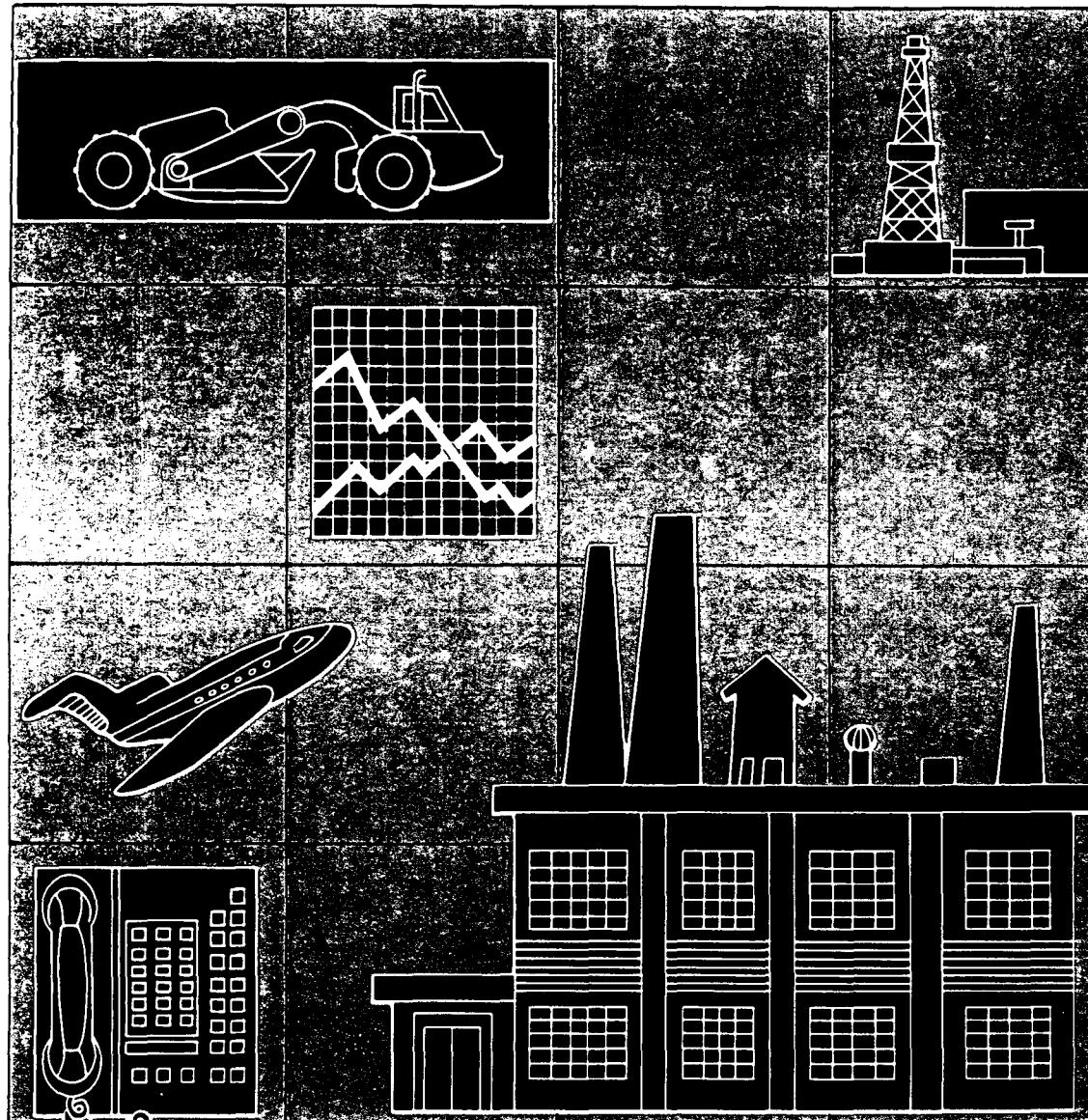


1982

Statistics  
of Income

# Corporation Income Tax Returns



# SOI PUBLICATIONS

Department of the Treasury  
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## Individual Income Tax Returns Publication 79—Annual Publication

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Foreign Income and Taxes Reported on U.S. Income Tax Returns, 1976-1979

U.S. Corporations and their Controlled Foreign Corporations 1974-1978

Private Foundations Exempt From Income Tax, 1974-1978

Compendium of Foreign Area Statistics of Income Studies (1976-1982) (In Preparation)

Compendium of Sole Proprietorship Returns, 1978-1982 (In Preparation)

Compendium on Individual Income Tax Rates, 1978-1983 (In Preparation)

Estate Tax Returns, 1976

## Other Information Available

All the items listed below, as well as other unpublished or special tabulations from the **Statistics of Income Program**, are available on a cost-reimbursable basis. Further details, including ordering information can be obtained by writing to: Director, Statistics of Income Division D:R:S, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, D.C. 20224. Tape files indicated with an (A) are available (on a reimbursable basis) through the Machine Readable Archives Division (NRR) of the National Archives and Records Service, Washington, D.C. 20408.

### Corporation Source Book

Presents detailed income and balance sheet data classified by industry and size of total assets. A general description is available upon request. (Available on computer tapes and microfilm files)

### Small Area Data

Data on individual income tax returns, exemptions, and adjusted gross income are presented by State, county, and SMSA. Also, the number of persons who moved from one location to another based on addresses shown on the returns. A general description is available upon request.

### Public-Use Tape Files

Individual Tax Model, 1966-78 (A)  
1979-81  
Corporation Source Book, 1965-76 (A),  
1977-82  
Estate Tax Returns, 1972, 1976  
Private Foundations, 1974 (A), 1979  
Sole Proprietorships, 1980  
Employee Plans File, 1977  
**New Migration DATA**  
County Migration Data, 1980-82  
1982-83  
County Migration Flow Data, 1978-80  
1980-81  
County Income Date, 1982

# 1982 Statistics of Income

# Corporation Income Tax Returns

## Publication 16 (7-85)

Department of the Treasury  
**Internal Revenue Service**

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Commissioner

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(Data Processing)

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Assistant Commissioner  
(Returns and Information Processing)

**Fritz Scheuren**  
Director, Statistics of Income Division

**Dan Rosa**  
Chief, Corporation Statistics Branch

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 "Small Business 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—1982*. 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 1982 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

Internal Revenue Service  
Statistics of Income— 1982  
Corporation Income Tax Returns  
U. S. Government Printing Office,  
Washington, DC 1985

Library of Congress Card  
No. 61-37568

**See the user survey form following page 148**

COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

June 21, 1985

The Honorable James A. Baker, III  
The Secretary of the Treasury  
Washington, DC 20220

Dear Mr. Secretary:

I am transmitting the complete report, Statistics of Income--1982, Corporation Income Tax Returns. This report has been produced in accordance with the mandate of section 6108 of the Internal Revenue Code which requires the preparation and publication of statistics reasonably available with respect to the operation of the internal revenue laws.

The report presents information on receipts, deductions, net income, income tax liability, tax credits, and distributions to stockholders. Statistics are also provided on the corporate tax base and on the computation of income tax and additional tax for tax preferences ("minimum tax").

Classifications include industry, size of total assets, and size of receipts. Separate statistics are included for returns with net income, inventories, investment credit items, members of controlled groups, and Small Business Corporations electing to be taxed through their stockholders.

With kind regards,

Sincerely,



# 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.

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# Guide to Tables and Figures

This report contains 17 basic tables. The major classification is industrial activity. This guide provides a reference for the major selected items and subjects available in the report. Figures A, B, C, D, E, and F are on pages 2, 3, 10, 11, and 13, respectively. See page 17 to determine the appropriate page number(s) for specific tables.

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This report presents statistical estimates derived from a stratified sample of approximately 93,700 corporate returns selected from the more than 2.9 million active corporate returns filed for the 1982 Income Year.\*

The report is divided into 6 sections. The first section provides statistics summarizing overall corporate activity for Income Year 1982. Section 2 discusses changes in law between this report and that for Income Year 1981. 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 1982 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 Income and Tax Statistics, 1982" in the Statistics of Income Bulletin, Volume 4, Number 3, Winter 1984-85. [1]

## OVERALL CORPORATE SUMMARY

Figure A presents a two-year comparison of the number of returns, total assets, total receipts, net income (less deficit), income subject to tax and total income tax before and after credits for Income Years 1981 and 1982. This figure shows a 4.0 percent increase (approximately 114,000) in the total number of returns from 1981 to 1982.

For the first time, total assets, as reported on tax returns, surpassed the \$9 trillion mark, increasing approximately 9.4 percent to \$9.4 trillion. This increase was less than the 12.2 percent increase for the previous year. The total receipts reported for 1982 decreased less than 1 percent from 1981. Net income (less deficit) decreased 27.7 percent from 1981 to 1982, continuing the substantial downward trend started in 1980.

For returns with total assets of \$250 million or more, the total income tax before credits was approximately 13.8 percent lower for 1982 than for 1981. These returns, which represented less than one

percent of the total, accounted for a higher percent of total income tax after credits on all corporate returns - 64.9 percent for 1982 versus 64.0 percent for 1981. Therefore, for these returns their profits decreased however, their percentage of the total profits increased.

## 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.

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. Because these organizations possess characteristics typical of the corporate form, such as continuity of life, centralization of

\*Tim Wheeler was responsible for the overall production of this report and also prepared the text for sections 1, 2 and 5. The report was prepared under the direction of Karen L. Oys of the Returns Analysis Section, Corporation Statistics Branch.

## Corporation Returns/1982 • 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 1981 and 1982**

(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>1981</b>							
Total .....	2,812,420	8,547,161,872	7,026,351,839	213,648,962	241,496,368	102,257,851	58,444,720
Zero assets .....	114,240	—	93,807,569	-183,641	3,986,198	1,669,902	866,427
\$1 under \$100,000 .....	1,455,263	49,712,690	212,281,029	-377,802	3,649,129	675,764	491,353
\$100,000 under \$250,000 .....	515,966	83,108,897	225,289,170	2,681,573	5,178,239	1,046,776	779,232
\$250,000 under \$500,000 .....	295,683	104,273,577	245,168,357	3,797,707	6,096,936	1,425,222	1,095,720
\$500,000 under \$1,000,000 .....	192,441	134,805,485	302,616,587	4,518,827	7,162,885	2,035,914	1,614,250
\$1,000,000 under \$5,000,000 .....	177,424	361,000,303	777,263,658	13,689,636	19,206,560	7,297,103	6,124,469
\$5,000,000 under \$10,000,000 .....	23,739	165,091,661	296,206,636	6,708,036	8,602,423	3,698,133	3,162,328
\$10,000,000 under \$25,000,000 .....	17,480	275,266,279	326,592,821	9,510,601	11,598,616	5,089,718	4,263,713
\$25,000,000 under \$50,000,000 .....	8,385	296,242,293	235,395,765	7,477,023	8,550,620	3,816,449	2,994,084
\$50,000,000 under \$100,000,000 .....	5,226	372,028,106	254,200,623	7,881,786	9,271,402	4,197,755	3,233,666
\$100,000,000 under \$250,000,000 .....	3,412	540,443,289	381,543,363	10,675,323	12,876,406	5,870,709	4,322,595
\$250,000,000 or more .....	3,141	6,165,189,292	3,675,062,954	147,258,401	145,284,790	65,419,444	29,491,947
<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	7,823,364	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

<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 1120F).<sup>4</sup>Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership 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.

management apart from ownership, limited liability of owners, and transferability of shares of capital ownership, they were required to file corporation income tax returns.

