (line 1 times line 2) . . . . .	3
4 Annualized adjusted taxable income of all other DISCs in your controlled group (see instructions for exceptions) . . . . .	4
5 Line 3 plus line 4 (if \$100,000 or less, see instructions) . . . . .	5
6 Tax years beginning in 1976, 1977, 1978, and 1979 (use a separate line for each full or part year, starting with the earliest):	
A. Beginning of year (month, day, year) . . . . .	B. End of year (month, day, year) . . . . .
a.	
b.	
c.	
d.	
e.	
f. Totals (add lines a through e) . . . . .	
g. Base period export gross receipts (subtract Column 6D, line f from Column 6C, line f) . . . . .	6g
7 Enter the smaller of: (a) 1,461 divided by the number of days in your base period, or (b) 1 (one) . . . . .	7
8 Line 6g times line 7 . . . . .	8
9 Adjustment factor . . . . .	9 .1675
10 Adjusted base period export gross receipts (line 8 times line 9) . . . . .	10
11 Additions to adjusted base period export gross receipts:	
a. Adjusted base period export gross receipts of all other DISCs in your controlled group . . . . .	11a
b. Other additions (attach schedule—see instructions) . . . . .	11b
c. Total additions (line 11a plus line 11b) . . . . .	11c
12 Line 10 plus line 11c . . . . .	
13 a. Qualified export receipts as described in sections 993(a)(1)(A), (B), (C), (G), and (H). (Add the amounts from Schedule B, Columns B and D, lines 1c, 2a, 2b, 2c, and 2d) b. 50% of qualified export receipts on line 13a attributable to military property c. Export gross receipts (subtract line 13b from line 13a) . . . . .	13a 13b 13c
14 Annualized export gross receipts (line 2 times line 13c) . . . . .	14
15 Annualized export gross receipts of all other DISCs in your controlled group . . . . .	15
16 Line 14 plus line 15 . . . . .	16
17 Enter the smaller of: (a) line 12 divided by line 16, or (b) 1 (one) . . . . .	17
18 Line 5 times line 17 . . . . .	18
19 Small DISC phaseout:	
a. Enter the greater of (a) \$150,000 less line 5 (but not more than \$50,000) or (b) zero b. Line 19(a) times 2 (two) . . . . .	19a 19b
20 Subtract line 19(b) from line 18 (enter zero if less than zero) . . . . .	20
21 Line 1 divided by line 5 . . . . .	21
22 Taxable income—Section 995(b)(1)(E) . . . . . (Line 20 times line 21. Enter here and on line 4, Part I) . . . . .	22

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**Part III.—Deemed Distributions Under Section 995(b)(2)**

1 Annual installment of distribution attributable to revocation of election in an earlier year . . . . .	1	
2 Annual installment of distribution attributable to not qualifying as a DISC in an earlier year . . . . .	2	
3 Total deemed distributions under section 995(b)(2) (add line 1 and line 2) . . . . .	3	

**Part IV.—Actual Distributions**

1 Distributions to meet qualification requirements under section 992(c) (attach computation) . . . . .	1	
2 Other actual distributions . . . . .	2	
3 Total (add line 1 and line 2) . . . . .	3	
4 Amount on line 3 treated as distributed from:		
a Previously taxed income . . . . .	4a	
b Accumulated DISC income (including DISC income of the current year) . . . . .	4b	
c Other earnings and profits. . . . .	4c	
d Other . . . . .	4d	

**Additional Information**

- H Did you claim a deduction for expenses connected with:
- (1) Entertainment facility (boat, resort, ranch, etc.)? . . . . .
  - (2) Living accommodations (except employees on business)? . . . . .
  - (3) Employees attending conventions or meetings outside the North American area? (See section 274(h).)
  - (4) Employees' families at conventions or meetings?
    - If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)  - (5) Employee or family vacations not reported on Form W-2?
- I Refer to page 8 of the instructions and state the main:
- Business activity ►
- Product or service ►
- J Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each corporation.
- K (1) Did 95% or more of your gross receipts for the tax year consist of qualified export receipts (defined in section 993(a))?
- (2) Did the adjusted basis of your qualified export assets (as defined in section 993(b)) at the end of the tax year equal or exceed 95% of the sum of the adjusted basis of all your assets at the end of the tax year?
- (3) If the answer to (1) or (2) is "No," did you make a pro rata distribution of property as defined in section 992(c)?
- L Did you have more than one class of stock at any time during the tax year?
- M Was the par or stated value of your stock at least \$2,500 on each day of the tax year (for a new corporation, on the last day for making an election and for each later day)?
- N Are you a member of a controlled group that includes other DISCs? (If "Yes," complete (1) and (2) below.)
- (1) Report in Part II, Section B of Schedule N the names, addresses, and employer identification numbers of the DISCs.
  - (2) State the name and employer identification number of the DISC in your controlled group completing Columns 3 and 4 of Part I, Section B of Schedule N. (See specific instructions for Schedule N (Form 1120-DISC):
- Name ► E.I.N. ►
- O Did you have your own bank account? . . . . .
- P Did you keep separate books and records? . . . . .
- Q At any time during the tax year, did you have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country? (See instructions for exceptions and filing requirements for Form 90-22.1.)
- If "Yes," write the name of the foreign country ►
- R Were you the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926.
- S During this tax year did the corporation maintain any part of its accounting/tax records on a computerized system?
- T (1) Do you or any member of your controlled group (as defined in section 993(a)(3)) have operations in or related to any country (or with the government, a company, or a national of that country) associated in carrying out the boycott of Israel that is on the list kept by the Secretary of the Treasury under section 999(a)(3)?
- (2) Did you or any member of the controlled group of which you are a member have operations in any nonlisted country, that you know or have reason to know requires participation in or cooperation with an international boycott against Israel?
- (3) Did you or any member of the controlled group of which you are a member have operations in any country, that you know or have reason to know requires participation in or cooperation with an international boycott other than the boycott of Israel?
- If you answered "Yes" to any of the questions in T, see instructions and Form 5713, International Boycott Report.

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**SCHEDULE L.—Balance Sheets**

		(A) Beginning of the tax year	(B) End of the tax year
<b>Assets</b>			
1 Qualified assets:			
a Working capital (cash and necessary temporary investments) . . . . .			
b Funds awaiting investment (cash in U.S. banks in excess of working capital needs to acquire other qualified export assets) . . . . .			
c Export-Import Bank obligations . . . . .			
d Trade receivables (accounts and notes receivable) . . . . .			
(i) Subtract allowance for bad debts . . . . .			
e Export property (net) (including inventory and qualified property held for lease)			
f Producer's loans . . . . .			
g Investment in related foreign export corporations . . . . .			
h Depreciable assets . . . . .			
(i) Subtract accumulated depreciation . . . . .			
i Other (attach schedule) . . . . .			
2 Nonqualified assets (net) (list): . . . . .			
3 Total assets . . . . .			
<b>Liabilities and Stockholders' Equity</b>			
4 Accounts payable . . . . .			
5 Other current liabilities (attach schedule) . . . . .			
6 Mortgages, notes, bonds payable in 1 year or more . . . . .			
7 Other liabilities (attach schedule) . . . . .			
8 Capital stock . . . . .			
9 Paid-in or capital surplus . . . . .			
10 Other earnings and profits . . . . .			
11 Previously taxed income (section 996(f)(2)) . . . . .			
12 Accumulated DISC income . . . . .			
13 Subtract cost of treasury stock . . . . .			
14 Total liabilities and stockholders' equity . . . . .			

**SCHEDULE M-1.—Reconciliation of Income per Books With Income per Return**

1 Net income on books . . . . .		6 Income recorded on books this year and not included in this return (itemize) . . . . .	
2 Excess of capital losses over capital gains . . . . .			
3 Taxable income not recorded on books this year (itemize) . . . . .			
4 Expenses recorded on books this year and not deducted in this return (itemize) . . . . .			
5 Add lines 1 through 4 . . . . .		8 Add lines 6 and 7 . . . . .	
		9 Income (line 7, page 1) (line 5 less line 8) . . . . .	

**SCHEDULE M-2.—Analysis of Other Earnings and Profits (Line 10 above)**

1 Balance at the beginning of the year . . . . .		5 Distributions to qualify under section 992(c) . . . . .	
2 Increases (itemize) . . . . .		6 Other decreases (itemize) . . . . .	
3 Add lines 1 and 2 . . . . .		7 Add lines 4, 5, and 6 . . . . .	
4 Deficit in earnings and profits . . . . .		8 Balance at end of year (line 3 less line 7) . . . . .	

**SCHEDULE M-3.—Analysis of Previously Taxed Income (Line 11 above)**

1 Balance at the beginning of the year . . . . .		5 Deficit in earnings and profits . . . . .	
2 Deemed distributions under section 995(b) . . . . .		6 Distributions to qualify under section 992(c) . . . . .	
3 Other increases (itemize) . . . . .		7 Distributions upon disqualification (sec. 995(b)(2)) . . . . .	
4 Add lines 1, 2, and 3 . . . . .		8 Other decreases (itemize) . . . . .	

**SCHEDULE M-4.—Analysis of Accumulated DISC Income (Line 12 above)**

1 Balance at the beginning of the year . . . . .		6 Distributions to qualify under section 992(c) . . . . .	
2 Increases (itemize) . . . . .		7 Distributions upon disqualification (sec. 995(b)(2)) . . . . .	
3 Add lines 1 and 2 . . . . .		8 Other decreases (itemize) . . . . .	
4 Deficit in earnings and profits . . . . .		9 Add lines 4 through 8 . . . . .	
5 Redemptions under section 996(d) . . . . .		10 Balance at end of year (line 3 less line 9) . . . . .	

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1983



## Instructions for Form 1120-DISC Domestic International Sales Corporation Return

(Section references are to the Internal Revenue Code, unless otherwise noted.)

### Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

### Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A domestic international sales corporation may contribute by enclosing a separate check payable to "Bureau of the Public Debt," with Form 1120-DISC. These amounts are tax-deductible, subject to the rules and limitations for charitable contributions.

### Tax Law Change

Effective for DISC tax years beginning after December 31, 1982, the percentage used to figure the section 995(b)(1)(F) portion of deemed distributions for shareholders that are corporations increased from 50% to 57.5%. The 50% used to figure the section 995(b)(1)(F) portion of deemed distributions for shareholders that are not corporations did not change. See Instructions for lines 6 and 7 of Schedule J.

### General Instructions

#### A. Purpose of Form

Form 1120-DISC is an information return filed by domestic international sales corporations—DISCs—and former DISCs.

#### B. What Is a DISC

A DISC is a domestic corporation that has elected to be treated as a DISC and meets certain conditions regarding its income and assets. Generally, a DISC is not taxed on its income. Shareholders of a DISC are taxed on part of its income, unless the income is actually distributed.

To be a DISC, a corporation must be organized under the laws of a State or the District of Columbia and meet the following tests:

- Its election to be treated as a DISC is in effect for the tax year.
- At least 95% of its gross receipts during the tax year are qualified export receipts.
- At the end of the tax year, the adjusted basis of its qualified export assets is at least 95% of the sum of the adjusted basis of all its assets.

- It has one class of stock, and its outstanding stock has a par value of at least \$2,500 on each day of the tax year (or, for a new corporation, on the last day to elect DISC treatment for the year and on each later day).

- On each day of the tax year it has its own bank account and keeps separate books and records.

See section 992 and the related regulations for details and Instruction D for definitions.

- 1. Electing DISC treatment.—An existing corporation that wants to be treated as a DISC must file Form 4876, Election to Be Treated as a DISC, within 90 days before the start of the tax year for which the election is to take effect. A new corporation must file during the first 90 days of its existence.

For the election to be valid, all the corporation's shareholders on the first day of the tax year the election is to take effect must consent to it.

- 2. End of election.—The election to be treated as a DISC can end automatically, or it can be revoked.

The election ends automatically if, any time after it is made, the corporation has 5 consecutive tax years when it does not meet the terms listed above for being a DISC.

The election can be revoked for any tax year after the first year it is in effect. A revocation is effective either for the tax year in which it is made (if made during the first 90 days of the tax year) or for the next year (if made after the first 90 days of the tax year).

- 3. Distribution to meet qualification requirements.—A DISC that does not meet the gross receipts or qualified export asset tests during the tax year will still be considered to have met them if, after the year ends, the DISC makes a pro rata property distribution to its shareholders and specifies at the time that this is a distribution to meet the qualification requirements.