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) .....	2,337,890
Form 1120S (U.S. Small Business Corporations) .....	564,219
Form 1120L (U.S. Life Insurance Companies) .....	2,114
Form 1120M (U.S. Mutual Insurance Companies) .....	1,386
Form 1120F (U.S. Returns of Foreign Corporations) .....	10,661
Form 1120-DISC (Domestic International Sales Corporations) .....	9,663
Total .....	2,925,933

No data were tabulated from amended corporation returns; or inactive corporation returns, which reported no total receipt or total deduction items. Also, the statistics specifically exclude foreign corporations with no income "effectively connected" with a U.S. trade or business, returns of farmers' cooperatives exempt from income tax under Internal Revenue Code section 521, 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, and nonprofit corporations (educational, charitable, and similar organizations) exempt from income tax under section 501. Also excluded from the statistics are returns of

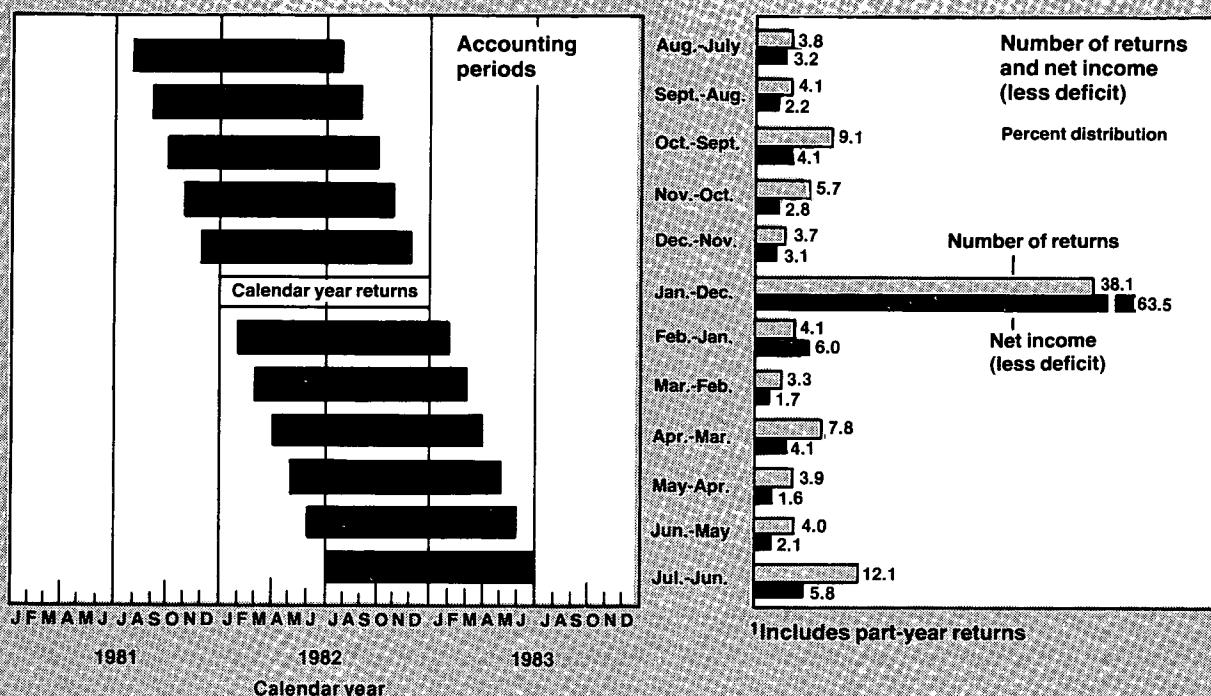
mutual insurance companies (except life or marine and certain fire or flood insurance companies), with gross receipts that did not exceed \$150,000, which were exempt from income tax under Internal Revenue Code section 501.

## 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 1982 through June 1983. 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, 1981, and closed on July 31, 1982, and the start of the last-included accounting period, which began on July 1, 1982, and closed on June 30, 1983. 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 total assets, total receipts, net income (less deficit), and total income tax reported on returns for each of the 12 accounting periods. Approximately 38.2 percent of the 1982 returns were filed for the calendar year. However, these included returns of most of the larger corporations. Approximately 79.2 percent of total

**Figure B. Number of returns and net income (less deficit), by accounting periods<sup>1</sup>**<sup>1</sup>Includes part-year returns**Figure C.- Returns of Active Corporations: Number of Returns, 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 1982**

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

Accounting period ended <sup>1</sup>	Number of returns (1)	Total assets (2)	Total receipts (3)	Net income (less deficit) <sup>2</sup> (4)	Income subject to tax <sup>3</sup> (5)	Total income tax <sup>4</sup> (6)	Total income tax after credits <sup>5</sup> (7)
Total .....	2,925,933	9,357,784,804	7,024,097,766	154,334,143	205,175,407	86,766,154	47,071,909
December, 1982 .....	1,117,458	7,407,839,922	4,295,627,478	97,927,288	140,001,882	61,347,873	28,171,328
Noncalendar year, total .....	1,808,475	1,949,944,882	2,728,470,268	56,406,855	65,173,525	25,418,282	18,900,581
July 1982 .....	112,466	122,483,583	174,082,217	4,874,037	4,349,303	1,696,692	1,303,195
August 1982 .....	120,146	116,800,512	182,342,737	3,361,026	4,268,007	1,657,090	1,238,030
September 1982 .....	267,407	376,402,983	413,439,384	6,370,052	10,320,036	4,060,742	2,922,410
October 1982 .....	165,592	197,689,531	238,804,936	4,264,834	5,785,897	2,236,182	1,561,415
November 1982 .....	107,774	126,514,077	127,229,439	4,742,896	3,643,427	1,430,771	964,715
January 1983 .....	119,765	159,990,939	290,939,268	9,299,624	6,577,123	2,753,510	2,129,811
February 1983 .....	97,344	73,094,150	122,548,817	2,571,184	3,406,957	1,327,491	1,085,706
March 1983 .....	229,449	226,984,518	379,170,801	6,290,914	6,814,356	2,601,821	1,926,452
April 1983 .....	115,502	102,564,046	143,492,944	2,465,948	3,399,989	1,287,307	1,015,027
May 1983 .....	118,021	100,759,881	178,433,073	3,286,422	3,778,134	1,434,777	1,081,288
June 1983 .....	355,007	346,660,661	477,986,651	8,879,918	12,830,296	4,931,900	3,672,532

<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, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits.

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

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## Corporation Returns/1982 • Introduction

assets, 63.5 percent of net income (less deficit), and 61.2 percent of total receipts were reported on 1982 calendar year returns.

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] A Compendium of Foreign Area Statistics of Income Studies (1976 - 1982) is in preparation and will be published later this year.
- [3] "Effectively connected" income is defined in Code Section 864(c).
- [4] An annual report is published in the Statistics of Income Bulletin. For the latest article see Carson, Chris R., "Nonresident Alien Income and Tax Withheld," 1982, "Statistics of Income Bulletin," Fall 1984, pp. 21-30.

## Section 2

## Changes in Law

The statistics in this report reflect, to varying degrees, changes in law 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 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 (ERTA) and the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Also, certain minor law changes are only discussed in Section 5, Explanation of Terms, such as the effect of ERTA on the computations of gain or loss of Section 1245 and 1250 property when sold or disposed of.

### ECONOMIC RECOVERY TAX ACT OF 1981

#### Reduction in Corporate Tax Rates

ERTA contained provisions which reduced tax rates for the two lowest income brackets for tax years beginning after 1981. For the taxable income bracket of \$25,000 or less, the tax rate decreased for 1982 from 17 percent to 16 percent, and for 1983 to 15 percent. For the taxable income bracket over \$25,000 but not over \$50,000, the tax rate decreased for 1982 from 20 percent to 19 percent, and for 1983 to 18 percent. The remaining tax rates of 30 percent (taxable income bracket over \$50,000 but not over \$75,000), 40 percent (taxable income bracket over \$75,000 but not over \$100,000) and 46 percent (taxable income bracket over \$100,000) did not change. Corporations with accounting periods overlapping January 1, 1983, because of the tax rate changes, were required to compute their tax based on the proration rules of Code section 21. For example, fiscal year 1982-83 corporations computed their tax for the year by prorating a tax for the period before 1983 and for the period after 1982, using the tax rates in effect for each period.

In addition ERTA reduced the tax on undistributed personal holding company income from 70 percent to 50 percent for corporations classified as Personal Holding Companies with accounting periods beginning after 1981.

#### Targeted Jobs Credit and Work Incentive (WIN) Credit Revised

The Revenue Act of 1978 created the targeted jobs credit to encourage hiring of needy youths and others who often had difficulty finding jobs. Under ERTA the time period for which the targeted jobs tax credit applied 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 claimed 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.

Further explanation of the jobs and WIN credits are contained in the Explanation of Terms section of this report under "Jobs Credit" and "Work Incentive (WIN) Credit," respectively.

#### Charitable Deduction Increased

A taxpayer could deduct, within certain limitations, the amount of cash or other property contributed to qualified charitable organizations under Code section 170. Under prior law, the deduction for charitable contributions was limited to 5 percent of the taxable income without regard to certain deductions. Effective for tax years beginning after 1981, the new law increased the limit to 10 percent of the taxable income without regard to certain deductions. Further explanations of charitable deductions are contained in the Explanation of Terms section of this report under "Contributions or Gifts."

#### Employee Stock Ownership Credit Revised

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 was

## Corporation Returns/1982 • Changes in Law

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, WIN, jobs, alcohol fuel, non-conventional 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.

### Small Business Corporation Law Revised

The Subchapter S Revision Act of 1982 extensively revised the laws for small business corporations with tax years beginning after December 31, 1982. The provisions of that act will be covered in Statistics of Income for 1983.

### Mutual Savings Banks Eligible to Convert to Stock Associations

The Economic Recovery Act of 1981 (ERTA) set forth provisions for "conversion of mutual savings banks to stock associations." There are two new provisions under ERTA; first, a stock association that was subject to the same regulations as a mutual savings bank was eligible to compute its bad debt deduction in accordance with the rules applicable to mutual savings banks and (2) extended the special rule under which mutual savings banks could separately compute tax liability on their insurance business to stock associations that are regulated as mutual savings banks.

### TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

#### "Safe Harbor" Leasing Revised

Safe harbor leasing as provided for under ERTA was designed to allow unprofitable corporations that needed new capital equipment to purchase it, even though they were thereby unable to take advantage of the two tax benefits for so doing. These two benefits were accelerated depreciation deductions based on the Asset Cost Recovery System (ACRS) and the investment credit against income tax. ERTA had encouraged such purchases of equipment by allowing the purchasing corporations to immediately resell the equipment to a corporation that was able to take advantage of these two benefits, in return for cash and a note plus interest, for example. The equipment was then leased back to the original purchaser and rent was paid on it that was equal to the amount needed to service the note. At the end of the term of the lease, the

original purchaser of the equipment was allowed to repurchase the equipment for a nominal sum. This was a typical arrangement whereby both parties benefited from the arrangement.

TEFRA substantially reconstructed these leasing procedures and reduced the tax benefits available to companies that used such leases. While most of the restrictions generally applied to property leased after July 1, 1982, transitional and certain anti-abuse rules were retroactive to February 19, 1982. The safe harbor leasing provisions were then to expire on January 1, 1984 and be replaced at that time by new leasing rules.

The following are some of the major restrictions and limitations imposed on these traders of tax benefits by the TEFRA provisions:

1. the amount of the lessor's income tax which could be reduced through safe harbor leases was limited to the larger of the actual income tax liability, or 50 percent of the tax before adjustments for rental income, investment credit and deductions for ACRS depreciation and interest (if paid by the lessor),
2. public utility property was made ineligible for safe harbor leasing,
3. property used by foreign "persons" was made ineligible for safe harbor leasing unless income from the use of the property was subject to U.S. taxation,
4. in general, safe harbor leasing could apply to no more than 45 percent of the cost of the lessee's "qualified base property" placed in service during any calendar year,
5. limitations were placed on the ability of the lessee to increase percentage depletion deductions because of changes in the net income from the property (which limited the deduction) resulting from the leasing provisions,
6. lessors were prevented from using safe harbor tax benefits to generate the net operating loss or investment credit carrybacks to earlier users,
7. only 20 percent of the investment credit earned for property involved in a safe harbor lease was allowed for the year in which the property was first placed in service. The remainder of the unused credit was spread equally over the four succeeding years under special rules,
8. safe harbor leasing among members of an "affiliated group" of corporations was prohibited,
9. the maximum interest rate allowed on obligations of the lessor to a lessee in a safe harbor lease transaction for purposes of determining the lessee's interest deduction was limited, and
10. investment credit "strips", which were safe harbor lease transactions in which the lessee transferred the investment credit only (ACRS depreciation deductions were not transferred) were restricted to transactions entered into before October 20, 1981.

For additional information on safe harbor leasing see "Safe Harbor Leasing, 1981 and 1982" in the Statistics of Income Bulletin, Volume 3, Number 2, Fall 1983.

Targeted Jobs Credit Revised

Under prior law, the targeted jobs credit was available for wages paid to eligible individuals in targeted groups who began work for the employer prior to January 1, 1983. 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.

## 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 this report.[1]

This section also describes the methodology needed to compute confidence interval estimates, as well as some of the limitations of the data.

### SAMPLE SELECTION

The statistics in this 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 corporation population consisted of 3,131,181 returns for active and inactive corporations, from which the sample of 96,734 returns was drawn. The differences between these counts and those shown elsewhere in this report are due to the inability to distinguish with certainty active corporations from others at the point of selection (a further discussion is presented later in this section). 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. Small Business Corporation Income Tax Return; 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 0.45 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 DISCs 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 1982 population (3,131,181) in figure D with the total estimated number of returns (2,925,933) in table 1, column 1, will show a difference of 205,248. 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; and (15) information returns reporting no tax due to tax treaty or convention according to IR Code section 894; (16) certain delinquent returns of corporations for prior years.

Until income year 1981, it had been our practice to include prior-year returns of small corporations in the tabulations as a substitute for returns not filed until after the end of the sample selection period. For income year 1982, however, we decided to no longer completely process delinquent returns with total assets under \$250,000,000 which used basic tax forms prior to 1981, and whose accounting periods ended before July, 1982.

The estimated number of corporations filing on old tax forms was assumed to approximate the number of yet to be filed 1982 returns and thus even while these

\*Homer Jones and Richard Collins designed the sample for this report. Homer Jones prepared the text and tables in this section under the coordination of Sandra Barker of the Operations Section, Corporation Statistics Branch.

Figure D--Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Selection Class, Income-Year 1982

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.....	*	*	*	3,131,181	96,734	3.15%	3.09%
	Forms 1120 and 1120S with Form 5735 attached, Total .....	*	*	*	623	606	100.00	97.27
1	Under \$50,000,000 .....	Any amount.....	B,C	All {	545	528	100.00	96.88
2	Under \$100,000,000 .....	Any amount.....	A	All {				
	\$50,000,000 or more.....	Any amount.....	B,C	All {	78	78	100.00	100.00
	\$100,000,000 or more.....	Any amount.....	A	All {				
	Forms 1120 and 1120S (no Form 5735 attached), Total.....	*	*	*	3,103,330	88,412	2.91	2.85
3	Under \$50,000.....	Under \$25,000.....	All	All	1,275,033	6,215	0.45	0.49
4	\$50,000 under \$100,000.....	\$25,000 under \$50,000.....	All	All	481,724	3,495	0.69	0.73
5	\$100,000 under \$250,000.....	\$50,000 under \$100,000.....	All	All	564,776	6,568	1.15	1.16
6	\$250,000 under \$500,000.....	\$100,000 under \$250,000.....	All	All	327,404	8,166	2.48	2.49
7	\$500,000 under \$1,000,000.....	\$250,000 under \$500,000.....	All	All	203,669	7,896	3.87	3.88
8	\$1,000,000 under \$2,500,000.....	\$500,000 under \$1,000,000.....	All	All	138,267	13,402	9.91	9.69
9	\$2,500,000 under \$5,000,000.....	\$1,000,000 under \$1,500,000.....	All	All	47,438	5,849	12.84	12.33
10	\$5,000,000 under \$10,000,000....	\$1,500,000 under \$2,500,000.....	All	All	24,531	6,327	26.61	25.79
11	\$10,000,000 under \$25,000,000....	\$2,500,000 under \$5,000,000.....	A	All	6,693	2,593	39.74	38.74
12	\$10,000,000 under \$25,000,000....	\$2,500,000 under \$5,000,000.....	B	All	3,091	1,502	49.40	48.59
13	\$25,000,000 under \$50,000,000....	\$5,000,000 under \$10,000,000.....	A	All	4,863	2,372	49.80	48.78
14	\$10,000,000 under \$50,000,000....	\$2,500,000 or more.....	C	All {				
	\$25,000,000 under \$50,000,000....	\$5,000,000 or more.....	B	All {	17,329	15,515	100.00	89.53
	\$50,000,000 under \$100,000,000....	\$10,000,000 or more.....	A	All {				
15	\$50,000,000 or more.....	Any amount.....	B,C	All {	8,512	8,512	100.00	100.00
	\$100,000,000 or more.....	Any amount.....	A	All {				
	Forms 1120L and 1120M, Total .....	*	*	*	3,517	1,976	56.20	56.18
16	Under \$50,000,000.....	Any amount.....	All	All	3,081	1,540	50.00	49.98
17	\$50,000,000 or more.....	Any amount.....	All	All	436	436	100.00	100.00
	Forms 1120F (with effectively connected income, in U.S.), Total....	*	*	*	12,411	3,394	28.03	27.35
18	Under \$25,000,000.....	Any amount.....	A	All {	11,909	2,900	25.00	24.35
	Under \$10,000,000.....	Any amount.....	B,C	All {				
19	\$25,000,000 under \$100,000,000....	Any amount.....	A	All {	282	274	100.00	97.16
20	\$10,000,000 under \$50,000,000....	Any amount.....	B,C	All {				
	\$100,000,000 or more.....	Any amount.....	A	All {	220	220	100.00	100.00
	\$50,000,000 or more.....	Any amount.....	B,C	All {				
	Forms 1120-DISC (See Figure E).....	*	*	*	11,300	2,346	20.93	20.76

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 sampling rates for Sample Classes 3 through 13 are composite figures of different sampling rates used during the three calendar years of sampling, 1982, 1983, and 1984. Other sample classes had the same prescribed and achieved sampling rates for the three years. There are three categories of industries used in this design as indicated in Column (4) by A, B, and C. Class A represents Financial industries having business codes 6030, 6060, 6090, 6120, 6140, 6150, 6199, 6210, 6359, 6511, 6550, 6599, 6742, and 6749. Class B represents Non-Financial Special industries having business codes of 0400, 1330, 1510, 1600, 2298, 3490, 3670, 3698, 3998, 4200, 5008, 5050, 5140, 5300, 7000, 7389, and 7900. Class C represents Non-Financial Regular industries having 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.

\* Not Applicable

sample returns were not fully processed, the final weighted sample was adjusted upward to account for this exclusion.

The estimated population of exclusions, 205,248, is a decrease of 26,828 under the income year 1981 population of exclusions, 232,076. This is distributed as follows:

#### POPULATION EXCLUSIONS

	INCOME YEAR		
	1982	1981	1980
Total	100.0%	100.0%	100.0%
Inactive returns	59.1	53.7	84.7
Duplicate returns	25.9	42.2	13.6
Filed on old forms	13.7	1.6	n.a.
Miscellaneous	1.3	2.5	1.7

#### METHOD OF ESTIMATION

The data from the sample returns were weighted to estimate the total size of business activities of all corporations in the United States and its possessions which filed returns for accounting periods ending July 1982 through June 1983. The returns were selected for the sample during the two year period, July 1982 through June 1984. A few missing returns with total assets \$250,000,000 or more were processed after the normal period when received.

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). Because each group was not sufficiently represented in each sampling class, raking ratio estimation procedures were employed to prevent the loss of coverage.[2]

The estimation procedures used were essentially the same as those used for the 1981 income year. Income years before 1980 used just a version of the provisional weight mentioned above.

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 1982, the second largest 100 percent sample class for each type of return was again used to adjust for any 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 its total assets, and income/deficit levels are nearer those of the missing items in the sample. 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. This continues

the practice readopted in the years 1980-1981 issuances which resumed a tradition implemented in volumes of Statistics of Income prior to the 1973 issuance (from 1973 through 1979, integer weighting was adopted). The use of decimal weighting made weighting more accurate and reduced the sampling variability. Integer weighting had some advantages also, such as better additivity of parts to their total.

As a result of two decimal place weighting, a 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).

## Corporation Returns/1982 • 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 1982.

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		11,300	2,346	20.93%	20.76%
MCS under \$10,000,000 & DISC under \$500,000	Both TICG & DISC under \$200,000	5,923	324	5.00	5.47
MCS under \$10,000,000 & DISC \$500,000 under \$1,000,000	Larger of TICG or DISC \$200,000 under \$500,000	1,823	171	10.00	9.38
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	1,194	255	20.00	21.36
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	647	186	30.00	28.75
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	519	241	50.00	46.44
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	258	233	100.00	90.31
MCS under \$250,000,000 & DISC \$25,000,000 or more	Either TICG or DISC \$5,000,000 or more	936	936	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 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 1982 Statistics of Income table. A coefficient of variation (CV) of 3.11 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):

$$\begin{aligned} SE(X) &= X \cdot CV(X) \\ &= 90,339 (.0311) \\ &= 2,810 \text{ returns.} \end{aligned}$$

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 87,529 returns to 93,149 returns (90,339 ± 2,810 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 84,719 returns to 95,959 returns.

Figure F -- Coefficient of Variation of Estimated Number of Returns, Income Year 1982

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)2/3/										
200.....	102.62	66.15	44.37	35.22	22.35	12.67	10.00	2.45	102.62	29.44
300.....	83.79	54.01	36.23	28.76	18.25	10.34	8.16	2.00	83.79	24.04
400.....	72.56	46.77	31.37	24.90	15.80	8.96	7.07	1.73	72.56	20.82
500.....	64.90	41.84	28.06	22.28	14.14	8.01	6.32	1.55	64.90	18.62
600.....	59.25	38.19	25.62	20.33	12.90	7.31	5.77	1.41	59.25	17.00
700.....	54.85	35.36	23.72	18.83	11.95	6.77	5.35	1.31	54.85	15.74
800.....	51.31	33.07	22.18	17.61	11.17	6.33	5.00	1.22	51.31	14.72
900.....	48.37	31.18	20.92	16.60	10.54	5.97	4.71	1.15	48.37	13.88
1,000.....	45.89	29.58	19.84	15.75	9.99	5.67	4.47	1.10	45.89	13.17
1,200.....	41.89	27.00	18.11	14.38	9.12	5.17	4.08	1.00	41.89	12.02
1,500.....	38.79	25.00	16.77	13.31	8.45	4.79	3.78	0.93	38.79	11.13
1,600.....	36.28	23.39	15.69	12.45	7.90	4.48	3.54	0.87	36.28	10.41
1,800.....	34.21	22.05	14.79	11.74	7.45	4.22	3.33	0.82	34.21	9.81
1,900.....	32.45	20.92	14.03	11.14	7.07	4.01	3.16	0.77	32.45	9.31
2,500.....	29.02	18.71	12.55	9.96	6.32	3.58	2.83	0.69	29.02	8.33
3,000.....	26.50	17.08	11.46	9.09	5.77	3.27	2.58	0.63	26.50	7.60
4,000.....	22.95	14.79	9.92	7.88	5.00	2.83	2.24	0.55	22.95	6.58
5,000.....	20.52	13.23	8.87	7.04	4.47	2.53	2.00	0.49	20.52	5.89
7,000.....	17.35	11.18	7.50	5.95	3.78	2.14	1.69	0.41	17.35	4.98
10,000....	14.51	9.35	6.27	4.98	3.16	1.79	1.41	0.35	14.51	4.16
15,000....	11.85	7.64	5.12	4.07	2.58	1.46	1.15	(4)	11.85	(4)
25,000....	9.18	5.92	3.97	3.15	2.00	1.13	0.89	(4)	9.18	(4)
35,000....	7.76	5.00	3.35	2.66	1.69	0.96	0.76	(4)	7.76	(4)
50,000....	6.49	4.18	2.81	2.23	1.41	(4)	(4)	(4)	6.49	(4)
75,000....	5.30	3.42	2.29	1.82	1.15	(4)	(4)	(4)	5.30	(4)
100,000...	4.59	2.96	1.98	1.58	1.00	(4)	(4)	(4)	4.59	(4)
150,000...	3.75	2.42	1.62	1.29	0.82	(4)	(4)	(4)	3.75	(4)
250,000...	2.90	1.87	1.25	1.00	0.63	(4)	(4)	(4)	2.90	(4)
500,000...	2.05	1.32	0.89	(4)	(4)	(4)	(4)	(4)	2.05	(4)
700,000...	1.73	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.73	(4)
1,000,000.	1.45	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.45	(4)
1,500,000.	1.18	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.18	(4)
2,000,000.	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.03	(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 estimate 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 25.62 percent shown for 600 returns (60,000 divided by 100) to obtain 2.56 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), while 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. In previous years, 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 1982, however, 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 tend 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 designated by the computer, through the use of a critical case name control procedure. In a few cases when the income year 1982 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. An Industry Code Library System initiated in 1981 income year, which consisted of records from previous years' files was again used to assign the SOI Industry Code. 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 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 follow-up, 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 by other techniques 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 occasions, the review process reveals 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.