If the DISC did not meet the gross receipts test, the distribution equals the part of its taxable income attributable to gross receipts that are not qualified export gross receipts. If it did not meet the qualified export asset test, the distribution equals the fair market value of the assets that are not qualified export assets on the last day of the tax year. If the DISC did not meet either test, the distribution equals the sum of both amounts. Regulations section 1.992-3 explains how to figure the distribution.

**"Interest" on late distribution.**—If the DISC makes this distribution after the date Form 1120-DISC is due, an interest charge must be paid to the IRS service center where you filed the form. The charge is 4 1/2% of

the distribution times the number of tax years that begin after the tax year to which the distribution relates until the date the DISC paid the distribution.

If you must pay this interest charge, send the payment to the service center within 30 days of making the distribution. On the payment write the DISC's name, address, and employer identification number; the tax year involved; and a statement that the payment represents the interest charge under regulations section 1.992-3(c)(4).

**4. Ineligible organizations.**—The following organizations are not eligible for DISC treatment. File the return indicated instead of Form 1120-DISC.

- Tax-exempt organization (section 501): File the appropriate return in the Form 990 series.
- Personal holding companies (section 542): File Form 1120 with Schedule PH (Form 1120).
- Financial institution affected by section 581 or 593: File Form 1120.
- Life, mutual, or other insurance companies (subchapter L): File Form 1120L, 1120M, or 1120.
- Regulated investment company (section 851(a)): File Form 1120.
- An S corporation (section 1361(a)): File Form 1120S.

#### C. Filing Form 1120-DISC

**1. Who Files Form 1120-DISC.**—You must file Form 1120-DISC if your corporation elected, by filing Form 4876, to be treated as a DISC.

If the corporation is a former DISC, you must file Form 1120-DISC for it, in addition to any other return required. A former DISC is a corporation that was a DISC in an earlier year but did not meet the terms of being a DISC during its 1983 tax year, and at the beginning of the year, it had undistributed income that was previously taxed or accumulated DISC income. (See section 992 and the related regulations.)

In regard to a former DISC, you need not complete the items for figuring taxable income, but you must complete Schedules J, L, and M of Form 1120-DISC and Schedule K (Form 1120-DISC). Write "Former DISC" across the top of the return.

**2. When to File.**—File Form 1120-DISC by the 15th day of the 9th month after the tax year ends. No extensions are granted.

**Period covered.**—File the 1983 return for calendar year 1983 and fiscal years that began in 1983 and end in 1984. If the return is for a fiscal year, fill in the tax year space at the top of the form.

If the DISC's tax year began in 1982, use the 1982 Form 1120-DISC.

**Amended return.**—To correct any error in a Form 1120-DISC already filed, file an amended Form 1120-DISC and write "Amended" across the top.

**Change in tax year.**—To change your tax year, file Form 1128, Application for Change in Accounting Period.

the distribution times the number of tax years that begin after the tax year to which the distribution relates until the date the DISC paid the distribution.

If you must pay this interest charge, send the payment to the service center within 30 days of making the distribution. On the payment write the DISC's name, address, and employer identification number; the tax year involved; and a statement that the payment represents the interest charge under regulations section 1.992-3(c)(4).

**Final return.**—If the corporation ceased to exist, write "Final return" across the top of the form.

#### 3. Where to File.

If the main business office, or agency is located in  
▼  
Use the following Internal Revenue Service Center address  
▼

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtsville, NY 10050
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 01501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, Missouri, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
District of Columbia, Delaware, Maryland, Pennsylvania	Philadelphia, PA 19255

If the DISC is one of a group of DISCs controlled by a common parent, file with the service center where the common parent files.

A group of corporations in several service center regions may file their separate returns with the service center for the main office of the managing corporation that keeps all the books and records.

**4. Signature.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in Form 1120-DISC, the Paid Preparer's space under Signature of Officer should remain blank. If someone prepared Form 1120-DISC and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120-DISC should not sign, for example, a regular full-time employee of the corporation such as a clerk or secretary. Does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120-DISC must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST:

- Complete the required preparer information.

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- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120-DISC to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, for more details.

#### 5. Other Returns and Statements That May Be Required.

##### a. Financial statements.

The balance sheets must agree with your books and records. Reconcile any differences.

##### b. Stock in foreign corporation.

If, on the last day of your tax year, you owned at least 5% in value of a foreign personal holding company's outstanding stock, attach a statement showing the foreign company's gross income, deductions, credits, taxable income, and undistributed foreign personal holding company income.

If you controlled a foreign corporation or owned at least 10% of the shares in a controlled foreign corporation, you may have to file Form 5471, Information With Respect to a Foreign Corporation.

##### c. Forms 1042 and 1042S.

File Form 1042, U.S. Annual Return of Income Tax to be Paid at Source (Under Chapter 3, IRC), and Form 1042S, Income Subject to Withholding under Chapter 3, Internal Revenue Code, to report tax withheld from amounts paid to nonresident aliens and foreign corporations (sections 1441 through 1461). In addition, please inform your shareholder(s) who are nonresident alien individuals or foreign corporations, trusts, or estates that if they have gains from disposing of stock in the DISC or former DISC, or distributions from accumulated DISC income, including deemed distributions, they should treat these amounts as effectively connected with the conduct of a trade or business through a permanent establishment in the U.S.

##### d. Definitions.

The following definitions are based on section 993.

##### e. Qualified export receipts, in general.

are any of the following:

- (1) Gross receipts from selling, exchanging, or otherwise disposing of export property.
- (2) Gross receipts from renting export property that the lessee uses outside the U.S.
- (3) Gross receipts from supporting services related to any qualified sale, exchange, rental, or other disposition of export property by the corporation.
- (4) Gross receipts, if there is a gain, from selling, exchanging, or otherwise disposing of qualified export assets that are not export property.
- (5) Dividends or amounts includable in gross income under section 951 regarding stock of a related foreign export corporation.

(6) Interest on any obligation that is a qualified export asset.

(7) Gross receipts for engineering or architectural services on construction projects outside the U.S.

(8) Gross receipts for managerial services performed for an unrelated DISC.

For more information, see regulations section 1.993-1.

b. Qualified export assets are any of the following:

- (1) Export property.
- (2) Assets used mainly in performing the engineering or architectural services listed under qualified export receipts, item 7, or managerial services that further the production of qualified export receipts, items (1), (2), (3) and (7) above; or assets used mainly in assembling, servicing, handling, selling, leasing, packaging, transporting, or storing of export property.

(3) Accounts receivable produced by transactions listed under qualified export receipts, items (1)-(4), (7), or (8).

(4) Temporary investments, such as money and bank deposits, in an amount reasonable to meet the corporation's needs for working capital.

(5) Obligations related to a producer's loan.

(6) A related foreign export corporation's stock or securities that the DISC holds.

(7) Certain obligations that are issued or insured by the U.S. Export-Import Bank or the Foreign Credit Insurance Association and that the DISC acquires from the Bank, the Association, or the person who sold or bought the goods from which the obligations arose.

(8) Certain obligations, held by the DISC, that were issued by a domestic corporation organized to finance export property sales under an agreement with the Export-Import Bank, by which the corporation makes export loans that the Bank guarantees.

(9) Other debts in the U.S. used to acquire qualified export assets within the time provided by regulations section 1.993-2(j).

Regulations section 1.993-2 gives more information.

c. Export property must meet all the following terms. It is:

- (1) Made, grown, or extracted in the U.S. by someone other than a DISC.
- (2) Neither excluded under section 993(c)(2) nor declared in short supply under section 993(c)(3).

(3) Held mainly for sale or rent in the ordinary course of trade or business, by or to a DISC for direct use, consumption, or disposition outside the U.S.

(4) Not more than 50% of its fair market value is attributable to articles imported into the U.S.

(5) Neither sold nor leased by or to another DISC that, immediately before or after the transaction, either belongs to the same controlled group (defined in section 993(a)(3)) as your DISC or is related to your DISC in a way that would result in losses being denied under section 267.

See regulations section 1.993-3 for details.  
**d. A producer's loan** must meet all the following terms:

- (1) Satisfy sections 993(d)(2) and (3) limiting loans the DISC makes to any one borrower.
- (2) Not raise the unpaid balance due the DISC on all its producer's loans above the level of accumulated income it had at the start of the month in which it made the loan.
- (3) Be indicated by written evidence of debt, such as a note, that has a stated maturity date no more than 5 years after the date of the loan.
- (4) Be made to a person in the U.S. in the trade or business of making, growing, or extracting export property.
- (5) Be designated as a producer's loan when made.

For more information, see regulations section 1.993-4.

**e. Related foreign export corporation** of any of the following kinds can pay dividends and interest to the DISC without loss of DISC status. The DISC's investment must be related to exports from the U.S.

(1) A *foreign international sales corporation* is a related foreign export corporation if:

- (i) The DISC directly owns more than 50% of the total voting power of the foreign corporation's stock.
- (ii) For the tax year that ends within its tax year, at least 95% of the foreign corporation's gross receipts consists of the qualified export receipts described in items (1)-(4) of definition a above and interest on the qualified export assets listed in items (3) and (4) of definition b above, and

(iii) The adjusted basis of the qualified export assets that are listed in items (1)-(4) of definition b above and that the foreign corporation held at the end of the tax year is at least 95% of the adjusted basis of all assets it held then.

(2) A *real property holding company* is a related foreign export corporation if:

- (i) The DISC directly owns more than 50% of the total voting power of the foreign corporation's stock, and
- (ii) Applicable foreign law forbids the DISC to hold title to real property; the foreign corporation's sole function is to hold the title; and only the DISC uses the property, under lease or otherwise.

(3) An *associated foreign corporation* is a related foreign export corporation if:

- (i) The DISC or a controlled group of corporations to which the DISC belongs owns less than 10% of the total voting power of the foreign corporation's stock (section 1563 defines a controlled group in this sense, and sections 1563(d) and (e) define ownership) and

(ii) the DISC's ownership of the foreign corporation's stock or securities reasonably furthers transactions that lead to qualified export receipts for the DISC.

See regulations section 1.993-5 for more information about related foreign export corporations.

f. **Gross receipts** are the DISC's total receipts from (1) selling or renting property that the corporation holds for sale or rental in the course of its trade or business and (2) all other sources. For commissions on selling or renting property, include gross receipts from selling or renting the property on which the commissions arose. Regulations section 1.993-6 gives more information.

g. **United States**, as used in these instructions, includes Puerto Rico and U.S. possessions, as well as the 50 States and the District of Columbia.

2. **Inter-company pricing rules (section 994)**.—If a related person described in section 482 sells export property to the DISC, use inter-company pricing rules to figure taxable income for the DISC and the seller. These rules generally do not permit the related person to price at a loss. There must be a written agreement for the inter-company pricing rules to apply. Under inter-company pricing, the DISC's taxable income from the sale (regardless of the price actually charged) is the greatest of:

- (a) 4% of qualified export receipts on the DISC's sale of the property; plus 10% of the DISC's export promotion expenses attributable to the receipts.
- (b) 50% of the DISC's and the seller's combined taxable income from qualified export receipts on the property, derived from the DISC's selling it; plus 10% of the DISC's export promotion expenses attributable to the receipts.

(c) Taxable income based on the sale price actually charged, as long as it accurately reflects taxable income without evading taxes.

**Schedule F (Form 1120-DISC), Computation of Inter-company Transfer Price or Commission**, explains inter-company pricing in more detail.

3. **Export promotion expenses (section 994(c))**.—These expenses are incurred to help distribute or sell export property for use or distribution outside the U.S. These expenses do not include income tax, but do include 50% of the cost of shipping the property on U.S.-owned and operated aircraft or ships if the law and regulations do not require that it be shipped on them.

4. **Penalties**

Avoid penalties by filing accurate returns on time with complete information. The DISC may have to pay the following penalties unless it can show that it had reasonable cause for not giving information or not filing a return:

- \$100 for each instance of not giving information, up to \$25,000 during the calendar year;
- \$1,000 for not filing a return.

## Specific Instructions

**Accounting methods.**—Compute taxable income by the accounting method regularly used to keep the DISC's books and records. The method used must clearly reflect taxable income. (See section 446.)

A member of a controlled group must avoid using an accounting method that would distort any group member's income, including its own. For example, a DISC acts as a commission agent for property sales by a related corporation that uses the accrual method and pays the DISC its commission more than 2 months after the sale. The DISC, then, should not use the cash method of accounting because it materially distorts the income of the DISC.

Unless the law specifically permits otherwise, the DISC may change from the accounting method it used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method.

**Rounding Off.**—You may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents, and increase any amount from 50 cents through 99 cents to the next higher dollar.