## 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, available 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 (available upon request) or 1983 Proceedings of the Section on Survey Research Methods, American Statistical Association.

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

## 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, 18
- 2 Returns of active corporations: Balance sheets and income statements, tax and selected other items, by major industry, 24
- 3 Returns with net income: Balance sheets and income statements tax and selected other items, by major industry, 32
- 4 Returns of active corporations: Balance sheets and income statements and selected other items, by size of total assets, 40
- 5 Returns with net income: Balance sheets and income statements and selected other items, by size of total assets, 42
- 6 Returns of active corporations: Selected balance sheet, income statement, tax items, and distributions to stockholders, by industrial division, by size of total assets, 44
- 7 Returns of active corporations: Selected balance sheet, income statement, tax items, and distributions to stockholders, by industrial division, by size of business receipts, 49

### 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, 54
- 9 Returns of active Small Business Corporations, Form 1120S: Balance sheets and income statements and distributions to stockholders, by industrial division, 55

- 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, 56
- 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, 57
- 12 Returns of active corporations, other than Forms 1120-DISC: Investment credit and selected items, by selected industrial divisions, 58
- 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 Small Business Corporations (Form 1120S), by selected industrial divisions, 59
- 14 Returns of active corporations: Book net income or deficit and provision for federal income tax, by selected industrial divisions, 60
- 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, 61
- 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, 62
- 17 Returns of active corporation, other than Forms 1120S and 1120-DISC: Increasing research activities credit items, by selected industrial divisions, 63

## 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						
<b>Total returns of active corporations</b>	<b>2,925,933</b>	<b>1,608,357</b>	<b>7,024,097,766</b>	<b>5,202,373,378</b>	<b>6,156,994,009</b>	<b>4,270,850,310</b>	<b>274,352,942</b>	<b>120,018,799</b>	<b>205,175,407</b>	<b>88,766,154</b>
Agriculture, forestry, and fishing	91,320	47,858	65,356,911	38,649,180	60,643,550	43,222,379	2,528,479	2,614,897	1,604,445	502,671
Agricultural production	65,747	35,183	45,831,899	25,891,973	41,992,629	29,115,965	2,108,577	2,150,707	1,291,492	408,491
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	25,573	12,675	19,925,011	12,757,207	18,650,920	14,106,414	419,902	464,190	312,953	94,180
Mining	36,676	15,950	203,098,557	165,218,032	191,152,749	151,521,066	8,429,100	7,885,522	7,319,683	3,330,610
Metal mining	1,748	219	4,711,144	911,643	4,335,516	3,109,556	103,016	888,444	61,931	31,291
Iron ores	145	16	1,326,015	*132,093	*1,202,619	*914,629	*10,517	*222,029	10,508	4,862
Copper, lead and zinc, gold and silver ores	1,367	173	2,030,774	80,034	1,879,615	1,373,998	23,404	414,527	*13,709	7,832
Other metal mining	236	39	1,354,355	*699,516	1,253,282	820,929	69,094	251,868	*37,715	18,597
Coal mining	3,543	1,315	18,698,159	10,931,448	17,660,722	12,829,052	524,291	511,284	350,625	177,248
Oil and gas extraction	27,876	12,599	172,829,349	149,749,010	162,788,788	131,491,870	7,540,972	6,141,719	6,704,821	3,027,262
Crude petroleum, natural gas, and natural gas liquids	13,188	4,743	133,160,678	119,993,589	127,030,441	110,775,766	4,494,550	3,588,248	4,004,462	1,830,856
Oil and gas field services	14,688	7,856	39,668,671	29,755,421	35,758,346	20,716,103	3,046,421	2,553,471	2,700,359	1,196,407
Nonmetallic minerals, except fuels	3,509	1,818	6,859,905	3,625,931	6,367,723	4,090,589	260,821	344,075	202,306	94,809
Dimension, crushed, and broken stone; sand and gravel	2,937	1,438	4,246,055	2,580,042	4,017,376	2,693,922	183,604	147,462	134,906	57,390
Other nonmetallic minerals, except fuels	572	380	2,613,850	1,045,888	2,350,347	1,396,667	77,218	196,613	67,400	37,419
Construction	282,345	138,783	281,747,868	199,257,225	271,633,721	212,698,363	8,106,061	5,782,109	5,973,416	2,114,820
General building contractors and operative builders	113,656	52,116	119,980,764	85,716,935	114,052,864	96,181,801	2,972,773	2,588,092	2,090,307	747,189
General building contractors	109,951	49,988	116,468,774	84,295,144	111,680,462	94,929,544	2,798,387	2,292,805	1,965,840	703,083
Operative builders	3,705	2,128	3,511,990	1,421,791	2,372,403	1,252,258	174,386	295,287	124,468	44,105
Heavy construction contractors	18,341	9,678	56,162,591	*40,201,560	53,704,603	42,098,777	2,098,302	1,008,313	1,635,653	689,247
Special trade contractors	150,348	76,989	105,604,513	73,338,731	103,876,254	74,417,785	3,034,985	2,185,705	2,247,455	678,384
Plumbing, heating, and air conditioning	30,347	16,016	25,465,421	16,454,588	25,061,990	18,676,849	595,283	440,127	443,474	124,064
Electrical work	23,000	12,060	20,273,339	14,398,627	19,931,033	14,563,473	560,673	347,408	413,435	127,524
Other special trade contractors and contractors not allocable	97,001	48,913	59,865,753	40,485,517	58,883,231	41,177,463	1,878,829	1,398,169	1,390,546	426,795
Manufacturing	259,106	146,415	2,488,331,915	1,945,910,140	2,357,973,059	1,660,537,002	108,170,744	32,379,481	102,157,505	45,760,800
Food and kindred products	15,411	9,741	291,582,477	238,954,093	283,085,497	207,385,752	9,954,737	1,320,220	9,162,273	4,099,545
Meat products	2,467	1,819	56,454,662	43,667,342	55,608,381	47,017,366	648,638	-189,785	506,309	219,747
Dairy products	2,071	1,433	43,125,536	39,467,783	42,117,605	32,740,515	1,659,277	62,463	1,626,608	731,159
Preserved fruits and vegetables	555	379	22,472,246	17,405,482	21,634,143	15,278,537	918,829	210,845	893,084	407,068
Grain mill products	1,176	804	43,851,740	36,656,596	42,433,681	32,069,511	1,398,779	83,267	1,374,974	621,708
Bakery products	3,193	1,698	16,878,000	14,508,658	16,451,936	9,473,259	782,320	109,226	707,287	318,493
Sugar and confectionery products	923	769	13,623,633	12,739,280	13,264,074	8,669,687	768,064	105,311	657,031	292,201
Malt liquors and malt	32	17	12,406,805	9,581,995	12,169,436	7,302,510	331,908	*70,338	312,452	144,579
Alcoholic beverages, except malt liquors and malt	535	136	10,281,535	9,595,442	6,192,511	912,451	51,236	711,392	295,158	
Bottled soft drinks, and flavorings	1,156	1,032	26,494,917	17,301,570	25,204,947	14,179,750	1,409,829	88,086	1,354,625	618,062
Other food and kindred products	3,302	1,654	45,592,925	37,343,852	44,605,853	34,462,106	1,124,644	349,662	1,018,512	451,368
Tobacco manufactures	96	68	33,212,939	33,034,056	31,345,213	18,043,576	2,665,290	14,372	2,503,589	1,123,551
Textile mill products	5,075	3,143	40,202,815	26,983,703	39,439,712	30,057,481	1,294,648	587,931	1,176,129	517,417
Weaving mills and textile finishing	975	404	14,249,137	9,120,556	13,966,923	10,475,094	4,382,206	243,128	362,129	162,064
Knitting mills	1,112	795	5,911,747	4,783,247	5,847,217	4,351,289	340,273	82,564	297,495	130,948
Other textile mill products	2,987	1,944	20,041,931	13,079,901	19,625,562	15,231,098	572,168	262,239	516,504	224,404
Apparel and other textile finishing	15,957	9,010	51,274,573	43,777,128	50,142,197	35,575,924	2,297,865	595,120	2,001,433	856,218
Men's and women's clothing	2,056	1,323	17,206,016	15,716,031	16,674,051	11,876,753	845,820	132,106	788,027	352,033
Women's and children's clothing	7,920	4,127	21,338,435	17,382,226	20,934,272	14,657,034	951,911	324,931	798,661	344,296
Other apparel and accessories	1,988	1,587	4,774,421	4,242,488	4,709,617	3,378,782	194,999	44,722	177,615	69,309
Miscellaneous fabricated textile products	3,993	1,973	7,955,702	6,436,384	7,824,258	5,663,355	305,135	93,361	237,130	90,580
Lumber and wood products	14,203	6,951	49,407,935	22,032,410	46,525,373	35,176,243	764,765	1,249,701	587,346	227,135
Logging, sawmills, and planing mills	5,583	3,068	19,178,730	10,321,589	17,577,593	13,449,748	289,829	460,355	195,406	62,914
Millwork, plywood, and related products	3,627	1,719	18,152,430	5,446,345	17,465,394	12,989,818	269,775	497,315	230,258	100,348
Other wood products, including wood buildings and mobile homes	4,993	2,164	12,076,774	6,264,476	11,482,386	8,736,676	225,160	292,030	161,682	63,874
Furniture and fixtures	8,523	4,373	20,581,885	16,323,531	20,117,563	13,943,162	950,411	273,471	837,952	358,906
Paper and allied products	3,942	2,411	65,705,171	47,290,634	62,618,126	43,630,107	3,055,704	734,432	2,997,442	1,223,477
Pulp; paper, and board mills	548	291	39,058,000	25,891,016	36,810,147	26,086,212	1,391,226	546,094	1,396,195	508,163
Other paper products	3,395	2,120	26,647,170	21,399,618	25,807,979	17,543,895	1,664,477	188,338	1,601,229	715,314
Printing and publishing	37,904	22,253	66,922,304	50,964,472	63,699,912	43,138,961	5,218,999	959,621	4,768,254	2,057,917
Newspapers	4,952	3,021	27,275,685	23,417,598	26,201,276	11,524,252	2,227,225	20,465	2,074,204	922,932
Periodicals	3,332	1,890	12,627,564	10,291,660	12,125,254	5,927,249	556,062	186,898	500,227	213,002
Books, greeting cards, and miscellaneous publishing	5,089	2,603	15,223,223	12,277,935	14,194,489	5,976,251	1,028,364	205,247	984,958	440,890
Commercial and other printing and printing trade services	24,532	14,738	31,795,832	24,977,279	31,178,893	19,711,209	1,367,348	357,012	1,208,864	481,092
Chemicals and allied products	10,145	6,060	227,449,176	184,086,524	215,944,366	135,656,095	12,986,637	1,985,635	12,521,541	5,736,917
Industrial chemicals, plastics materials and synthetics	3,572	2,208	108,965,869	82,739,490	103,652,402	69,341,543	3,216,865	901,038	2,938,753	1,347,315
Drugs	1,034	546	40,956,910	35,714,723	37,671,733	17,688,379	5,426,795	366,819	5,322,808	2,453,318
Soap, cleaners, and toilet goods	1,825	985	41,385,239	40,218,897	39,952,206	25,656,921	2,981,510	84,272	2,941,184	1,341,829
Paints and allied products	1,335	1,038	9,676,079	9,095,827	9,502,491	5,857,218	395,583	41,777	382,816	167,707
Agriculture and other chemical products	2,378	1,284	26,465,078	16,317,587	25,165,534	17,112,033	965,883	591,729	935,980	426,748
Petroleum (including integrated) and coal products	2,106	1,083	584,137,738	546,063,297	560,780,496	434,046,123	29,139,512	1,617,777	28,587,718	13,116,503
Petroleum refining (including integrated)	530	157	575,006,959	541,916,650	551,900,834	427,223,483	28,622,310	1,556,686	28,132,616	12,909,062
Petroleum and coal products, not elsewhere classified	1,576	926	9,130,779	4,146,647	8,879,662	6,822,640	517,201	61,091	455,100	207,442
Rubber and miscellaneous plastics products	10,713	5,368	42,356,156	33,326,113	41,102,997	28,105,588	1,692,245	470,630	1,513,925	651,871
Rubber products; plastics footwear, hose and belting	1,404	1,078	25,914,030	21,077,401	24,956,404	16,979,576	1,006,426	115,874	959,161	433,180
Miscellaneous plastics products	9,308	4,290	16,442,127	12,						

## 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>Manufacturing—Continued</b>										
Stone, clay, and glass products	9,975	5,192	46,311,499	29,318,854	44,233,718	30,306,568	1,172,801	1,210,701	1,059,625	469,308
Glass products	1,936	1,176	17,775,028	13,468,098	17,005,957	11,337,510	439,671	164,395	414,036	181,601
Cement, hydraulic	144	144	4,074,394	*917,508	3,849,531	2,618,214	*32,913	396,420	*32,024	16,306
Concrete, gypsum, and plaster products	4,713	2,590	14,074,220	7,915,656	13,336,858	9,527,307	364,548	446,247	308,041	143,693
Other nonmetallic mineral products	3,182	1,382	10,367,856	7,017,592	10,041,373	6,823,538	335,669	203,638	305,524	127,709
Primary metal industries	4,237	1,947	128,808,336	32,099,277	120,975,962	94,685,902	1,402,207	6,847,295	1,151,252	510,911
Ferrous metal industries; miscellaneous	2,412	916	82,159,453	12,119,525	78,048,883	60,475,757	678,472	4,963,543	613,985	262,188
primary metal products	1,825	1,031	46,648,883	19,979,753	42,927,079	34,210,144	723,735	1,883,752	537,267	248,723
Fabricated metal products	42,325	23,473	117,526,669	87,779,949	113,161,637	79,299,340	5,223,740	2,196,437	4,771,512	2,008,362
Metal cans and shipping containers	155	77	13,670,289	13,327,452	12,719,389	9,524,905	426,953	19,885	413,923	174,958
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products	3,643	2,056	12,631,900	10,333,782	12,110,985	7,650,058	817,055	177,437	784,238	338,507
Plumbing and heating, except electric and warm air	595	351	4,499,281	4,312,975	4,314,040	2,906,054	271,818	27,275	256,355	112,811
Fabricated structural metal products	9,188	4,734	30,872,898	23,009,854	29,934,419	22,066,518	1,329,218	546,005	1,176,316	497,640
Metal forgings and stampings	3,724	2,533	11,560,003	6,501,153	11,320,332	8,109,845	389,611	348,423	342,428	143,954
Coating, engraving, and allied services	3,402	2,150	4,986,168	2,478,405	4,719,217	3,136,494	150,706	141,926	112,897	39,620
Ordnance and accessories, except vehicles and guided missiles	556	401	1,041,783	852,899	1,019,494	722,571	58,154	*19,800	53,249	22,686
Miscellaneous fabricated metal products	21,062	11,172	38,264,347	26,963,429	37,023,761	25,182,895	1,780,224	915,688	1,632,105	678,186
Machinery, except electrical	26,708	15,625	184,131,098	130,453,815	157,541,494	100,042,497	11,247,014	3,934,920	10,880,580	4,925,892
Farm machinery	1,614	943	12,082,934	4,246,268	10,840,549	7,300,731	151,888	385,966	140,166	60,309
Construction and related machinery	1,769	864	35,167,859	18,247,078	33,126,128	22,586,434	1,468,592	1,350,102	1,414,253	657,790
Metalworking machinery	8,253	4,927	15,859,082	10,353,632	15,280,305	10,018,791	677,539	510,055	612,576	256,005
Special industry machinery	3,626	2,416	16,590,002	12,321,590	15,859,679	10,873,008	591,968	345,134	563,464	235,079
General industrial machinery	3,913	2,777	20,324,618	15,303,319	19,527,350	13,071,936	795,794	337,601	745,648	323,065
Office, computing, and accounting machines	835	392	67,215,879	58,871,552	46,581,577	24,970,890	7,006,293	471,157	6,921,293	3,190,281
Other machinery, except electrical	6,699	3,308	16,890,724	11,110,376	16,325,906	11,220,706	554,939	534,904	483,180	203,363
Electrical and electronic equipment	17,105	9,245	188,187,778	156,456,019	174,472,852	113,791,559	8,584,066	2,199,414	8,045,807	3,562,852
Household appliances	470	405	14,254,721	9,523,964	13,558,942	9,266,661	590,874	153,667	569,455	259,796
Radio, television, and communication equipment	1,862	1,039	45,953,551	40,528,887	39,788,733	26,137,441	1,583,297	337,988	1,299,259	535,852
Electronic components and accessories	8,695	4,868	60,496,520	44,676,000	57,818,970	39,302,680	3,261,025	1,065,513	3,143,001	1,399,000
Other electrical equipment	6,077	2,933	67,482,986	61,727,169	63,306,207	39,084,778	3,148,870	642,246	3,034,091	1,368,205
Motor vehicles and equipment	2,991	1,967	152,803,403	124,332,356	143,126,094	102,492,548	3,087,258	1,605,940	2,857,029	1,319,151
Transportation equipment, except motor vehicles	4,179	2,023	74,664,415	38,774,297	70,586,584	52,493,176	1,352,201	2,978,581	1,108,109	498,385
Aircraft, guided missiles and parts	1,337	495	62,736,192	32,614,265	59,053,916	43,779,821	1,057,777	2,620,529	875,745	397,649
Ship and boat building and repairing	1,923	1,003	6,988,948	2,645,199	6,761,856	5,237,622	154,962	182,815	116,534	52,241
Other transportation equipment, except motor vehicles	919	526	4,939,275	3,514,833	4,770,813	3,475,734	139,465	175,236	115,830	48,494
Instruments and related products	6,174	3,529	49,079,562	43,144,545	46,652,527	27,401,176	3,652,283	569,278	3,493,906	1,585,239
Scientific instruments and measuring devices; watches and clocks	2,519	1,016	17,561,870	13,936,898	16,732,229	10,043,930	1,232,017	342,472	1,189,747	536,098
Optical, medical, and ophthalmic goods	2,955	2,258	17,698,181	15,856,816	16,816,654	9,531,929	1,177,215	170,065	1,094,304	495,010
Photographic equipment and supplies	700	255	13,819,511	13,350,832	13,103,645	7,825,318	1,243,050	56,740	1,209,855	554,131
Miscellaneous manufacturing and manufacturing not allocable	19,063	11,480	41,142,854	29,490,466	39,797,135	26,617,869	1,774,867	959,695	1,553,500	656,130
Transportation and public utilities	115,470	59,793	632,294,442	481,678,525	606,039,657	338,796,961	27,378,633	9,042,673	25,955,886	11,638,542
Transportation	91,856	45,798	224,493,312	128,095,668	211,228,536	119,663,909	5,539,364	6,070,441	4,777,679	1,945,414
Railroad transportation	286	84	44,731,155	20,316,964	38,879,039	22,241,366	928,612	1,461,376	704,339	261,421
Local and interurban passenger transit	8,663	5,051	4,652,041	3,550,508	4,466,721	2,045,680	179,429	92,960	144,302	50,525
Trucking and warehousing	42,135	21,645	61,793,272	42,479,313	59,529,084	26,917,923	1,956,190	1,001,279	1,743,322	706,015
Water transportation	9,424	2,766	14,889,028	6,972,006	13,877,913	8,710,596	362,750	808,364	274,568	111,939
Transportation by air	6,975	2,449	48,189,551	13,825,203	45,672,498	21,450,698	362,226	2,197,829	316,262	142,755
Pipelines, except natural gas	184	113	26,446,666	26,241,614	26,001,635	22,857,172	1,256,289	*58,530	1,237,228	554,351
Transportation services, not elsewhere classified	24,189	13,690	23,791,599	14,710,061	22,781,647	15,440,473	493,868	450,103	357,657	118,407
Communication	12,634	6,904	130,440,430	125,016,161	126,762,052	43,827,087	8,571,992	1,074,190	8,241,239	3,840,859
Telephone, telegraph, and other communication services	6,749	3,680	112,356,290	109,682,342	110,124,021	36,800,651	6,964,883	554,884	6,785,246	3,227,717
Radio and television broadcasting	5,885	3,224	18,084,140	15,333,820	16,638,031	7,026,436	1,607,110	519,306	1,455,993	613,142
Electric, gas, and sanitary services	10,980	7,091	277,360,701	228,566,696	268,049,068	175,305,965	13,267,276	1,898,042	12,936,967	5,852,269
Electric services	265	186	81,892,226	68,226,350	78,923,667	42,106,962	5,004,160	636,143	4,858,529	2,216,715
Gas production and distribution	1,113	653	132,266,241	106,927,809	127,610,753	100,703,206	2,886,667	1,064,073	2,806,645	1,251,189
Combination utility services	176	160	56,387,115	48,209,897	54,959,207	29,909,148	4,817,535	*74,560	4,785,854	2,178,987
Water supply and other sanitary services	9,424	6,093	6,815,119	5,202,640	6,555,442	2,586,648	558,913	123,267	485,938	205,378
Wholesale and retail trade	839,547	466,108	2,017,701,364	1,468,940,134	1,972,305,356	1,556,263,179	45,747,936	17,305,258	30,107,072	11,584,691
Wholesale trade	285,615	168,977	1,069,342,142	725,686,290	1,047,583,638	887,794,832	26,599,894	9,980,125	13,987,182	5,455,600
Groceries and related products	24,065	14,869	157,775,585	136,263,938	155,852,434	136,185,312	2,030,122	376,118	1,471,111	584,541
Machinery, equipment, and supplies	52,653	30,708	111,362,997	78,186,332	107,145,162	79,678,540	5,976,452	1,902,380	2,118,727	800,295
Miscellaneous wholesale trade	208,897	123,400	800,203,561	511,236,020	784,586,041	671,930,980	18,593,320	7,701,628	10,397,345	4,070,764
Motor vehicles and automotive equipment	20,406	13,816	60,405,673	49,108,120	59,309,480	46,915,909	5,811,235	3,119,746	563,824	2,223,588
Furniture and home furnishings	8,339	3,825	8,307,375	5,707,263	8,123,509	4,204,828	204,828	166,533	149,715	49,231
Lumber and construction materials	11,613	6,253	28,948,991	20,138,074	28,433,765	23,142,324	567,723	429,604	431,498	152,186
Sporting, recreational, photographic, and hobby goods, toys, and supplies	4,716	2,544	10,919,797	8,117,003	10,692,695	8,008,770	560,769	207,836	221,521	86,551
Metals and minerals, except petroleum and scrap	6,382	3,143	77,780,766	27,492,030	76,202,137	71,357,021	636,211	1,096,508	403,609	174,577
Electrical goods	17,106	10,172	45,773,825	35,314,089	44,519,546	32,908,625	2,770,238	509,411	846,628	327,845
Hardware, plumbing, and heating equipment and supplies	11,667	7,269	28,589,337	19,204,075	27,939,882	20,832,685	673,624	226,129	512,799	180,797
Other durable goods	37,975	20,901	61,252,870	39,220,242	59,683,804	47,200,040	2,006,554	1,110,534	984,184	350,879
Paper and paper products	6,678	3,773								