**Attachments.**—If you need more space, attach separate sheets to the back of Form 1120-DISC. Attach Form 4136, Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil, after page 6, Form 1120-DISC. Attach schedules in alphabetical order and other forms in numerical order after the Form 4136. Be sure to put the DISC's name and employer identification number (EIN) on each sheet.

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**Employer Identification Number.**—Enter the DISC's employer identification number (EIN). If the DISC does not have an EIN, it should apply for one on Form SS-4, Application for Employer Identification Number. You can get this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which you send Form 1120-DISC. If you have not received the EIN by the time for filing Form 1120-DISC, write "Applied for" in the space for the EIN.

**Question E.—Total assets.**—Enter the total assets of the DISC. If there are no assets at the end of the tax year, enter the assets as of the beginning of the tax year.

**Question F.—For rules of stock attribution**, see section 267(c). If the owner of the voting stock of the DISC was an alien individual or a foreign corporation, partnership, trust, or estate, check the "Yes" box in the "Foreign Owner" column and enter the name of the owner's country, in parentheses, in the address column. "Owner's country" for individuals is their country of residence; for other foreign entities, it is the country in which organized or otherwise created, or in which administered.

## Lines 1 through 8

A DISC must figure its taxable income although it does not pay most taxes. Of the taxes imposed by sections 1 through 1564, a DISC is subject only to the tax imposed by sections 1491 through 1494 on certain transfers to avoid tax. A DISC is exempt from corporate income tax, minimum tax preference items, and accumulated earnings tax.

A DISC and its shareholders are not entitled to the possessions corporation tax credit (Section 936). Also, a DISC cannot claim the investment tax credit, the jobs credit, employee stock ownership credit, research credit, alcohol fuel credit, and credit for fuel produced from a nonconventional source, and these credits do not pass through to shareholders of a DISC.

**2. Cost of goods sold.**—Enter the amount from line 7, Schedule A.

**Cost of operations (when inventories are not an income-determining factor).**—If the amount on line 2 includes an amount applicable to cost of operations, attach a schedule showing in detail (1) salaries and wages and (2) other costs.

**6a. Net operating loss deduction.**—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(a).)

Your 1983 net operating loss is the excess of allowable deductions over gross income before your net operating loss deduction for other years is subtracted. In addition, you would figure your dividends-received deduction on Schedule C without regard to the 85% limitation in section 246(b). (Regulations section 1.172-2.)

After you apply the net operating loss to the year of the loss, you can carry any remaining loss 3 years back and 15 years forward; or you can irrevocably elect to carry it forward to the 15 years after the loss. After applying the loss to the first tax year, the part of the loss you may carry to each remaining tax year is any excess of the loss over the sum of the taxable income for the earlier tax years to which you may carry the loss. (See section 172(b).)

To determine how much net operating loss will be available to carry to a later year, figure the net operating loss deduction without regard to the net operating loss for the loss year or any later tax year. In some cases, do not include any net operating loss attributable to a foreign expropriation loss.

**A deficit in earnings and profits** chargeable in the following order:

- (1) First, to any other earnings and profits;
- (2) Second, to any accumulated DISC income; and
- (3) Finally, to previously taxed income. Do not apply any deficit in earnings and profits against accumulated DISC income that, as a result of the corporation's revoking its election to be treated as a DISC (or other disqualification), is deemed distributed to the shareholders. (Section 995(b)(2)(A).)

**7. Taxable income.**—If you use either the gross receipts method or combined taxable income method to compute the DISC's taxable income attributable to any transactions involving products or product

lines, attach Schedule P (Form 1120-DISC). Show in detail the DISC's taxable income attributable to each such transaction or group of transactions.

**8. Refund of U.S. Tax on Special Fuels and Oils.**—Enter the credit from Form 4136. Also, if the DISC is a producer of domestic crude oil and overpaid the windfall profit tax, include the overpayment from Form 6249, Computation of Overpaid Windfall Profit Tax, in the total on line 8. Also enter the overpayment separately in the margin beside line 8 and identify it as "Overpaid windfall profit tax." Attach Form 6249 to Form 1120-DISC.

## Schedule A.—Cost of Goods Sold

If you use inter-company pricing rules, reflect in Schedule A actual purchases from a related supplier. See General Instruction D-2 and use the transfer price you compute in Part II of Schedule P (Form 1120-DISC).

If the DISC acts as another person's commission agent on a sale, do not enter any amount in Schedule A for the sale. See Schedule P (Form 1120-DISC).

**Valuation methods.** Your inventories can be valued at: 1. cost; 2. cost or market value (whichever is lower); or 3. any other method that is approved by the Commissioner of Internal Revenue and that conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such changes should be made by filing Form 3115. For more information about the change, see regulations section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

In line 8a, check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions when there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For more requirements, see regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is 1. unsalable at normal prices or 2. unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price minus direct cost of disposition (but not less than scrap value) if you can establish such a price. See regulations section 1.471-2(c) for more requirements.

In (iv) of 8a indicate whether you used a method of inventory valuation other than those described in 8a (i) through (iii). Attach a statement describing the method used.

If this is the first year the "last-in-first-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, provided in section 472, attach Form 970, Application to Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO

box in line 8b. In line 8c enter the amount or percent of total closing inventories covered under section 472. Estimates are acceptable.

If the DISC changed or extended its inventory method to LIFO and had to "writeup" its opening inventory to cost in the year of election, report the effect of this writeup as income (line 31, Schedule B) proportionately over a 3-year period that begins in the tax year the DISC made its election. (Section 472(d).)

## Schedule B.—Gross Income (Numbered to correspond to line numbers in Schedule B.)

If an income item falls in two or more categories, report each part on the applicable line. For example, if interest income consists of qualified interest from a foreign international sales corporation and nongeneralized interest from a domestic obligation, enter the qualified interest on an attached schedule for line 2g and the nongeneralized interest on attached schedule for line 3f.

For gain from selling qualified export assets, you will need to attach a separate schedule in addition to the forms required for lines 2h and i.

If you use the installment method of reporting, attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on the amount collected.

**Commissions: Special Rule.**—If the DISC received commissions on selling or renting property or furnishing services, list in column B the gross receipts from the sales, rentals, or services on which the commissions arose, and in column C, list the commissions earned. In column D report receipts from non-commission sales or rentals of property or furnishing of services, as well as all other receipts.

For purposes of completing line 1a and line 1b, related purchasers are members of the same controlled group (as defined in section 993(x)(3)) as the DISC. All other purchasers are unrelated.

A qualified export sale or lease must meet a use test and a destination test in order to qualify.

The use requirement applies at the time of sale or lease. If the property is used predominantly outside the U.S., and the sale or lease is not for ultimate use in the U.S., it is a qualified export sale or lease. Otherwise, believe that the property will be used in the U.S., the sale or lease is not a qualified export sale or lease.

For example, if property is sold to a foreign wholesaler, and it is known in trade circles that the wholesaler, to a substantial extent, supplies the U.S. retail market, the sale would not be a qualified export sale, and the receipts would not be qualified export receipts.

**Destination test.**—Regardless of where title or risk of loss shifts from the seller or lessor, the property must be delivered under one of the following conditions:

- (a) Within the U.S. to a carrier or freight forwarder for ultimate delivery outside the U.S. to a buyer or lessee.

- (b) Within the U.S. to a buyer or lessee who, within 1 year of the sale or lease, delivers it outside the U.S. or delivers it to another person for ultimate delivery outside the U.S.
- (c) Within or outside the U.S. to a DISC that is not a member of the same controlled group (as defined in section 953(a)(3)) as the DISC that is making the sale or lease.
- (d) Outside the U.S. by means of the seller's delivery vehicle (ship, plane, etc.).
- (e) Outside the U.S. to a buyer or lessee at a storage or assembly site if the property was previously shipped from the U.S. by the DISC.
- (f) Outside the U.S. to a purchaser or lessee if the property was previously shipped by the seller or lessor from the U.S. and if the property is located outside the U.S. pursuant to a prior lease by the seller or lessor, and either (a) the prior lease terminated at the expiration of its term (or by the action of the prior lessee acting alone), (b) the sale occurred or the term of the subsequent lease began after the time at which the term of the prior lease would have expired, or (c) the lessee under the subsequent lease is not a related person (a member of the same controlled group as defined in section 953(a)(3)) or a relationship that would result in a disallowance of losses under section 267 or section 707(b)) immediately before or after the lease with respect to the lessor and the prior lease was terminated by the action of the lessor (acting alone or together with the lessee).

#### Line-by-Line Instructions

Qualified export receipts to be entered in line 1 are received from the sale of property, such as inventory, that is produced in the U.S. for direct use, consumption, or disposition outside the U.S. These sales are qualified export sales.

1a.—Enter the DISC's qualified export receipts from export property sold to foreign, unrelated buyers for delivery outside the U.S. Do not include amounts entered on line 1b.

1b.—Enter the DISC's qualified export receipts from export property sold to a related foreign entity for resale to a foreign, unrelated buyer or (ii) an unrelated buyer when a related foreign entity acts as commission agent.

2a.—Enter the gross amount received from leasing or subleasing export property to unrelated persons for use outside the U.S.

Receipts from leasing export property may qualify in some years and not in others, depending on where the lessee uses the property. Enter only receipts that qualify during the tax year. (Use Schedule E to deduct expenses such as repairs, interest, taxes, and depreciation.)

2b.—A service connected to a sale or lease is related to it if the service is usually furnished with that type of sale or lease in the trade or business where it took place. A service is subsidiary if it is less important than the sale or lease.

2c.—Include receipts from engineering or architectural services on foreign construction projects abroad or proposed for location abroad. These services include feasibility studies, design and engineering, and general supervision of construction, but do not include services connected with exploring for minerals.

2d.—Include receipts for export management services provided to unrelated DISCs.

2f.—Include interest received on any loan that qualifies as a producer's loan.

2g.—Enter interest on any qualified export asset other than interest on producer's loans.

For example, include interest on accounts receivable from sales in which the DISC acted as a principal or agent and interest on certain obligations issued, guaranteed, or insured by the Export-Import Bank or the Foreign Credit Insurance Association.

2h.—On Schedule D (Form 1120) report in detail every sale or exchange of a capital asset, even if there is no gain or loss.

In addition to Schedule D (Form 1120), attach a separate schedule computing gain from the sale of qualified export assets.

2i.—Enter the net gain or loss from line 14(a), Part II, Form 4797.

In addition to Form 4797, attach a separate schedule computing gain from the sale of qualified export assets.

3b.—Enter receipts from selling products subsidized under a U.S. program that have been designated as excluded exports.

3c.—Enter receipts from selling or leasing property or services for use by any part of the U.S. Government if law or regulations require U.S. products or services to be used.

3d.—Enter receipts from a DISC that belongs to the same controlled group (defined in section 953(a)(3)).

3f.—Include in an attached schedule any nonqualified gross receipts not reported on lines 3a through 3e. Do not offset an income item against a similar expense item.

#### Schedule C.—Dividends and Special Deductions

(Numbered to correspond to line numbers in Schedule C.)

##### Column A

1. Enter dividends received from domestic corporations for which you can take the 85% deduction under section 243(a)(1). Include taxable distributions from a DISC or former DISC if they are eligible for this deduction.

For dividends from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

So-called dividends or earnings from mutual savings banks, etc., are really interest. Report them in Schedule B, not in Schedule C.

2. Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

3. Enter dividends received from foreign corporations for which you can take the 85% deduction in section 245(a).

4. Enter dividends you can deduct that you received from wholly-owned foreign subsidiaries.

6. Enter foreign dividends that are not reportable on lines 3 and 4. Exclude distributions of amounts constructively taxed under subpart F for your 1983 tax year or in earlier years.

7. Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts on line 5, Schedule J of Form 5471.

8. Enter taxable distributions from a DISC or former DISC that are not eligible for the 85% dividends-received deduction. See sections 246(d), 995(b), and 995(x)(3).

9. Include dividends, except capital gain dividends, from regulated investment companies that are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends, except capital gain dividends, from a real estate investment trust that, for the trust's tax year in which the dividends are paid, qualifies under sections 856 through 860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments for similar stock; and other taxable dividend income not reported above.

11. Enter qualified dividends from the DISC's investment in a related foreign export corporation (defined in General Instruction D(1e)). Include income constructively received from controlled foreign corporations under subpart F. Generally, the investment will be in stock or securities of the DISC's foreign selling subsidiary that qualifies as a foreign international sales corporation.

##### Column C

Multiply the dividends received that are entered in lines 1-4, Column A, by the percentages shown in lines 1-4, Column C. Enter the result in lines 1-4, Column C.

In general, no dividends-received deduction will be allowed on any share of stock disposed of before the corporation has held it 15 days or to the extent the corporation must pay corresponding amounts for substantially identical stock or securities.

No deduction is allowed for dividends received from another DISC or former DISC if the dividend is paid from accumulated DISC income or previously taxed income or if it is a deemed distribution under section 995(b)(1).

Line 5.—Line 5 of Schedule C may not exceed 85% of line 5, page 1. For this purpose, figure line 5, page 1, without regard to any capital loss carryover to the tax year under section 1212(a)(1).

In a year when a net operating loss occurs, this 85% limit does not apply even if the dividends-received deduction creates the loss.

#### Schedule E.—Deductions

(Numbered to correspond to line numbers in Schedule E.)

2c.—Do not include interest on debts incurred or continued to buy or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

Section 267 limits deductions for unpaid

expenses and interest in transactions between related taxpayers. Section 461(g) limits a cash basis taxpayer's deduction for prepaid interest.

2d.—Enter contributions or gifts paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c). Include any unused contributions carried over from earlier years.

The DISC may claim up to 10% of modified adjusted taxable income as contributions. The limit is 10% of the amount on line 7, page 1, before deducting dividends received (line 6b, page 1), premiums paid on bond repurchases (section 249), or payments made to the National Railroad Passenger Corporation (section 250); and before figuring carrybacks to the 1983 tax year for net operating loss (section 172) or capital loss (section 212(a)(1)).

Do not deduct charitable contributions above the 10% limit for the 1983 tax year. You may carry over the excess for the next 5 tax years, as long as it does not increase a net operating loss carryover (section 170(d)(2)(B)).

A corporation on the accrual basis may elect to deduct contributions paid by the 15th day of the 3rd month after the tax year ends, if the board of directors authorized the contributions during the tax year. Attach both of the following to the return: a declaration, signed by an officer, stating that the board of directors adopted the resolution authorizing the contributions during the tax year, and a copy of the resolution.

If a contribution is made in property other than money, attach a schedule describing the kind contributed and what method was used to determine the fair market value.

1l.—Enter your contributions to employee benefit programs, such as insurance or health and welfare programs, that are not an incidental part of a plan included on line 1k. Also include contributions to a qualified group legal services plan. Section 1205 gives certain rules that the DISC must follow for its employees (including spouses and dependents) to be entitled to credits from their income for the DISC's contributions to the legal services plan.

1m.—Enter any other deduction not claimed above. Include amortization expense from Form 4562.

2a.—You may treat bad debts in either of two ways: (i) as a deduction for specific debts that become worthless, in whole or in part, or (ii) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

When applying to change the way you figure bad debts, file Form 3115.

2b.—Enter taxes paid or accrued during the tax year. See section 164(d) for apportioning real property tax between seller and buyer.

2c.—Do not deduct any amount allocable to exempt income. Items directly

attributable to wholly exempt income must be allocated to that income, and items directly attributable to any class of taxable income must be allocated to that income. If an item is indirectly attributable to both taxable and exempt income, allocate a reasonable proportion to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each class. Show apportioned amounts separately.

#### Schedule J.—Deemed and Actual Distributions to Shareholders for the Tax Year

(Numbered to correspond to line numbers in Schedule J.)

##### Part I.—Deemed distributions under section 995(b)(1)

**Line 2 Income.**—Enter on line 2 the total income that is defined in a, b, c, and d below. Attach a schedule showing each item of income separately and the computation of items b, c, and d as explained below.

a. Gross interest derived during the tax year from producer's loans (section 995(b)(1)(A)).

b. Gain recognized on the sale or exchange of property (section 995(b)(1)(B)).—Show the computation of the gain. Include only limited gain on qualified export assets that the DISC acquired by transactions in which gain was not recognized. Report the same amount of the DISC's gain that the transferor did not recognize on the earlier transfer.

c. Gain recognized on the sale or exchange of property (section 995(b)(1)(C)).—Show the computation of the gain. Do not include any gain included in the computation of b above. Include only the amount of the DISC's gain that the transferor did not recognize on the earlier transfer and that would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the DISC. Do not include gain on sale or exchange of the DISC's stock in trade or other property that either would be included in inventory if on hand at the end of the tax year or is held primarily for sale in the normal course of business.

d. Fifty percent of taxable income attributable to military property (section 995(b)(1)(D)).—Show the computation of this income. To figure taxable income attributable to military property, use the gross income attributable to military property for the year and the deductions properly allocated to that income. Military property is defined in section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 USC 2778) and related regulations (22 CFR 121.01).

**Lines 6 and 7.**—Effective for tax years beginning after December 31, 1982, section 291(a)(4) modifies the provisions of section 995(b)(1)(F) by substituting 57.5% for (50%) for shareholders that are corporations. The 50% is still used in figuring the deemed distributions of shareholders that are individuals, partnerships, estates and trusts.

If a corporation only has one type of shareholder, for example only has shareholders that are corporations, it would complete lines 7, 8, 9, 11, 12, 14, 15b, 17, 19, 21, and 22 (and enter zero on lines 6, 10, 13, 15a, 16, 18, and 20).

**Line 8.** A DISC is deemed to distribute any income that resulted from cooperating with an international boycott (section 995(b)(1)(F)(ii)). See Form 5713, International Boycott Report, to compute this deemed distribution and to learn reporting requirements about any DISC with operations related to a boycotting country.

**Line 9.** A DISC is deemed to distribute the amount of any illegal payments, such as bribes or kickbacks, that it pays, directly or indirectly, to government officials, employees, or agents (section 995(b)(1)(F)(iii)).

**Line 12.** Attach a computation showing the earnings and profits for the tax year.

Generally, the allowance for depreciation (and any amortization) is the amount that would be available if the DISC had used the straight-line method of depreciation for each tax year beginning after June 30, 1972. See section 312(k)(2) for exceptions.

**Line 15a.** To figure the amount for line 15a, attach a computation showing: (1) the DISC's foreign investment in producer's loans during the tax year; (2) accumulated earnings and profits (including earnings and profits for the 1983 tax year) less the amount on line 14 Part I; and (3) accumulated DISC income. Enter the least of these amounts (but not less than zero) on line 15a.

**Line 15b.** To figure the amount for line 15b, attach a computation showing: (1) the DISC's foreign investment in producer's loans during the year; (2) accumulated earnings and profits (including earnings and profits for the 1983 tax year) less the amount on line 14 Part I; and (3) accumulated DISC income. Enter the least of these amounts (but not less than zero) on line 15b.

Foreign investment in producer's loans is the least of:

- (1) The net increase in foreign assets by members of the controlled group (defined in section 993(e)(3)) to which the DISC belongs.
- (2) The actual foreign investment by the group's domestic members.
- (3) The DISC's outstanding producer's loans to members of the controlled group.

"Net increase in foreign assets" and "actual foreign investment" are defined in sections 995(d)(2) and (3).

**Line 20.** Allocate the line 20 amount to shareholders that are individuals, partnerships, trusts, and estates.

**Line 21.** Allocate the line 21 amount to shareholders that are corporations.

**Part II.—Taxable Income attributable to base period export gross receipts**

The DISC is deemed to distribute taxable income attributable to base period gross

receipts. Complete Part II to arrive at this amount. For the DISC's 1983 tax year, the base period consists of the DISC's tax years that began in 1976, 1977, 1978, and 1979. For the DISC's 1982 tax year, the base period consists of the DISC's tax years 1975 through 1978. If the DISC's latest tax year began in 1982, use the 1982 Form 1120-DISC.

4. If any other DISCs belong to your controlled group, include their total annualized income for the latest tax year ending with or within your 1983 tax year. Do not include taxable losses.

5. If this amount is \$100,000 or less, skip to line 22; enter zero there and on line 4 Part I.

**6. Column C.**—Generally, if export property does not qualify under section 993(c)(2) as giving rise to export gross receipts in your 1983 year, exclude gross receipts on that property in computing export gross receipts for the base period.

However, if the property qualifies under section 603(b)(2) of the Tax Reduction Act of 1975, you must increase export gross receipts for the base period, from the increase, see section 1101(g)(5) of the Tax Reform Act of 1976.

For transactions on a commission basis, enter gross receipts, not just commissions.

11b. Add to export gross receipts for the base period if either of the following is true:

(1) stock ownership in the DISC is separated, during the base period, from ownership in the underlying trade or business that produced the export gross receipts; or (2) any 5% or more shareholder owned at least 5% of another DISC's stock in a base period year. See sections 995(e)(9) and (10).

15. Include the export gross receipts annualized for all DISCs in your controlled group. Annualize the receipts for the DISC's latest tax year that ended with or within your 1983 year.

#### Part III.—Deemed distributions under section 995(b)(2)

If the corporation is a former DISC or if it revoked DISC status for 1983, each shareholder is deemed to have received a distribution taxable as a dividend. The deemed distribution equals the shareholder's pro rata share of the DISC's income accumulated during the years just before DISC status ended. The shareholder will be deemed to receive the distribution in equal parts on the last day of the corporation's tax year for the shorter of the following periods after DISC status ended:

- 10 tax years
- Twice the number of years the corporation was a DISC.

#### Schedule K.—Shareholder's Statement of DISC Distribution

Attach a separate Copy A, Schedule K (Form 1120-DISC) to Form 1120-DISC for each shareholder who had an actual or deemed distribution during the DISC's tax year.

#### Additional Information

**Question Q.**—Check the Yes box if either (1) or (2) below applies to you. Otherwise check the No box.

(1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country; AND

- The combined value of the accounts was more than \$5,000 at any time during the year; AND
- The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.

(2) The DISC owns more than 50% of the stock in any corporation that would answer the question Yes based on item (1) above.

Get Form 90-22.1, Report of Foreign Bank and Financial Accounts, to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If question Q is checked Yes, file Form 90-22.1 by June 30, 1984, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

You can get Form 90-22.1 from many IRS offices.

Also, if question Q is checked Yes, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

**Question R.**—Check the Yes box if you were a grantor or a transferor to a foreign trust that existed during the tax year.

**Question T.**—File Form 5713 if the DISC or any member of its controlled group (defined in section 993(a)) has operations in or related to a boycotting country (or a national, company, or government of a boycotting country). A DISC that cooperates with an international boycott is also deemed to distribute part of its income. See Form 5713 for more information.

#### Schedule N.—Export Gross Receipts of the DISC and Related U.S. Persons

Complete and attach Schedule N (Form 1120-DISC) to Form 1120-DISC.

#### Schedule P.—Computation of Inter-Company Transfer Price or Commission

Attach a separate Schedule P (Form 1120-DISC) for each transaction or group of transactions to which you apply the inter-company pricing rules of section 994(a)(1) and (2). (See General Instruction D2.)

#### Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by the Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify establishments. However, certain activities such as manufacturing do not apply to a DISC.

Using the list below, enter on page 1, under 8, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means all income (line 1, page 1). On page 5, under question I, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Wholesale trade: Machinery, equipment, and supplies," the principal product or service may be "Engines and turbines."

Code	Code
5600 Apparel and accessory stores	5700 Furniture and home furnishings stores
5700 Eating and drinking places	
	Miscellaneous retail stores:
5912 Drug stores and proprietary stores	5921 Liquor stores
5995 Other miscellaneous retail stores	
	FINANCE, INSURANCE, AND REAL ESTATE
	Credit agencies other than banks:
6199 Other credit agencies	SERVICES
	Business services:
7389 Export management services	Auto repair and services; miscellaneous repair services:
7500 Lease or rental of motor vehicles	Amusement and recreation services:
7812 Motion picture production, distribution, and services	Other services:
8911 Architectural and engineering services	8930 Accounting, auditing, and bookkeeping
8960 Miscellaneous services	

#### WHOLESALE TRADE

Durable	Building materials, hardware, garden supply, and mobile home dealers:
5008 Machinery, equipment, and supplies	5220 Building materials dealers
5010 Motor vehicles and automotive equipment	5251 Hardware stores
5020 Furniture and home furnishings	5265 Garden supplies and mobile home dealers
5300 General merchandise stores	
5340 Sporting, recreational, photographic, and hobby goods, toys, and supplies	5300 General merchandise stores
5500 Metals and minerals, except petroleum and scrap	5410 Grocery stores
5600 Building goods	5490 Other food stores
5700 Hardware, plumbing and heating equipment	Automotive dealers and service stations:
5980 Other durable goods	5515 Motor vehicle dealers
	5541 Gasoline service stations
	5598 Other automotive dealers

**3468****Computation of Investment Credit**

OMB No. 1545-0155

Department of the Treasury  
Internal Revenue Service (L)

- Attach to your tax return.  
► Schedule B (Business Energy Investment Credit) on back.