## 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	549,127	297,307	945,667,059	741,512,058	922,135,862	666,530,043	19,052,717	7,268,063	16,051,477	6,105,061
Building materials, garden supplies, and mobile home dealers	40,527	22,502	49,891,941	33,865,682	48,537,499	35,361,864	1,218,151	761,885	1,046,937	355,540
Building materials dealers	18,787	9,804	32,890,839	21,767,479	31,970,041	23,591,916	786,193	481,614	693,735	253,052
Hardware stores	12,164	7,458	9,117,698	6,699,527	9,955,012	6,011,057	275,216	140,230	222,366	63,782
Garden supplies and mobile home dealers	9,576	5,241	7,883,404	5,398,675	7,612,446	5,758,891	156,741	140,041	130,836	38,706
General merchandise stores	9,958	5,383	150,460,117	137,001,131	143,413,511	93,127,508	3,452,530	454,806	3,153,455	1,392,930
Food stores	44,583	24,666	208,582,590	174,935,748	205,917,557	160,289,760	2,848,720	615,158	2,582,237	1,086,145
Grocery stores	25,936	16,117	194,611,728	165,436,712	192,110,961	150,340,966	2,597,829	458,657	2,407,283	1,020,773
Other food stores	18,647	8,549	13,970,862	9,499,036	13,806,597	9,948,793	250,891	156,501	174,953	65,371
Automotive dealers and service stations	82,634	46,065	235,395,386	161,706,096	231,139,213	197,561,845	2,184,536	1,289,808	1,640,919	507,251
Motor vehicle dealers	36,751	19,914	166,576,378	116,959,762	163,235,839	141,971,994	1,264,380	760,085	928,860	301,983
Gasoline service stations	19,764	11,234	43,546,734	27,387,658	43,062,920	37,832,418	3,465,965	227,917	285,638	83,980
Other automotive dealers	26,119	14,917	25,272,274	17,358,676	24,840,454	17,757,433	573,190	301,806	426,412	121,288
Apparel and accessory stores	45,326	27,093	44,485,320	36,820,887	43,358,480	26,084,104	1,592,689	571,775	1,388,742	518,269
Furniture and home-furnishings stores	36,118	22,309	30,680,799	23,050,701	30,674,193	18,743,598	1,189,631	433,911	1,016,453	378,192
Eating and drinking places	114,846	53,977	74,923,584	54,696,793	71,896,588	32,147,263	2,506,232	1,425,862	1,912,783	725,602
Miscellaneous retail stores	175,135	95,312	151,247,322	119,435,019	148,198,821	103,214,100	4,060,227	1,714,858	3,309,952	1,141,133
Drug stores and proprietary stores	21,362	16,320	39,838,710	36,786,549	39,301,328	28,717,415	1,041,604	102,169	939,663	369,098
Liquor stores	14,591	8,717	10,153,424	7,008,299	10,054,621	8,038,604	178,200	93,697	117,444	29,685
Other retail stores	139,182	70,275	101,255,188	75,640,171	98,842,872	66,458,081	2,840,423	1,518,992	2,252,845	742,359
Wholesale and retail trade not allocable	4,805	1,824	2,692,163	1,741,787	2,585,857	1,938,304	95,326	57,070	68,412	24,031
<b>Finance, insurance, and real estate</b>	<b>461,630</b>	<b>252,689</b>	<b>949,867,877</b>	<b>623,504,456</b>	<b>337,493,098</b>	<b>169,435,694</b>	<b>57,745,075</b>	<b>35,940,986</b>	<b>19,973,233</b>	<b>7,809,420</b>
Banking	14,021	9,474	330,537,008	243,236,130	289,15,823	5,964,798	6,982,535	6,389,115	6,350,774	2,731,633
Mutual savings banks	420	119	152,746,499	94,037	64,980	82,989	8,267,864	51,500	19,145	
Bank holding companies	3,228	2,079	236,484,436	192,676,875	25,112,899	5,871,954	4,738,390	1,672,718	4,351,654	1,919,725
Banks, except mutual savings banks and bank holding companies	10,372	7,275	77,480,103	48,186,046	3,308,887	27,864	2,161,155	1,828,533	1,947,619	792,762
Credit agencies other than banks	35,434	17,724	99,312,097	81,871,713	11,500,285	3,535,225	1,310,190	15,323,212	883,389	322,587
Savings and loan associations	3,857	586	69,704,490	5,629,219	3,449,013	497,778	207,681	14,091,187	144,697	65,158
Personal credit institutions	4,374	2,495	7,471,408	2,724,954	3,722,288	1,612,493	172,212	170,236	154,729	58,107
Business credit institutions	1,123	637	2,558,241	1,018,732	467,634	91,750	71,148	69,113	54,578	21,136
Other credit agencies; finance not allocable	26,080	14,006	19,577,958	9,498,807	3,861,350	1,333,204	859,150	992,676	529,387	178,286
Security, commodity brokers, and services	10,579	6,297	29,570,356	22,939,256	14,941,518	4,130,676	1,958,768	553,342	1,666,405	709,734
Security brokers, dealers, and flotation companies	5,029	2,925	24,235,208	19,702,991	10,648,495	1,874,541	1,656,274	274,926	1,448,613	626,712
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	5,550	3,372	5,335,148	3,236,265	4,293,022	2,256,135	302,494	278,416	217,792	83,022
Insurance	7,900	5,076	344,369,681	242,050,634	208,238,543	67,722,144	6,772,144	4,779,967	4,653,011	2,024,939
Life insurance	2,114	1,373	211,498,666	160,785,979	100,593,301	54,892,580	4,540,842	2,058,507	3,177,725	1,365,193
Mutual insurance, except life or marine and certain fire or flood insurance companies	1,386	991	36,072,665	21,303,464	30,782,684	22,013,038	746,689	918,653	404,280	169,023
Other insurance companies	4,400	2,712	96,798,329	59,961,191	76,862,558	43,901,386	1,484,614	1,802,808	1,131,006	490,724
Insurance agents, brokers, and service	51,637	32,324	18,864,178	12,543,310	17,301,888	3,786,046	1,076,373	438,973	795,431	276,195
Real estate	295,119	154,822	57,318,340	33,612,352	30,402,650	12,193,296	5,545,445	6,121,427	3,939,496	1,150,000
Real estate operators and lessors of buildings	140,057	85,966	22,579,444	14,475,473	7,027,422	2,757,966	2,978,079	20,19,455	2,482,180	721,842
Lessors of mining, oil, and similar property	1,019	888	776,334	696,173	409,476	194,702	193,621	37,924	177,040	66,699
Lessors of railroad property, and of real property, not elsewhere classified	5,089	2,487	704,615	272,009	389,705	303,444	95,990	61,521	79,968	23,369
Condominium management and cooperative housing associations	11,924	5,448	2,740,563	1,261,246	1,495,163	59,192	70,183	169,391	31,975	6,286
Subdividers and developers	41,536	17,324	11,058,142	5,737,670	5,696,571	3,430,395	1,044,451	2,162,836	517,477	159,598
Other real estate	95,495	42,709	19,459,241	11,169,782	15,384,313	5,447,597	1,163,120	1,670,300	650,855	172,206
Holding and other investment companies, except bank holding companies	46,939	26,972	69,896,217	50,251,062	26,192,391	19,018,650	34,099,620	2,354,951	1,684,728	594,233
Regulated investment companies	1,731	1,232	33,571,333	32,954,364	6,608	—	30,882,755	46,780	254	64
Real estate investment trusts	711	132	1,183,310	848,225	39,363	—	307,158	37,138	1,021	446
Small business investment companies	2,667	1,508	241,738	152,036	86,943	—	67,466	40,649	40,814	11,911
Other holding and investment companies, except bank holding companies	41,830	24,100	34,899,837	16,296,437	26,059,477	19,018,650	2,842,240	2,230,385	1,642,639	581,813
<b>Services</b>	<b>819,706</b>	<b>472,799</b>	<b>380,767,394</b>	<b>276,410,034</b>	<b>355,090,610</b>	<b>135,273,962</b>	<b>16,061,222</b>	<b>8,861,964</b>	<b>11,941,166</b>	<b>3,982,538</b>
Hotels and other lodging places	18,936	11,389	24,009,610	14,864,823	21,437,701	9,418,417	1,086,898	748,792	800,620	308,481
Personal services	51,929	27,704	17,438,528	13,101,294	16,854,213	6,572,244	861,951	270,588	647,197	214,720
Business services	210,496	115,191	114,777,607	84,459,085	106,656,681	51,481,728	5,023,513	2,881,553	3,656,489	1,312,415
Advertising	21,615	14,004	20,503,671	16,612,008	19,936,768	12,318,285	656,691	226,107	545,928	204,251
Business services, except advertising	188,881	101,187	94,273,937	67,847,078	66,719,913	39,163,443	4,376,822	2,655,446	3,110,661	1,108,165
Auto repair; miscellaneous repair services	75,448	40,889	34,246,845	22,268,912	31,503,316	16,462,276	1,035,855	704,356	773,237	250,728
Auto repair and services	46,852	25,668	21,611,968	16,091,912	22,102,706	11,224,005	715,413	528,048	530,361	181,366
Miscellaneous repair services	28,595	15,221	9,634,878	6,176,999	9,400,609	5,238,272	320,442	176,308	242,875	69,362
Amusement and recreation services	58,945	23,957	40,187,879	29,836,962	35,564,931	15,270,269	2,342,201	1,395,355	1,808,073	721,419
Motion picture production, distribution, and services	9,471	4,695	14,769,373	12,155,036	12,921,670	7,340,178	981,282	318,509	818,349	357,199
Motion picture theaters	3,076	1,966	4,766,714	3,771,465	4,290,986	1,639,126	252,065	50,518	208,548	81,699
Amusement and recreation services, except motion pictures	46,398	23,296	20,651,791	13,910,460	18,352,274	6,290,964	1,108,854	1,026,328	781,176	282,522
Other services	403,952	247,669	150,106,924	111,878,958	143,073,767	36,069,028	5,700,803	2,861,320	4,255,550	1,174,775
Offices of physicians, including osteopathic physicians	113,167	80,479	39,651,172	29,025,713	38,447,194	3,948,932	1,141,581	333,922	989,946	187,964
Offices of dentists	39,722	28,920	11,092,762	8,451,500	10,901,990	1,992,472	287,909	84,582	240,506	42,121
Offices of other health practitioners	11,050	8,199	2,084,338	1,719,148	2,071,769	337,607	126,611	29,311	103,014	20,532
Nursing and personal care facilities	7,319	5,730	11,030,738	9,319,929	10,565,952	2,925,414	462,274	111,884	251,835	96,915
Hospitals	303	161	10,236,266	9,459,869	9,620,657	2,222,037	454,096	64,638	422,012	197,114
Medical laboratories	3,609	2,175	1,697,851	1,005,867	1,638,700	590,648	51,858	94,17		