**1983**  
25

Identifying number

**PART I.—Elections (Check the box(es) below that apply to you (See Instruction D).)**

- A I elect to increase my qualified investment to 100% for certain commuter highway vehicles under section 46(c)(6) . . . . .
- B I elect to increase my qualified investment by all qualified progress expenditures made this and all later tax years . . . . .
- Enter total qualified progress expenditures included in column (4), Part II ► . . . . .
- C I claim full credit on certain ships under section 46(g)(3) (See Instruction B for details.)

**PART II.—Qualified Investment**

1 Recovery Property	Line	(1) Class of Property	(2) Unadjusted Basis	(3) Applicable Percentage	(4) Qualified Investment (Column 2 x column 3)
Regular Percentage	(a) New Property	3-year		60	
	(b) Used Property	Other		100	
	(c) New Property	3-year		60	
Section 48(q) Election to Reduce Credit (instead of adjusting basis)	(d) Used Property	Other		100	
	(e) New Property	3-year		40	
	(f) Used Property	Other		80	
2 Nonrecovery property—Enter total qualified investment (See instructions for line 2) . . . . .			2		
3 New commuter highway vehicle—Enter total qualified investment (See Instruction D(1)) . . . . .			3		
4 Used commuter highway vehicle—Enter total qualified investment (See Instruction D(1)) . . . . .			4		
5 Total qualified investment in 10% property—Add lines 1(a) through 1(n), 2, 3, and 4 (See instructions for special limits) . . . . .			5		
6 Qualified rehabilitation expenditures—Enter total qualified investment for:					
a 30-year-old buildings . . . . .			6a		
b 40-year-old buildings . . . . .			6b		
c Certified historic structures (See instructions) . . . . .			6c		
<b>PART III.—Tentative Regular Investment Credit</b>					
7 10% of line 5 . . . . .			7		
8 15% of line 6a . . . . .			8		
9 20% of line 6b . . . . .			9		
10 25% of line 6c . . . . .			10		
11 Credit from cooperative—Enter regular investment credit from cooperatives . . . . .			11		
12 Current year regular investment credit—Add lines 7 through 11 . . . . .			12		
13 Carryover of unused credits . . . . .			13		
14 Carryback of unused credits . . . . .			14		
15 Tentative regular investment credit—Add lines 12, 13, and 14 . . . . .			15		
<b>PART IV.—Tax Liability Limitations</b>					
16 a Individuals—From Form 1040, enter tax from line 38, page 2, plus any additional taxes from Form 4970 . . . . .			16		
b Estates and trusts—From Form 1041, enter tax from line 26a, plus any section 644 tax on trusts . . . . .					
c Corporations (1120 filers)—From Form 1120, Schedule J, enter tax from line 1 . . . . .					
d Other organizations—Enter tax before credits from return . . . . .					
17 a Individuals—From Form 1040, enter credits from lines 41 and 42 of page 2 . . . . .			17		
b Estates and trusts—From Form 1041, enter any foreign tax credit from line 27a . . . . .					
c Corporations (1120 filers)—From Form 1120, Schedule J, enter any foreign tax credit from line 4(a), plus any possessions tax credit from line 4(f) . . . . .					
d Other organizations—Enter any foreign or possessions tax credit . . . . .					
18 Income tax liability as adjusted (subtract line 17 from line 16) . . . . .			18		
19 a Enter smaller of line 18 or \$25,000. See instruction for line 19 . . . . .			19a		
b If line 18 is more than \$25,000—Enter 85% of the excess . . . . .			19b		
20 Regular investment credit limitation—Add lines 19a and 19b . . . . .			20		
21 Allowed regular investment credit—Enter the smaller of line 15 or line 20 . . . . .			21		
22 Business energy investment credit limitation—Subtract line 21 from line 18 . . . . .			22		
23 Business energy investment credit—From line 14 of Schedule B . . . . .			23		
24 Allowed business energy investment credit—Enter smaller of line 22 or line 23 . . . . .			24		
25 Total allowed regular and business energy investment credit—Add lines 21 and 24. Enter here and on Form 1040, line 43; Schedule J (Form 1120), line 4(b), page 3, or the proper line on other returns . . . . .			25		

For Paperwork Reduction Act Notice, see separate instructions.

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Page 2

**Schedule B.—Business Energy Investment Credit**

1 Enter on lines 1(a) through 1(e) your qualified investment in business energy property that is the kind listed in the instructions for line 1, column (2).

Type of Property	Line	(1) Class of Property or life Years	(2) Code	(3) Unadjusted Basis/Basis	(4) Applicable Percentage	(5) Qualified Investment (Column 3 x column 4)
Recovery	(a)	3-year			60	
	(b)	Other			100	
	(c)	3 or more but less than 5			33 1/3	
Nonrecovery	(d)	5 or more but less than 7			66 2/3	
	(e)	7 or more			100	
						2

2 Total 10% energy investment property—Add lines 1(a) through 1(e), column (5) . . . . .

3 Enter on lines 3(a) through 3(e) the basis in qualified hydroelectric generating property. Enter nameplate capacity of the property (see instructions for line 3) ►

Recovery	(a)	3-year		60
	(b)	Other		100
	(c)	3 or more but less than 5		33 1/3
	(d)	5 or more but less than 7		66 2/3
	(e)	7 or more		100

4 Total 11% energy investment property—Add lines 3(a) through 3(e), column (5) . . . . .

5 Enter on lines 5(a) through 5(e) the basis in energy property that is solar equipment, wind equipment, ocean thermal equipment, or geothermal equipment. (See instructions for line 5, column (2).)

Recovery	(a)	3-year		60
	(b)	Other		100
	(c)	3 or more but less than 5		33 1/3
	(d)	5 or more but less than 7		66 2/3
	(e)	7 or more		100

6 Total 15% energy investment property—Add lines 5(a) through 5(e), column (5) . . . . .

7 Enter 10% of line 2 . . . . .

8 Enter 11% of line 4 . . . . .

9 Enter 15% of line 6 . . . . .

10 Cooperative credit—Enter business energy investment credit from cooperatives . . . . .

11 Current year business energy investment credit—Add lines 7 through 10 . . . . .

12 Carryover of unused credit(s) . . . . .

13 Carryback of unused credit(s) . . . . .

14 Tentative business energy investment credit—Add lines 11 through 13. Enter here and on line 23 of page 1 . . . . .

**Instructions for Schedule B (Form 3468)**

**Lines 1, 3, and 5—Type of Property.** —For definition of recovery and nonrecovery property, see the separate Instructions for Form 3468.

Energy property must meet the same requirements as regular investment credit property, except that the provisions of sections 48(i)(1) and 48(i)(3) do not apply. See Instructions for Form 3468 for definitions and rules regarding regular investment credit property.

Energy property must be acquired new. See sections 46(a)(2)(C) and 48(i)(1) through (17) for details.

See section 48(i)(17) for special rules on public utility property and section 48(i)(11) (as amended by the Crude Oil Windfall Profit Tax Act of 1980) for special rules on property financed by Industrial Development Bonds.

The code letters are:

a. Biomass property

b. Qualified intercity buses (see section 48(i)(16)(C) for the limitation on qualified investment for intercity buses based on the increase in operating seating capacity).

c. Solar equipment (but not passive solar equipment)

d. Wind equipment

e. Ocean thermal equipment

f. Geothermal equipment

See sections 48(i)(4) and 48(i)(3)(A)(viii)

and (ix) for definitions and special rules that apply to these kinds of property.

1983

Department of the Treasury  
Internal Revenue Service

## Instructions for Form 3468.

## Computation of Investment Credit

(Section references are to the Internal Revenue Code, unless otherwise noted.)

## General Instructions

## Paperwork Reduction Act Notice.—

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and so that we can figure and collect the correct amount of tax. You are required to give us this information.

**A. Purpose of Form.**—Use Form 3468 if you are an individual, estate, trust, or corporation claiming a regular or business energy investment credit or making certain elections. An exempt organization may also claim the credit if the property is used mainly in an unrelated trade or business whose income is taxed under section 511. **Cautions:** You may have to refigure the credit if you dispose of the property before the end of the property class life or life years shown in column (1) of either Form 3468, Schedule B, or the line 2 worksheet. This also applies if you change the use of the property so that it no longer qualifies as regular or energy investing credit property. See Form 4255, Recapture of Investment Credit.

This credit does not apply to a Domestic International Sales Corporation (DISC), and is not denied among DISC shareholders.

A partnership or S corporation completes only the Part I elections; column (2) of line 1 and the line 2 worksheet; and columns (2) and (3) for lines 1, 3, and 5 of Schedule B, to figure the basis or cost of property to pass through to their individual partners or shareholders. Attach the form to the return to show the total cost or basis that is passed through.

If you are a partner, beneficiary, shareholder in an S corporation, or lessee, use Form 3468 to figure the credit based on your share of the investment by the partnership, estate, trust, S corporation, or lessor.

For detailed information on investment credit, see Publication 572, Investment Credit, and the regulations under sections 46 and 48.

**B. How to Figure the Credit.**—For recovery property, the class of property determines the percentage qualifying for investment credit. Even if you elect an alternate recovery period under section 168(b) of 5 or 12 years for 3-year property, the property is still treated as 3-year property, and the lower percentage applies.

For nonrecovery property the useful life of the property for investment credit must be the same as the useful life for depreciation or amortization.

See section 48(k) for special rules on figuring investment credit for movie and television films or tapes.

See section 46(e) for limitations on the investment credit for mutual savings institutions, regulated investment companies, and real estate investment trusts.

Generally, you may only take an investment credit of half the regular investment credit for certain vessels. See sections 46(g)(1) through (6) for more information. If you claim the full credit, check box C in Part I of Form 3468.

**C. Regular Investment Credit.**—**Property.**—Generally, you may place the investment credit the first year you place qualified property in service, make qualified progress expenditures, or acquire an amortizable basis in qualified forestation or reforestation expenditures.

The property must be used in a trade or business and be either recovery property or other depreciable property with a life of 3 years or more. Enter only the business part of the investment in property that is for both business and personal use.

Examples of investment credit property are listed below. For more details see Publication 572.

Generally, investment credit property is:

(1) Tangible personal property as defined in section 48(e)(1).

(2) Elevators and escalators.

(3) Other tangible property, including certain real property used as an integral part of manufacturing, production, or extraction, or used as a research facility or bulk storage facility for fungible commodities for these activities.

(4) Livestock other than horses as long as you do not sell or dispose of substantially identical livestock (not subject to recapture tax) during the 1-year period beginning 6 months before the date you got the livestock. Reduce the cost of the livestock you got by the amount you received on the disposition of the substantially identical livestock.

(5) Certain single-purpose agricultural or horticultural structures defined in section 48(p).

(6) Rehabilitation expenditures for qualified 30-year buildings, 40-year buildings, and certified historic structures. See sections 46(a)(2)(F) and 48(g) for details.

(7) Forestation and reforestation expenditures that are amortizable under section 194. See section 48(a)(1)(F) for more information.

(8) Petroleum storage facilities (but do not include buildings or their structural components).

**Exceptions.**—The regular investment credit generally does not apply to property that is:

(1) Used mainly outside the U.S.

(2) Used by a tax-exempt organization (other than a section 521 farmers' cooperative) unless the property is used mainly in an unrelated trade or business.

(3) Used by governmental units.

(4) Used for lodging or for furnishing the lodging (see section 48(a)(3) for exceptions, i.e., hotel or motel furnishings). See section 46(e) for limitations on the investment credit for mutual savings institutions, regulated investment companies, and real estate investment trusts.

(5) Amortized or depreciated under sections 167(k), 184 and 188.

(6) Acquired or constructed with "excluded cost-sharing payments" from grants made after September 30, 1979, under any program listed in section 126(a) or by grants under the Energy Security Act.

(7) Expensed under section 179.

**D. Elections.**—There are certain elections you may make that affect the amount of investment credit you can claim. Some of these elections are made by checking the boxes in Part I of Form 3468. Others are made by attaching a statement to Form 3468. (Note: Contributions to an employee stock ownership plan made after 1982 are claimed on Form 8007, Credit for Employee Stock Ownership Plan.)

(1) Commuter Highway Vehicle.

Employers may elect under section 46(c)(6) to claim the full investment credit for commuter highway vehicles which have a useful life of 3 years or more, or which are recovery property. Make this election by checking box A in Part I of Form 3468. See section 46(c)(6) for the definition of commuter highway vehicle and other details.

(2) Qualified Progress Expenditures.

You may elect under section 46(d) to increase your qualified investment for a year by qualified progress expenditures. Make this election by checking box B in Part I of Form 3468. The election applies to all progress expenditure property for the tax year it is made and all later tax years. On the line between blocks B and C, Part I, enter your 1983 qualified investment (column 4 of Part II) for progress expenditures for which you made an election in any tax year.

(3) Election for Leased Property.—If you lease property to someone else, you may elect to treat all or part of your investment in new property as if it were made by the person who is leasing it from you. See section 48(d) and related regulations for rules on making this election and special rules on leased property and the section 48(q) basis adjustment. For the limitation on the availability of the credit to certain owners of property for lease, see section 46(e)(3).

**E. At Risk Limitation for Individuals and Closely Held Corporations.**—The allowable basis or cost of property for investment credit purposes is limited to the amount a taxpayer is at risk for the property at the close of the taxpayer's tax year.

A person is generally considered at risk for property to the extent of the qualified loans and cash and the adjusted basis of property contributed for acquisition or construction of property. See Publication 572 and sections 46(c)(8) and 465 for definitions, exceptions, and other details.

## Specific Instructions

**Lines 1(a)-1(h). Recovery Property.**—Enter on the proper line the unadjusted basis of new or used recovery property. Do not include any amount that was expensed under section 179(a). Recovery property is tangible personal property used in a trade or business or held for the production of income, and depreciated under the Accelerated Cost Recovery System (ACRS). See sections 46(c)(7) and 168.

For property placed in service after December 31, 1982, you must reduce the depreciable basis of the property by one-half of the investment credit taken. Instead of adjusting the basis of the property, you may make an election to take a reduced credit. You make this election by listing the property on lines 1(e)-1(h) instead of on lines 1(a)-1(d). See Publication 572 for more details.

**Line 2. Nonrecovery Property.**—Compute your qualified investment using the worksheet format below. Nonrecovery property includes:

- property placed in service before 1981;
- property you elect to depreciate using a method not expressed in terms of years;
- property you elect to amortize (e.g., leasehold improvements);
- property transferred or acquired merely to bring the property under ACRS;
- property acquired in certain nonrecognition transactions;
- certain property used outside the U.S.;
- public utility property if you do not use the normalization method of accounting. See section 168(e) for further details.

Enter the amortizable basis in forestation and reforestation expenditures on line 2(c) of the worksheet. See section 48(a)(1)(F). See section 46(c)(5) for rules for certain pollution control facilities.

**Lines 1(a), 1(b), 1(e), and 1(f) of Form 3468; lines 2(a), 2(b), and 2(c) of worksheet. Qualified Progress Expenditures.**—Enter on the proper line the amount of qualified progress expenditures made in the tax year.

Do not take any qualified progress expenditures for the year in which the progress expenditure property is placed in service or for the year for which recapture is required for the property. The investment credit allowed for the year the property is placed in service is based on the entire qualified investment in the property reduced by the progress expenditures that were included as qualified investment in earlier years. See section 46(d) for more information.

**Lines 1(c), 1(d), 1(g), and 1(h) of Form 3468; lines 2(d), 2(e), and 2(f) of worksheet. Qualified Property Limitation.**—In general, you may not take into account more than \$12,500 of the cost of used property in any one year. The cost of used property does not include the basis of any property traded in unless the trade-in caused the recapture of all or part of an investment credit allowed earlier, or a reduction in an investment credit carryback or carryover. Determine the \$12,500 amount before applying the percentages based on the class of property or useful life. On the proper line, enter the cost (subject to the dollar limitation) of used property

placed in service during the year. Property you inherited, received as a gift, or acquired from certain related persons does not qualify for the investment credit.

If a husband and wife file separate returns, each may claim up to \$62,500. If one of them has no qualifying used credit, you make this election by listing the property on lines 1(e)-1(h) instead of on lines 1(a)-1(d). See Publication 572 for more details.

The \$125,000 limitation applies to a partnership, S corporation, estate, or trust.

The \$125,000 must be divided among the estate or trust and its beneficiaries based on the income of the estate or trust allocable to each. The \$125,000 limitation also applies to each partner, shareholder and beneficiary. Controlled corporate groups must divide the limitation among all component members. See section 48(c) and related regulations.

**Lines 3 and 4. Commuter Highway Vehicle.**—Enter 100% of basis in new vehicles on line 3, and 100% of cost (subject to the overall limitation) of used vehicles on line 4.

If you make the election to use the lower percentage in section 48(q)(4) instead of reducing the basis of the property, enter 80% (instead of 100%) of the cost or basis on these lines. If you elect to take a reduced credit on all the vehicles on line 3 or 4, write "48(a)(4) election property" in the margin. If your election covers only certain vehicles, attach a schedule showing the breakdown.

**Lines 6a, 6b, and 6c. Rehabilitation Expenditures.**—Enter on the proper line the qualified investment in qualified rehabilitation expenditures for the tax year. The applicable percentage for qualified rehabilitation expenditures is 100%. The additions or improvements must have a recovery period of at least 15 years.

The increase in basis of the qualified rehabilitation building that would result from the expenditures must be decreased by 100% of the allowed credit (50% for certified historic structures). The increase in basis must be recovered by a straight line depreciation method over a recovery period of at least 15 years. See section 212(e)(2) of the Economic Recovery Tax Act of 1981 for transitional rules and code section 48(g) for other details. The qualified investment for rehabilitation expenditures that qualify under pre-1982 rules, but not under post-1981 rules, is figured separately and entered in the total for line 5. (Identify this amount in the margin.)

If you are claiming a credit for a certified historic structure on line 6(c), you must attach a copy of the first page of Part I or Part II of the Department of the Interior's "Historic Preservation Certification Application." (Do not do this if the line 6c credit is a flow-through from a partnership, S corporation, estate or trust because that entity will attach a copy to its return.)

**Line 19. Limitation.**—If the tax liability (line 18) is \$25,000 or less, the investment credit may not be more than the amount of the tax liability.

If the tax liability is more than \$25,000, the credit may not be more than \$25,000 plus 85% of the excess.

If you and your spouse file separate returns, each must use \$12,500 instead of \$25,000. However, if only one has any qualifying investment, that one may use the entire \$25,000.

Controlled corporate groups (see section 46(c)(6)) must divide the \$25,000 among all component members.

An estate or trust must allocate the \$25,000 among itself and its beneficiaries in the same ratio as the qualified investment was allocated.

**Line 22. Business Energy Investment Credit Limitation.**—The energy credit is limited to the tax on line 18 minus the regular investment credit allowed on line 21. See the instructions for Schedule B on page 2 of Form 3468.

Line 2 Nonrecovery Property Worksheet	Line	(1) Life Years	(2) Basis or Cost	(3) Applicable Percentage	(4) Qualified Investment (Column 2 x column 3)
New	(a)	3 or more but less than 5		33 1/3	
	(b)	5 or more but less than 7		66 2/3	
	(c)	7 or more		100	
	(d)	3 or more but less than 5		33 1/3	
Used	(e)	5 or more but less than 7		66 2/3	
	(f)	7 or more		100	
<b>Total</b> —Add lines (a) through (f) and enter on line 2 of Form 3468					2

Instead write "S PARTNERSHIP" (or "S CORP.," etc.) on the dotted line to the left of the entry column.)

**Lines 5, 6, and 19a Limitations.**—Mutual savings institutions, regulated investment companies, and real estate investment trusts are subject to general limitations for the amount to be entered on lines 5, 6, a-c, and line 19a. See regulations section 1.46-4.

**4562**

**Depreciation and Amortization**

OMB No. 1545-0172

Form

Department of the Treasury  
Internal Revenue Service (O)

► See separate instructions.

**1983**  
67

► Attach this form to your return.

Name(s) as shown on return

Identifying number

Business or activity to which this form relates

**PART I.—Depreciation**

**Section A.—Election to expense recovery property (Section 179)**

A. Class of property	B. Cost	C. Expense deduction

1 Total (not more than \$5,000). Enter here and on page 2, line 8 (Partnerships or S corporations—see the Schedule K and Schedule K-1 Instructions of Form 1065 or 1120S).

**Section B.—Depreciation of recovery property**

A. Class of property	B. Date placed in service	C. Cost or other basis	D. Recovery period	E. Method of figuring depreciation	F. Percentage	G. Deduction for this year
2 Accelerated Cost Recovery System (ACRS) (See instructions):						
(a) 3-year property						
(b) 5-year property						
(c) 10-year property						
(d) 15-year public utility property						
(e) 15-year real property—low-income housing						
(f) 15-year real property other than low-income housing						
3 Property subject to section 168(e)(2) election (See instructions):						

4 Total column G. Enter here and on page 2, line 9.

See Paperwork Reduction Act Notice on page 1 of the separate instructions.

Form 4562 (1983)

# 1983



## Instructions for Form 4562

### Depreciation and Amortization

(Section references are to the Internal Revenue Code, unless otherwise noted.)

#### Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

#### Purpose of Form

Use Form 4562 to explain this year's deduction for depreciation and amortization, and to make the election to expense recovery property. In using this form, a taxpayer has the option of preparing one form for all assets or separate Form 4562 for each business or activity in the return, or a separate depreciation schedule for each business or activity along with one Form 4562 on which the taxpayer enters summary totals for each line of the form. If the second option is used, each separate schedule must be readily identifiable with the business or activity to which it relates.

**For more information about depreciation** (including the treatment of mass asset accounts) and the election to expense newly acquired recovery property, see Publication 534, Depreciation. For more information about amortization, see Publication 535, Business Expenses. You may be eligible to take the investment credit on newly acquired depreciable property. See the Instructions for Form 3468, Computation of Investment Credit, for more information.

#### Specific Instructions

##### Part I.—Depreciation

Depreciation is an amount you can deduct each year for assets, except land, you buy to use in your business or hold to produce income. (Land is never depreciable.) Depreciation starts when you place the property in service. It ends when you take the property out of service or deduct all of your depreciable cost.

Generally, assets you place in service after December 31, 1980, are depreciated using the Accelerated Cost Recovery System (ACRS). These assets are called "recovery property." You may be able to elect to expense up to \$5,000 of certain recovery property in Section A. Show your depreciation for recovery property in Section B. If you have an asset that is nonrecovery property, show your depreciation in Section C.

**Section A—Election to expense recovery property.**—You may choose to expense part of the cost of recovery property that would qualify for investment credit. To do so, you must have purchased (as defined in section 179(X)(2)) the property and placed it in service before January 1, 1981. If you take this deduction, the amount on which you figure your depreciation or amortization deduction and your investment tax credit must be reduced by the amount you deduct as a section 179 expense. This is because you may not depreciate, amortize, or take the investment tax credit on any amount deducted as a section 179 expense.

An estate or trust may not elect to expense recovery property. A partnership or S corporation may choose to expense and pass through to its partners or shareholders a maximum of \$5,000. Partners or shareholders add their share of the partnership or S corporation amount to any other section 179 expense they choose to take, and deduct the combined amount up to the \$5,000 (or \$2,500 if applicable) limit for each taxpayer. See Publication 572, Investment Credit, and Publication 534 for more information.

**Column A.**—Enter the class of recovery property (that is, 3-year, 5-year, etc.) for which you make the election and a brief description of the item.

**Column B.**—Enter the property's cost. Include only what you paid; omit any undepreciated basis on assets you traded in. For information about basis, see Publication 551, Basis of Assets.

**Column C.**—Enter the part of the cost you choose to expense. You can choose to expense part of the cost of an asset and depreciate the rest of it. (You may take the investment credit for the part of the cost you do not deduct as a section 179 expense.)

**Line 1.**—Enter the Column C total, up to \$5,000 (\$2,500 for married taxpayers filing separately). Partnerships should carry the line 1 amount to Schedule K-1 (Form 1065) and Schedule K (Form 1065) (if applicable). S corporations should carry the line 1 amount to Schedule K-1 and Schedule K-1 of Form 1120S. All others carry it to line 8 of Section C.

##### Section B—Depreciation of recovery property.

**Column A.**—Two factors determine the class of property: whether the property is section 1245 or section 1250 class property; and what midpoint class life (if any) would have applied to it on January 1, 1981, if the asset depreciation (ADR) method had been elected. The midpoint class lives are listed in the asset guideline period column of the table for depreciation in the back of Publication 534.

In each recovery class, except 15-year real property, group the property by the year you placed it in service. For example, list as one all new and used 3-year property you bought in 1983. However, you must list separately:

- Property used mainly outside the United States.
- Retirement-replacement-betterment property.
- Qualified leased property.
- Property financed by tax-exempt obligations.

In the 15-year real property class, group property by the depreciation method elected and the month and year you placed it in service.

**Column B.**—For lines 2(a), (b), (c), and (d), enter the year you placed the property in service. For lines 2(e) and (f), enter the month and year you placed it in service.