## 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	U.S. possessions tax credit	Investment 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)
<b>Total returns of active corporations .....</b>									
Agriculture, forestry, and fishing .....	19,137,201	2,026,980	17,312,702	47,071,909	132,478,411	116,758,328	9,357,784,804	2,583,060,326	213,179,160
Agricultural production .....	*1,905	—	118,494	375,422	409,070	383,384	50,409,537	30,289,176	2,892,300
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping .....	*1,905	—	91,061	311,289	332,123	312,338	41,989,578	24,352,863	2,308,651
Mining .....	1,848,192	1,079	425,824	1,044,556	3,926,230	3,218,666	192,380,473	86,320,409	7,306,899
Metal mining .....	*20,972	—	*522	9,977	173,981	29,758	11,231,821	7,762,403	437,903
Iron ores .....	4,792	—	—	70	94,908	7,953	3,238,494	4,121,742	118,329
Copper, lead and zinc, gold and silver ores .....	*5	—	270	7,557	58,124	1,525	6,154,076	2,651,540	202,131
Other metal mining .....	16,176	—	*251	*2,170	20,949	20,279	1,839,251	989,121	117,443
Coal mining .....	288	—	42,546	133,860	268,678	226,849	17,167,200	10,659,210	995,455
Oil and gas extraction .....	1,826,249	1,079	364,884	824,861	3,237,390	2,767,620	156,294,835	60,225,694	5,423,612
Crude petroleum, natural gas, and natural gas liquids .....	1,349,192	—	117,641	363,420	2,503,276	2,068,553	104,284,299	30,719,708	2,004,747
Oil and gas field services .....	477,057	1,079	247,244	461,441	734,114	699,067	52,010,537	29,505,986	3,418,865
Nonmetallic minerals, except fuels .....	682	—	17,872	76,038	246,181	194,439	7,686,617	7,673,103	449,930
Dimension, crushed, and broken stone; sand and gravel .....	126	—	12,385	44,803	140,834	135,034	4,045,594	3,944,854	286,675
Other nonmetallic minerals, except fuels .....	555	—	5,487	31,236	105,347	59,405	3,641,023	3,728,248	163,255
Construction .....	174,516	1,852	322,782	1,578,992	916,690	782,170	153,085,046	56,456,041	6,033,363
General building contractors and operative builders .....	54,103	—	108,924	570,491	375,220	308,850	80,480,112	17,940,392	1,822,429
General building contractors .....	54,079	—	106,337	530,481	356,107	301,540	74,117,637	16,808,910	1,745,033
Operative builders .....	*24	—	2,587	40,010	19,113	7,310	6,362,474	1,131,482	77,396
Heavy construction contractors .....	118,249	1,295	110,022	452,147	250,237	219,862	30,467,556	20,375,905	1,834,129
Special trade contractors .....	2,164	557	103,836	556,254	291,234	253,459	42,137,378	18,139,744	2,976,805
Plumbing, heating, and air conditioning .....	*48	—	18,585	100,808	46,580	42,771	10,055,622	3,192,562	479,516
Electrical work .....	265	556	15,130	109,450	62,084	54,376	8,223,409	2,600,974	365,229
Other special trade contractors and contractors not allocable .....	*1,851	1	70,120	346,095	182,570	156,311	23,858,348	12,346,208	1,532,060
Manufacturing .....	14,791,200	1,890,760	6,724,483	21,616,529	43,912,134	38,396,707	2,060,710,683	1,013,344,737	88,945,659
Food and kindred products .....	793,086	97,550	775,649	2,392,299	3,555,319	3,287,881	161,575,208	73,740,056	7,370,746
Meat products .....	41,903	4,020	28,349	141,430	235,757	234,989	14,757,819	7,658,944	749,358
Dairy products .....	184,223	518	144,501	395,882	626,459	626,373	22,449,631	9,581,303	954,126
Preserved fruits and vegetables .....	52,668	—	79,544	270,216	255,056	237,805	18,369,727	6,614,410	775,440
Grain mill products .....	111,076	3,562	108,273	389,819	608,231	600,446	19,558,987	11,478,833	1,120,270
Bakery products .....	*30,243	131	69,492	215,469	256,587	250,076	10,678,331	4,828,515	477,840
Sugar and confectionery products .....	46,647	6,176	46,289	189,396	147,955	146,149	8,783,509	4,958,535	380,231
Malt liquors and malt .....	850	—	74,327	68,997	110,143	102,920	8,103,253	6,708,264	593,844
Alcoholic beverages, except malt liquors and malt .....	4,723	20,806	26,829	241,109	261,387	260,587	18,348,756	2,546,005	162,043
Bottled soft drinks, and flavorings .....	238,865	46,930	69,294	261,075	709,848	510,659	18,717,580	8,955,560	1,172,483
Other food and kindred products .....	81,489	15,408	128,752	218,906	343,895	317,878	21,807,614	10,409,689	985,109
Tobacco manufactures .....	91,652	13,240	155,132	857,593	1,018,912	1,018,912	44,152,405	12,867,005	1,009,263
Textile mill products .....	23,516	2,009	79,514	404,815	291,787	225,331	23,391,279	16,522,165	1,361,053
Weaving mills and textile finishing .....	5,911	14	38,674	115,434	122,280	97,217	8,940,041	7,564,916	606,967
Knitting mills .....	21	—	10,949	117,572	35,155	35,087	2,869,241	1,602,430	125,770
Other textile mill products .....	17,584	1,994	29,890	171,809	134,352	93,028	11,581,988	7,354,819	628,316
Apparel and other textile finishing .....	40,491	42,892	47,045	712,625	397,347	350,554	23,793,325	6,222,506	635,355
Men's and boys' clothing .....	32,359	9,215	21,475	283,239	184,479	170,936	9,098,534	2,421,514	244,726
Women's and children's clothing .....	7,353	23,612	13,063	295,687	133,498	102,238	8,761,430	2,127,013	234,434
Other apparel and accessories .....	*170	2,281	3,834	62,297	33,645	33,364	2,266,378	571,156	56,323
Miscellaneous fabricated textile products, textile products, not elsewhere classified .....	609	7,785	8,672	71,403	45,727	44,015	3,666,984	1,102,823	99,872
Lumber and wood products .....	2,542	12	31,786	190,630	775,942	390,174	43,777,159	27,937,990	2,355,812
Logging, sawmills, and planing mills .....	2,340	—	14,241	45,673	437,326	323,674	19,442,668	12,914,564	996,762
Millwork, plywood, and related products .....	179	—	9,584	89,769	275,527	43,070	15,757,985	10,880,970	1,014,985
Other wood products, including wood buildings and mobile homes .....	*24	12	7,961	55,188	63,090	23,430	8,576,505	4,142,456	344,065
Furniture and fixtures .....	3,518	285	34,848	313,292	176,885	133,336	10,989,836	5,430,859	442,036
Paper and allied products .....	235,914	6,080	295,079	662,458	1,416,327	1,213,596	53,605,668	40,788,420	3,138,894
Pulp, paper, and board mills .....	87,151	—	179,946	235,258	785,938	603,441	37,036,781	29,390,965	2,068,454
Other paper products .....	148,763	6,080	115,133	427,199	630,388	610,155	16,568,887	11,397,455	1,070,439
Printing and publishing .....	72,829	2,936	373,275	1,597,333	1,874,468	1,782,998	60,515,643	30,327,896	3,472,851
Newspapers .....	24,982	—	128,023	766,235	796,823	751,184	23,917,875	12,287,221	1,278,846
Periodicals .....	32,981	—	46,589	132,322	156,236	152,772	8,768,448	3,515,895	385,431
Books, greeting cards, and miscellaneous publishing .....	12,850	1,126	78,546	345,153	447,082	440,055	11,821,410	3,644,056	615,889
Commercial and other printing and printing trade services .....	2,016	1,810	120,118	353,623	474,326	438,987	16,007,910	10,880,723	1,192,684
Chemicals and allied products .....	1,806,969	1,029,332	491,034	2,319,037	7,586,626	6,706,011	216,836,244	120,584,215	9,981,272
Industrial chemicals, plastics materials and synthetics .....	792,806	42,854	182,617	311,687	2,514,951	1,939,712	121,516,471	79,207,351	5,804,813
Drugs .....	576,771	956,462	123,623	749,264	3,554,930	3,307,202	43,478,959	15,386,776	1,275,833
Soap, cleaners, and toilet goods .....	316,751	16,629	111,627	882,758	1,014,922	1,000,876	23,171,966	9,795,829	931,977
Paints and allied products .....	14,180	2,146	18,037	129,727	82,220	82,220	4,753,101	2,431,956	290,261
Agriculture and other chemical products .....	106,462	11,241	55,130	245,601	419,604	376,002	23,915,747	13,762,303	1,078,389
Petroleum (including integrated) and coal products .....	7,362,367	22,452	2,103,607	3,571,452	10,041,034	9,798,701	443,573,396	215,422,642	16,114,648
Petroleum refining (including integrated) .....	7,327,735	22,452	2,077,902	3,425,987	9,932,921	9,737,796	437,699,113	212,467,329	15,811,395
Petroleum and coal products, not elsewhere classified .....	34,631	—	25,704	145,465	108,112	60,905	5,874,283	2,955,313	303,253
Rubber and miscellaneous plastics products .....	147,069	7,104	85,267	397,985	309,424	297,892	27,040,647	18,091,953	1,151,442
Rubber products; plastics footwear, hose and belting .....	142,909	702	48,308	233,481	249,200	240,627	17,910,595	12,205,358	615,286
Miscellaneous plastics products .....	4,160	6,403	36,859	164,504	60,223	57,265	9,130,052	5,886,596	536,156
Leather and leather products .....	1,664	10,113	14,402	224,755	206,120	204,564	7,410,304	1,970,100	180,439
Footwear, except rubber .....	1,419	8,778	11,570	181,986	185,591	184,505	5,669,167	1,404,964	131,693
Leather and leather products, not elsewhere classified .....	*246	1,334	2,831	42,768	20,529	20,059	1,741,138	565,136	48,746