The percentages prescribed for these assets are:

1st year . . . . .	25%
2nd year . . . . .	38%
3rd year . . . . .	37%

179 from the basis you use to determine gain. Do not deduct salvage value in figuring your ACRS deduction. Also, the basis of property placed in service after December 31, 1982, may have to be reduced by one-half of any investment credit taken on it. See instructions for Form 3468, and Publication 551.

**Column D.**—Enter the recovery period you are using. This is usually the class of property itself (that is, 3-year, 5-year, etc.); but you may instead select an alternate percentage figured by using the straight-line method over one of the following periods.

For—	You may choose:
3-year property . . . . .	3, 5, or 12 years
5-year property . . . . .	5, 12, or 25 years
10-year property . . . . .	10, 25, or 35 years
15-year real property . . . . .	15, 35, or 45 years
15-year public utility property . . . . .	15, 35, or 45 years

Also, for certain assets (described in Column E, below) you may be required to use a specified recovery period.

**Column E.**—For property for which you are using the prescribed percentages (described in Section B, lines 2(a) through 2(f) below), enter "PRE." If you elect an alternate percentage, as described above in Column D instructions, enter "SL." If the asset is used mainly outside the United States, enter "FP" and see section 168(X)(2). If the asset is retirement-replacement-betterment property, enter "RRB" and see section 168(X)(3). If the asset is qualified leased property, enter "QLP" and see sections 168(Y)(8) and 168(Y). If the asset is property financed by tax-exempt obligations, enter "TEO" and see section 168(X)(2).

**Column F.**—Unless you use an alternate percentage, or a special percentage required for certain types of property (as described above in Column E instructions), enter the prescribed percentage from the line instructions below. If you use an alternate percentage, enter the percentage based on the recovery period you chose. Except for 15-year real property and property requiring a special percentage (as described above), enter the alternate percentage for all property in the same class that you place in service in the same year.

If you elect an alternate percentage, do not figure depreciation by the number of months the property was in service instead of the half-year convention. The half-year convention treats property as if it were placed in service, or retired, on the first day of the second half of the tax year. However, for the 15-year real property, you can elect an alternate percentage on a property-by-property basis, and the half-year convention does not apply.

**Column G.**—Multiply the amount in Column C by the percentage in Column F, and enter the result in Column G.

**Section B, Line 2(a)—3-year property.**—Includes section 1245 class property that:

- Has a midpoint class life of 4 years or less, or
- Is used for research and experimentation, or
- Is a race horse more than 2 years old when you place it in service, or any other horse that is more than 12 years old when you place it in service.

Some examples of 3-year property are: automobiles, light-duty trucks, and machinery and equipment used in connection with research and experiments.

**Column G.**—Enter the depreciation deduction for the property in Column G.

**Section C—Depreciation of nonrecovery property.**—Use Section C for property you do not amortize, expense, or use ACRS to depreciate. This includes:

**Line 2(b)—5-year property.**—Includes section 1245 class property that is not assigned to one of the other recovery classes.

The percentages prescribed for these assets are:

1st year . . . . .	15%
2nd year . . . . .	22%
3rd through 5th year . . . . .	21%
3rd year . . . . .	9%
4th year . . . . .	8%
5th and 6th year . . . . .	7%
7th through 15th year . . . . .	6%

**Line 2(c)—10-year property.**—Includes public utility property (except 3-year property or section 1250 class property) that has a midpoint class life of more than 12.5 years and no more than 25 years. Section 1250 class property has a midpoint class life of 12.5 years or less (however, under a special rule for theme parks, etc., a building and its structural components shall not be treated as having a class life of 12.5 years or less by reason of any use other than the use for which that building was originally placed in service); manufactured homes; railroad tank cars; and qualified coal utilization property which would otherwise be 15-year public utility property.

The percentages prescribed for these assets are:

1st year . . . . .	15%
2nd year . . . . .	10%
3rd year . . . . .	9%
4th year . . . . .	8%
5th and 6th year . . . . .	7%
7th through 15th year . . . . .	6%

**Lines 2(e) and (f)—15-year real property.**—Includes section 1250 class property that does not have a midpoint class life of 12.5 years or less (however, under a special rule for theme parks, etc., a building and its structural components shall not be treated as having a class life of 12.5 years or less by reason of any use other than the use for which that building was originally placed in service). Within each line, enter property grouped by the depreciation method elected and the month and year you placed it in service.

Different percentages apply to low-income housing than to other 15-year real property. The percentage to enter in Column F each year depends on the month you placed the property in service. Publication 534 gives complete percentage tables for 15-year real property. The following chart shows the percentages prescribed for the first three years.

**Line 2(e)—15-year real property low-income housing.**—

Year	Use the column for the month placed in service											
	1	2	3	4	5	6	7	8	9	10	11	12
1st	13%	12%	11%	10%	9%	8%	7%	6%	4%	3%	2%	1%
2nd	12%	12%	12%	12%	12%	12%	13%	13%	13%	13%	13%	13%
3rd	10%	10%	10%	11%	11%	11%	11%	11%	11%	11%	11%	11%

**Line 2(f)—15-year real property other than low-income housing.**—

Year	Use the column for the month placed in service											
	1	2	3	4	5	6	7	8	9	10	11	12
1st	12%	11%	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%
2nd	10%	10%	11%	11%	11%	11%	11%	11%	11%	11%	11%	12%
3rd	9%	9%	9%	9%	10%	10%	10%	10%	10%	10%	10%	10%

**Section B, Line 3.**—Report property on line 3 that you elect, under section 158(e)(2), to depreciate by the units-of-production method or any other method not based on a term of years, if you use the retirement-replacement-betterment method, see section 168(Y)(3).

**Section C, Line 5.**—The Class Life Asset Depreciation Range (CLADR) system does not apply to recovery property placed in service after December 31, 1980.

If you previously elected the CLADR system, you must continue to use it to depreciate assets left in your vintage accounts. You must continue to meet record-keeping requirements.

If you elect CLADR for assets that do not qualify for ACRS (see sections 168(X)(1) and 4), attach a statement that specifies the items that still apply of those listed in Regulations section 1.167(a)-11(f)(2).

**Section C, Line 6.**—You may list each asset separately or group assets in depreciation accounts. Depreciate each asset or group of assets separately.

• Certain property acquired from related persons; and

• Property acquired in certain nonrecognition transactions.

**Section C, Line 7.**—Report property on line 7 that you elect, under section 158(e)(2), to depreciate by the units-of-production method or any other method not based on a term of years, if you use the retirement-replacement-betterment method, see section 168(Y)(3).

**Section C, Line 8.**—Enter the total amount you are amortizing. See the applicable Code section for limits on the amortizable amount.

**Section C, Line 9.**—Enter the Code section under which you amortize the property.

Attach any other information the Code and Regulations may require in order to make a valid election.

**Note:** Capital improvements made in 1983 to buildings placed in service prior to 1981 qualify as recovery property. However, the deduction must be computed over the same period and under the same method as that elected for the first capital improvement placed in service after 1980 with regard to the building. For the special rule for substantial improvements made to real property, see Publication 534 and section 168(X)(X).

**Column A.**—Briefly describe each asset or group.

**Column B.**—For a single asset, enter the date you placed it in service. For a group of assets that you place in service on the same date, enter that date. Otherwise, leave Column B blank.

**Column C.**—Enter the depreciable basis (cost or other basis reduced by salvage value, if it applies). See Publication 551 for more information.

#### Part II.—Amortization of Property

Each year you may elect to deduct part of certain capital expenses over a fixed period. If you amortize property, the part you amortize does not qualify for the election to expense recovery property or depreciation.

**Column A.**—Describe the property you are amortizing. Amortizable property includes—

- Pollution control facilities (section 169, limited by section 291 for corporations).
- Expenses paid before January 1, 1982, for child-care facilities (section 188).
- Amounts paid for research or experiments (section 174), or for a trademark or trade name (section 177).
- Certain business startup costs paid or incurred after July 29, 1980 (section 195).
- Organizational expenses for a corporation (section 248) or partnership (section 709).
- Qualified forestation and reforestation cost (section 194).
- Construction period interest and taxes on real property (for exceptions, see section 189).
- Certain railroad property (section 185).
- Certain rehabilitation expenses of historic structures made before January 1, 1982 (section 191 as before repeal by Public Law 97-34) and the transitional rule in Public Law 97-34, section 212(X)(2).
- Optional 10-year write-off of certain tax preferences (section 58(i)).

**Column B.**—Enter the date you acquired or completed the property or spent the amount you are amortizing.

**Column C.**—Enter the total amount you are amortizing. See the applicable Code section for limits on the amortizable amount.

**Column D.**—Enter the Code section under which you amortize the property.

Attach any other information the Code and Regulations may require in order to make a valid election.

**6765**
**Credit for Increasing Research Activities**  
 (or for claiming the orphan drug credit)

 Form  
 Department of the Treasury  
 Internal Revenue Service  
 Name(s) as shown on return

OMB No. 1545-0619

**1983**  
81

► Attach to your tax return

Identifying number

**PART I.—Research Credit**

	(a) CURRENT TAX YEAR	(b) BASE PERIOD
1 Wages for qualified services (do not include wages used in figuring the jobs credit)	1	
2 Cost of supplies used in conducting qualified research	2	
3 Rental or lease costs of personal property used in conducting qualified research	3	
4 65% of contract expenses for qualified research (but see line 5 below)	4	
5 Corporations—65% of amounts paid to qualified organizations for basic research	5	
6 Total qualified research expenses (add lines 1 through 5 in columns (a) and (b))	6	
7 Subtract line 6 column (b) from line 6 column (a)	7	
8 Limitation—Enter 50% of line 6 column (a)	8	
9 Enter the smaller of line 7 or line 8	9	
10 Tentative credit—Enter 25% of line 9	10	
11 Carryback and carryover of unused credit(s)	11	
12 Add lines 10 and 11	12	
13 Flow-through research credit(s) from a partnership, S corporation, estate or trust (including any related carryback or carryover of unused research credit(s))	13	
14 Total allowable research credit—Add lines 12 and 13	14	

**PART II.—Tax Liability Limitation**

15 a Individuals—From Form 1040, enter tax from line 38, plus any additional tax from Form 4970 b Estates and trusts—From Form 1041, enter tax from line 26a, plus any section 644 tax on trusts c Corporations (1120 filers)—From Form 1120, Schedule J, enter tax from line 3 d Other organizations—Enter tax before credits from return	15	
16 a Individuals—From Form 1040, enter credits from lines 41 through 47, plus any nonconventional source fuel credit and credit for alcohol used as a fuel b Estates and trusts—From Form 1041, enter credits from lines 27a through 27c, 28a, and 28b c Corporations (1120 filers)—From Form 1120, Schedule J, enter credits from lines 4(a)-(c), and 4(f)-(h) d Other organizations—See instructions for line 16d	16	
17 Income tax liability as adjusted (subtract line 16 from line 15)	17	

**PART III.—Allowed Research Credit**

18 Corporations (1120 filers)—Enter here and on the appropriate line of your return the smaller of line 14 or line 17	18	
19 Individuals, estates and trusts—Enter here and on the appropriate line of your return the smaller of line 14 or the amount from the formula in the instructions for line 19 (but do not enter more than line 17)	19	

**PART IV.—Allowed Orphan Drug Credit**

20 Qualified clinical testing expenses (do not include any amounts claimed as current year research expenses in 6(a) above)	20	
21 Enter 50% of line 20 (See instructions)	21	
22 Flow-through orphan drug credit(s) from a partnership, S corporation, estate or trust	22	
23 Total—Add lines 21 and 22	23	
24 Income tax liability as adjusted (line 17 minus any research credit taken on line 18 or 19)	24	

**25 Orphan drug credit—Enter here and on the appropriate line of your return the smaller of line 23 or line 24**

tax. You are required to give us this information.

**Purpose of Form.**—Use Form 6765 to figure and claim the credit for increasing the research activities of a trade or business and to claim the orphan drug credit. Complete Parts I, II, and III to figure the research credit. Complete Parts II and IV to figure the orphan drug credit.

(Section references are to the Internal Revenue Code, unless otherwise noted.)

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and so that we can figure and collect the correct amount of

You may claim an income tax credit if you increase the research activities of a trade or business. The credit applies only to research expenditures incurred in carrying on a trade or business you are already engaged in. It does not apply to expenditures incurred before beginning a trade or business. Generally, the research credit is 25% of the increase in qualified research expenses paid or incurred in the

current tax year over base period research expenses.

If you incur qualified clinical testing expenses relating to drugs for certain rare diseases, you may elect to claim a 50% credit on these expenses instead of taking the research credit. These "orphan drug" expenses are not limited to 65% of contract expenses, as with the research credit, but there are no carryover provisions if you cannot make use of the orphan drug credit in the current year.

Even though you cannot use the same expenses to claim both the research credit and the orphan drug credit, any expenses used in computing the orphan drug credit must be included in any research credit "base period" computations in future years.

**Who Must File.**—Any individual, estate, trust, organization or corporation claiming a credit for increasing research activities or a credit for orphan drug expenses, or any S corporation, partnership, estate or trust that shares the credit(s) among its shareholders, partners, or beneficiaries should attach this form to its income tax return.

S corporations, partnerships, estates, and trusts that share the credit(s) on lines 14 and 25 among their shareholders, partners, or beneficiaries must show on Schedule K-1, or on an attachment to Schedule K-1, the credit for each shareholder, partner, or beneficiary.

For more details on allocation of the credit, see section 44F(f)(2).

**Carryback and Carryover of Unused Credit.**—Any research credit that you cannot use because it is more than the adjusted tax liability figured on line 17 of Form 6765 or the tax liability computed in the formula in the instructions for line 19 of the form may be carried back to each of the 3 years before the year the unused credit originated (unused credit year), beginning with the earliest. If you have an unused credit after carryback, it may be carried forward to each of the 15 years after the unused credit year. (There are no carryover provisions for the orphan drug credit.)

**Line 1 through 5, column b.**—Base period research expenses are the average of the annual qualified research expenses for the 3 years immediately before the current tax year. Newly organized businesses are treated as having been in business with no qualified research expenses during the base period before the business began.

**Line 4.**—You may include 65% of any amount paid or incurred for qualified research performed on your behalf.

Prepaid contract research expenses are considered to be paid in the year the research is actually done.

**Line 5. —Corporations.**—Contract research expenses also include 65% of any amount paid or incurred by a corporation to any qualified organization for basic research. The amount must be paid or incurred pursuant to a written research agreement between the corporation and the organization. Prepaid basic research expenses are considered to be paid in the year the research is actually done. See section 44F(e) for other details.

**Line 6.**—Base period research expenses cannot be less than 50% of current year research expenses. This rule applies both to existing businesses and newly organized businesses.

**Lines 13 and 22.**—The credit(s) figured on lines 1 through 14 and on lines 20 through 23 by an S corporation, partnership, estate, or trust are apportioned to the individual shareholders, partners, or beneficiaries, respectively.

This apportioned credit (and any unused credit from these entities) is entered on line 13 or line 22 of a separate Form 6765 to determine the allowed credit(s) to be entered on their tax returns. See section 44F(f)(3) for details.

**(3) Short Tax Year.**—For any short tax year, qualified research expenses are annualized as prescribed by regulations.

**Line 14. —Estates or trusts.**—An estate or trust completes lines 1 through 14 and apportions the credit on line 14 between

the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each. The estate or trust then enters its share of the credit on line 10 of a separate Form 6765 and completes the rest of the form, as applicable, to determine its allowed credit to be claimed on Form 1041. Both forms are attached to Form 1041 for the tax year the credit is earned. The beneficiaries' share will be apportioned to the individual beneficiaries and each beneficiary determines his or her allowed credit as explained above.

**Line 16. —Other organizations.**—Before you can claim the research credit against your income tax liability, you must reduce this tax liability by the credits listed below:

- Foreign tax credit
- Investment credit
- Jobs credit, and WIN credit carryover
- Nonconventional source fuel credit
- Credit for alcohol used as a fuel
- Possessions corporation tax credit

**Lines 18 and 19.**—Claim the credit by including it in the appropriate line of your 1983 tax return. If the research credit is not listed separately on the return, include the credit on the "other credits" or "total credits" line; then write "RESEARCH CREDIT" and the amount on the dotted line to the left of the entry amount.

**Line 19 Limits.**—If you are an individual, estate, or trust, the credit(s) on lines 12 or 13 is limited to the current year tax liability on line 17 attributable to your interest in the proprietorship, partnership, S corporation, estate or trust generating the credit or carryover. This amount is figured separately for each business enterprise by using the following formula:

Taxable income attributable to your interest in the unincorporated business, 1065.

**Line 17 x 1041, or 11205 entity.**—  
Taxable income for the year (Form 1040, line 37)

When using the formula, the result is limited to 100% of the line 17 income tax liability.

If in the current tax year you had no taxable income attributable to a particular business interest, you cannot claim any research credit this year related to that business.

**Part IV.—Orphan Drug Credit**

The definition of qualified clinical testing expenses closely parallels the definition of qualified research expenses, except that clinical testing expenses are not limited to 65% of contract research expenses. Also, there are no carryback or carryover provisions for the new orphan drug credit. See section 44H for more details on claiming the orphan drug credit.

**Line 21.**—You must reduce the deduction for qualified clinical testing expenses otherwise allowable on your income tax return by the amount of the credit shown on line 21. See section 280C(c) for special rules on expenses you capitalize rather than deduct, and rules for controlled groups.

**Line 25.**—Include the orphan drug credit on the "other credits" or "total credits" line of your 1983 tax return; then write "ORPHAN DRUG CREDIT" and the amount on the dotted line to the left of the entry amount.

<b>Form 7004</b> (Rev. Oct. 1983) Department of the Treasury Internal Revenue Service	<b>Application for Automatic Extension of Time to File Corporation Income Tax Return</b> (Under section 6081(b) of the Internal Revenue Code)							
	OMB No. 1545-0233							
Name of corporation	Employer identification number							
Number and street								
City or town, State, and ZIP code								
Check type of return to be filed: <input type="checkbox"/> Form 1120 <input type="checkbox"/> Form 1120S <input type="checkbox"/> Form 1120-H <input type="checkbox"/> Form 990-C <input type="checkbox"/> Form 1120L <input type="checkbox"/> Form 1120-POL <input type="checkbox"/> Form 990-T <input type="checkbox"/> Form 1120F (Check here <input type="checkbox"/> if you do not have an office or place of business in the U.S.)								
1. (a) I request an automatic 6-month extension of time until ..... 19....., to file the income tax return of the corporation named above for calendar year 19....., or tax year ending ..... 19..... (b) If this tax year is for less than 12 months, check reason: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Change in accounting period approved <input type="checkbox"/> Consolidated return to be filed								
2. Does this application also cover subsidiaries to be included in a consolidated return? If "Yes," attach a list showing the name, address, and EIN of each member of the affiliated group.								
3. Tentative tax (see instructions) 4. Credits: (a) Overpayment from prior year allowed as a credit ..... <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td></tr></table> <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td></tr></table> (b) Estimated tax payments (deposits) for the tax year ..... <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td></tr></table> (c) Less refund of estimated tax for the tax year applied for on Form 4456 ..... <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td></tr></table> (d) Credit from regulated investment companies; and credit for overpaid windfall profit tax ..... <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td></tr></table> (e) Credit for Federal tax on special fuels and oils ..... <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td></tr></table>								
5. Total—Add lines 4(a) through 4(e). 6. Balance due—Subtract line 5 from line 3. This amount should be deposited with a Federal Tax Deposit (FTD) Coupon. <small>Signature.—Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application and that to the best of my knowledge and belief the statements made are true, correct, and complete.</small>								
<small>(Signature of officer or agent)</small> _____ <small>(Title)</small> _____ <small>(Date)</small> _____								
<b>General Instructions</b> <small>(Section references are to the Internal Revenue Code, unless otherwise noted.)</small>								
<b>C. When and Where to File.</b> —File Form 7004 by the due date of the return with the Internal Revenue Service Center where the corporation will file the return.								
<b>D. Penalty for Not Paying Tax.</b> —Section 6651 provides a penalty for not paying tax (other than estimated income tax) when due. The late payment penalty is ½% a month or part of a month unless you have a reasonable cause for not paying on time. If you believe you have reasonable cause, attach an explanation to your return.								
<small>If you are allowed an extension of time to file, you will not be charged a late payment penalty if: the tax shown on line 3 (or the amount of tax paid by the regular due date of the return) is of less than 90% of the tax shown on line 31 of Form 1120, or the comparable line from other returns.</small>								
<b>E. Termination of Extension.</b> —The IRS may terminate the automatic extension at any time by mailing a notice of termination to the corporation or to the person who requested the extension. The notice will be mailed at least 10 days before the termination date given in the notice.								
<b>Specific Instructions</b> <b>Line 3—Tentative tax.</b> —Enter the tentative amount of income tax for the year, reduced by any non-refundable credits against the tax. This will usually be the tax								
<small>shown on Form 1120, line 31, or the comparable line from other returns.</small>								
<small>Line 6—Balance due.—This is the amount of tax you are required to deposit. Foreign corporations with an office or place of business in the United States and domestic corporations must deposit all income tax payments with a FTD Coupon.</small>								
<small>However, if the corporation expects to have a net operating loss carryback, the corporation may reduce the amount to be deposited to the extent of the overpayment resulting from the carryback, providing all other prior year tax liabilities have been fully paid and a Form 1138, Extension of Time for Payment of Taxes by a Corporation Expecting a Net Operating Loss Carryback, accompanies Form 7004. See Rev. Rul. 82-47, 1982-1 C.B. 201 for details. Interest will be charged on any part of the final tax due not shown on this line. The interest is figured from the original due date of the return to the date of payment.</small>								
<small>Signature.—The person authorized by the corporation to sign the return should sign the Form 7004. This person may be:</small>								
<small>(1) An officer of the corporation.            (2) A duly authorized agent holding a power of attorney.            (3) A person currently enrolled to practice before the Internal Revenue Service.            (4) An attorney or certified public accountant qualified to practice before the IRS.</small>								
<small>Form 7004 (Rev. 10-83)</small>								



Please take a few moments to answer the following questions concerning this *Statistics of Income* publication. Your responses will enable us to direct our efforts to meeting the needs of our users. After indicating your responses, please fold, tape, and mail. No postage is required. Thank you for your assistance.

1. How did you obtain this publication?

- Purchased from the Government Printing Office
- From a public library
- From a university or college library
- Other (*specify*) \_\_\_\_\_

2. Have you ever used any other *Statistics of Income* publication?

- Yes (*specify*) \_\_\_\_\_
- No

3. What subject matter in the report interests you particularly?

- |   |  |
|---|--|
| <input type="checkbox"/> Asset size data                | <input type="checkbox"/> Small Business Corporation data |
| <input type="checkbox"/> Business receipt size data     | <input type="checkbox"/> DISC data                       |
| <input type="checkbox"/> Minor industry detail          | <input type="checkbox"/> Overall summary statistics      |
| <input type="checkbox"/> Balance sheet data             |  |
| <input type="checkbox"/> Other ( <i>specify</i> ) _____ |  |

4. Rank in order of importance to you the following sections of the publication.

- |   |  |
|---|--|
| <input type="checkbox"/> Tables               | <input type="checkbox"/> Sample description    |
| <input type="checkbox"/> Changes in law       | <input type="checkbox"/> Introductory material |
| <input type="checkbox"/> Explanation of terms | <input type="checkbox"/> Facsimiles of forms   |

5. How would you describe the readability of the text?

- Too technical
- About right
- Not detailed enough
- Do not use text

6. Have you ever used the *Corporation Source Book of Statistics of Income*?

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| Selected pages or complete book ordered from IRS | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Magnetic tape ordered from National Archives     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Other use ( <i>specify</i> ) _____               |                              |                             |

7. What type of organization are you connected with?

- |   |   |
|---|---|
| <input type="checkbox"/> Federal government           | <input type="checkbox"/> Consulting firm                |
| <input type="checkbox"/> State or local government    | <input type="checkbox"/> Accounting firm                |
| <input type="checkbox"/> Trade association            | <input type="checkbox"/> Other ( <i>specify</i> ) _____ |
| <input type="checkbox"/> University or college        |   |
| <input type="checkbox"/> Other nonprofit organization |   |

8. What changes (additions, deletions, etc.) would you like to see in the contents or format of this publication?

9. What ZIP code do you:

live in? \_\_\_\_\_ work in? \_\_\_\_\_

10. Other comments (use other side if needed).

**10. Other Comments (continued)**

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# **Corporation Income Tax Returns**

Section

[REDACTED] 1 **Introduction**

[REDACTED] 2 **Changes in Law**

[REDACTED] 3 **Sample and Limitations of the Data**

[REDACTED] 4 **Basic Tables**

[REDACTED] 5 **Explanation of Terms**

[REDACTED] • **Index to Explanation of Terms**

[REDACTED] 6 **Forms and Instructions**

[REDACTED] • **User Survey (Form 6839)**