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 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	U.S. possessions tax credit	Investment 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)
<b>Manufacturing—Continued</b>									
Stone, clay, and glass products	107,749	1,259	96,633	257,034	805,260	464,631	42,558,051	30,525,525	2,495,445
Glass products	77,546	894	37,728	63,382	366,465	198,319	16,515,046	11,075,183	901,976
Cement, hydraulic	18	—	*9,529	6,637	90,091	*15,698	7,586,097	5,641,628	353,498
Concrete, gypsum, and plaster products	3,516	—	21,311	118,015	220,743	135,964	10,552,251	8,147,763	743,860
Other nonmetallic mineral products	26,668	365	28,064	69,000	127,961	114,650	7,904,656	5,660,952	496,111
Primary metal industries	109,679	1,833	106,014	282,867	1,561,538	500,707	144,628,190	90,173,475	5,477,505
Ferrous metal industries; miscellaneous primary metal products	22,607	1,833	66,722	163,447	945,271	211,814	77,500,764	61,502,343	3,668,811
Nonferrous metal industries	87,073	—	39,292	119,421	616,267	288,893	67,127,426	28,671,132	1,808,695
Fabricated metal products	254,586	24,390	250,406	1,451,691	1,260,957	1,176,012	87,675,189	43,765,289	3,951,092
Metal cans and shipping containers	77,708	9,110	21,464	66,211	238,401	238,344	15,488,051	5,415,533	427,589
Cutlery, hand tools, and hardware, screw machine products, bolts, and similar products	57,369	4,144	48,266	225,430	283,115	272,932	9,816,386	5,436,074	450,355
Plumbing and heating, except electric and warm air	10,815	—	12,645	87,999	41,718	40,764	3,548,799	1,510,625	135,421
Fabricated structural metal products	41,473	2,695	58,972	388,162	259,462	218,591	20,975,903	10,239,077	97,1,238
Metal forgings and stampings	588	255	20,412	120,536	55,303	50,678	7,253,718	4,832,816	426,986
Coating, engraving, and allied services	16	—	6,122	33,072	30,993	16,840	3,547,969	2,183,631	219,736
Ordnance and accessories, except vehicles and guided missiles	1	—	2,059	20,320	*8,939	7,769	687,329	366,286	26,237
Miscellaneous fabricated metal products	66,615	8,185	80,466	509,960	343,026	330,094	26,357,034	13,781,245	1,293,529
Machinery, except electrical	1,597,400	28,902	623,324	2,499,399	4,439,239	3,713,118	182,716,360	83,021,255	9,260,691
Farm machinery	12,780	—	5,776	40,996	194,654	50,042	14,849,642	4,611,220	562,437
Construction and related machinery	147,508	—	100,319	396,323	706,692	358,584	35,427,815	17,574,506	1,876,056
Metalworking machinery	11,776	963	34,314	204,619	217,847	184,745	12,788,017	7,007,864	647,280
Special industry machinery	41,331	2,426	20,569	164,727	146,222	135,233	11,778,764	4,578,829	465,059
General industrial machinery	68,893	936	49,210	197,154	229,996	202,973	17,576,054	7,808,952	690,463
Office, computing, and accounting machines	1,306,423	12,295	376,760	1,355,552	2,826,673	2,698,673	77,444,875	35,497,177	4,466,919
Other machinery, except electrical	8,689	12,281	36,376	142,028	118,191	82,868	12,851,193	5,942,708	572,475
Electrical and electronic equipment	781,025	404,382	478,137	1,791,823	4,050,113	3,841,059	189,029,756	71,613,122	7,825,903
Household appliances	23,623	—	17,362	215,589	275,100	176,157	10,781,742	3,940,330	324,372
Radio, television, and communication equipment	203,810	40,222	93,573	175,152	1,383,775	1,386,077	59,431,231	15,444,974	1,929,728
Electronic components and accessories	219,310	144,209	176,645	799,284	555,732	497,206	50,804,169	18,886,395	1,920,728
Other electrical equipment	334,283	219,950	190,557	601,797	1,835,507	1,801,619	68,012,513	33,361,423	3,651,075
Motor vehicles and equipment	799,331	4,462	237,182	260,858	1,477,276	1,129,774	166,355,711	64,184,804	7,301,574
Transportation equipment, except motor vehicles	116,927	2,831	77,530	268,397	964,236	575,155	64,095,606	30,677,137	2,954,343
Aircraft, guided missiles and parts	115,214	389	66,933	185,471	879,174	522,574	53,168,413	25,469,103	2,508,813
Ship and boat building and repairing	348	—	6,090	44,930	46,734	18,303	6,548,024	2,391,395	238,652
Other transportation equipment, except motor vehicles	1,365	2,442	4,507	37,996	38,327	34,379	2,816,639	2,816,639	206,878
Instruments and related products	422,134	110,850	291,221	692,567	1,294,515	1,257,698	38,740,221	19,156,973	1,995,397
Scientific instruments and measuring devices; watches and clocks	161,304	19,966	68,554	252,573	248,750	239,740	13,024,353	5,555,335	586,344
Optical, medical, and ophthalmic goods	174,017	89,201	35,614	184,493	420,548	393,933	14,501,948	4,978,712	488,366
Photographic equipment and supplies	*86,812	1,683	187,053	255,500	625,217	*624,024	11,213,920	8,622,926	920,686
Miscellaneous manufacturing and manufacturing not allocable	20,551	77,847	77,399	467,619	408,808	328,603	28,250,485	10,321,346	1,049,899
Transportation and public utilities	254,502	33,814	6,287,196	4,925,936	21,438,500	18,702,182	919,861,069	839,757,341	49,929,857
Transportation	51,252	—	495,025	1,388,346	2,114,398	1,410,269	193,331,848	154,957,357	13,183,368
Railroad transportation	483	—	170,016	89,191	859,840	455,330	70,038,599	54,752,798	4,264,386
Local and interurban passenger transit	(*)	—	20,511	28,538	23,687	16,365	2,929,456	2,699,222	309,303
Trucking and warehousing	3,255	—	154,348	543,936	414,738	390,089	32,372,610	27,224,516	3,082,254
Water transportation	15,033	—	24,874	71,854	116,500	83,866	17,063,076	13,337,226	1,086,974
Transportation by air	24,052	—	67,106	49,921	180,599	72,130	45,362,123	39,605,778	2,914,010
Pipelines, except natural gas	*4,198	—	33,615	516,290	274,779	274,779	11,655,706	8,517,334	608,938
Transportation services, not elsewhere classified	4,232	—	24,554	88,617	244,255	117,711	13,910,279	8,820,483	917,504
Communication	99,318	33,770	2,380,491	1,220,362	6,846,085	6,611,536	245,510,562	230,863,528	19,271,651
Telephone, telegraph, and other communication services	54,821	33,681	2,282,009	751,560	6,404,781	6,226,175	223,202,332	221,146,515	17,990,587
Radio and television broadcasting	44,498	89	98,482	468,802	441,303	385,361	22,308,230	9,717,013	1,281,065
Electric, gas, and sanitary services	103,933	44	3,411,680	2,317,227	12,478,018	10,680,377	481,018,659	453,936,456	17,474,837
Electric services	5,129	—	1,700,252	502,170	5,925,556	5,371,149	224,577,114	224,628,211	7,965,090
Gas production and distribution	89,736	44	482,566	674,429	2,255,938	1,755,613	128,992,330	96,569,925	4,774,563
Combination utility services	7,413	—	1,170,945	995,820	4,158,247	3,425,161	118,112,892	124,050,162	4,169,872
Water supply and other sanitary services	1,655	—	57,917	144,809	138,277	128,453	9,336,324	8,688,159	565,312
Wholesale and retail trade	393,077	91,928	1,574,988	9,379,328	12,069,015	11,238,257	753,351,132	234,287,114	24,948,631
Wholesale trade	155,681	89,866	558,731	4,619,633	8,036,458	7,544,842	394,794,405	93,719,684	10,289,821
Groceries and related products	*529	10,427	83,855	485,569	458,867	447,236	28,533,018	11,118,019	1,193,050
Machinery, equipment, and supplies	28,608	64	108,486	656,692	2,425,780	2,322,534	65,500,271	14,925,113	1,937,012
Miscellaneous wholesale trade	126,544	79,376	366,388	3,477,372	5,151,811	4,775,072	300,761,115	67,676,551	7,159,759
Motor vehicles and automotive equipment	11,837	—	56,011	923,279	296,113	286,859	26,890,387	5,550,776	581,782
Furniture and home furnishings	*257	—	4,666	43,860	48,397	34,602	3,481,612	690,386	90,739
Lumber and construction materials	—	—	17,196	133,892	102,111	86,801	10,567,299	3,391,562	352,540
Sporting, recreational, photographic, and hobby goods, toys, and supplies	103	—	7,439	78,418	186,876	186,080	5,224,459	749,482	89,563
Metals and minerals, except petroleum and scrap	12,507	5	14,686	146,754	282,943	184,697	60,166,150	5,387,608	514,443
Electrical goods	2,418	139	34,289	287,610	690,740	676,303	22,407,958	3,028,696	384,117
Hardware, plumbing, and heating equipment and supplies	*730	—	13,464	165,592	89,659	84,250	12,556,753	2,791,091	329,657
Other durable goods	4,397	5	28,882	315,230	754,950	738,302	27,730,990	5,863,997	673,779
Paper and paper products	325	—	8,019	84,409	130,310	127,911	5,424,225	1,137,964	139,503
Drugs, drug proprietaries, and druggists' sundries	1,275	20,576	23,010	94,459	203,240	201,768	6,881,445	1,388,072	183,138
Apparel, piece goods, and notions	2,412	3,751	15,087	212,635	126,269	125,174	10,894,397	1,331,047	167,205
Farm-product raw materials	7,656	3	32,966	93,162	335,157	256,975	26,392,383	10,764,231	932,064
Chemicals and allied products	*8,761	126	6,993	79,266	988,098	983,564	10,074,220	1,798,737	203,423
Petroleum and petroleum products	*70,024	50,149	47,208	228,273	220,527	155,616	35,997,289	12,512,332	1,167,387
Alcoholic beverages	*1,028	—	20,801	300,348	185,278	184,746	11,483,698	3,117,810	373,944
Miscellaneous nondurable goods; wholesale trade not allocable	2,876	4,622	33,671	290,184	511,142	461,423	24,567,850	8,172,762	976,476

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 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	U.S. possessions tax credit	Investment 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)
<b>Wholesale and retail trade — Continued</b>									
Retail trade .....	237,396	2,062	1,014,101	4,737,964	4,030,870	3,691,814	357,434,956	140,233,086	14,620,767
Building materials, garden supplies, and mobile home dealers .....	*6	—	32,753	319,843	124,467	94,167	21,984,233	7,211,826	759,126
Building materials dealers .....	*6	—	20,860	231,003	92,384	64,049	14,450,503	5,005,410	533,776
Hardware stores .....	—	—	4,720	58,111	22,724	21,965	3,984,503	1,053,502	111,368
Garden supplies and mobile home dealers .....	—	—	7,173	30,729	9,359	8,153	3,549,317	1,152,914	113,982
General merchandise stores .....	148,620	155	284,534	942,504	1,710,638	1,646,419	110,892,782	31,759,737	2,920,524
Food stores .....	54,310	—	217,681	793,159	496,210	455,346	41,114,946	26,097,330	2,628,029
Grocery stores .....	54,153	—	204,372	742,364	468,418	427,796	37,674,167	23,749,133	2,372,479
Other food stores .....	157	—	13,309	50,795	27,793	27,550	3,440,779	2,348,197	255,550
Automotive dealers and service stations .....	*714	—	87,165	411,990	280,882	265,220	54,861,399	17,510,152	2,301,671
Motor vehicle dealers .....	*688	—	51,672	244,846	186,998	179,502	38,678,457	10,968,997	1,530,179
Gasoline service stations .....	16	—	16,558	65,562	32,070	31,622	6,472,993	3,385,378	353,443
Other automotive dealers .....	*10	—	18,936	101,581	61,814	54,096	9,709,949	3,155,777	418,049
Apparel and accessory stores .....	*7,927	143	39,934	467,280	262,041	254,702	20,193,523	6,419,418	691,447
Furniture and home furnishings stores .....	518	—	26,705	348,230	86,307	77,243	14,956,172	3,593,038	395,329
Eating and drinking places .....	12,826	1,703	164,553	501,209	455,124	328,600	35,995,925	27,381,760	2,647,503
Miscellaneous retail stores .....	12,476	61	160,775	953,749	615,202	570,117	57,435,975	20,259,825	2,277,139
Drug stores and proprietary stores .....	3,991	—	49,220	311,422	164,139	161,467	10,960,307	4,268,472	432,688
Liquor stores .....	—	—	3,514	25,869	15,331	15,329	2,652,089	1,033,039	106,598
Other retail stores .....	*8,485	61	108,041	616,458	435,732	393,321	43,823,579	14,958,314	1,737,852
Wholesale and retail trade not allocable .....	—	—	2,156	21,730	1,687	1,600	1,121,772	334,344	38,043
<b>Finance, insurance, and real estate .....</b>	<b>1,458,076</b>	<b>3,578</b>	<b>811,911</b>	<b>5,497,997</b>	<b>46,504,963</b>	<b>41,197,644</b>	<b>4,987,466,401</b>	<b>180,555,387</b>	<b>15,887,956</b>
Banking .....	1,172,672	—	379,249	1,167,035	5,350,559	3,940,702	2,536,526,661	50,168,634	6,396,236
Mutual savings banks .....	52	—	2,664	16,366	—	—	171,447,368	2,209,466	147,027
Bank holding companies .....	1,135,563	—	297,873	476,473	4,273,399	3,176,275	1,913,324,240	37,238,769	5,154,232
Banks, except mutual savings banks and bank holding companies .....	37,056	—	78,711	674,195	1,077,159	764,428	451,755,053	10,720,399	1,094,978
Credit agencies other than banks .....	2,014	1,762	28,769	289,291	680,762	359,359	863,132,231	16,108,415	1,210,038
Savings and loan associations .....	7	1,261	3,806	59,841	200,370	19,254	680,985,634	11,748,065	660,111
Personal credit institutions .....	*25	249	13,471	44,137	209,160	111,463	29,299,702	1,160,131	268,388
Business credit institutions .....	*1	114	1,845	19,157	28,104	6,306	18,479,905	337,387	109,125
Other credit agencies; finance not allocable .....	*1,982	138	9,647	166,157	243,128	222,335	134,366,990	2,862,831	172,413
Security, commodity brokers and services .....	19,964	1,328	79,048	605,216	418,052	340,717	148,487,282	2,278,098	708,327
Security brokers, dealers, and flotation companies .....	19,926	1,328	72,887	529,288	245,569	224,334	139,678,630	1,641,632	630,810
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services .....	*39	—	6,160	75,928	172,483	116,383	8,808,652	636,466	77,517
Insurance .....	193,328	—	189,952	1,630,172	3,996,481	2,563,933	856,055,445	18,966,187	1,996,581
Life insurance .....	—	—	—	*579	—	—	113,804	*112	*75
Mutual insurance, except life or marine and certain fire or flood insurance companies .....	*7,557	—	22,999	138,066	*241	—	63,302,717	81,485,656	237,966
Other insurance companies .....	116,967	—	65,625	303,703	2,437,030	1,309,275	270,151,714	9,985,154	973,128
Insurance agents, brokers, and service .....	23,764	—	41,136	209,522	441,370	385,852	20,863,963	3,324,708	582,232
Real estate .....	1,474	425	60,130	1,083,114	1,807,104	1,156,312	158,846,458	73,757,677	3,853,827
Real estate operators and lessors of buildings .....	1,088	71	30,006	689,330	1,094,722	637,133	67,458,612	49,355,314	2,482,286
Lessors of mining, oil, and similar property .....	*82	—	3,007	63,372	107,286	107,286	1,412,857	536,555	27,124
Lessors of railroad property, and of real property, not elsewhere classified .....	*302	—	1,523	21,544	43,066	41,613	1,973,296	939,989	68,795
Condominium management and cooperative housing associations .....	—	—	1,240	4,933	*699	*621	8,358,603	7,304,686	204,247
Subdividers and developers .....	*1	354	9,086	149,619	225,336	192,799	46,953,184	6,516,465	392,990
Other real estate .....	*1	—	15,268	154,315	335,995	176,859	32,689,906	9,104,668	678,385
Holding and other investment companies, except bank holding companies .....	44,861	62	33,628	513,647	33,810,635	32,450,768	403,554,361	15,951,668	1,140,714
Regulated investment companies .....	—	—	*1	63	31,861,811	30,953,236	308,556,029	143,321	2,046
Real estate investment trusts .....	—	—	(*)	445	360,787	306,593	8,411,744	3,639,068	111,969
Small business investment companies .....	—	—	*120	11,791	15,803	11,591	1,275,041	74,818	10,250
Other holding and investment companies, except bank holding companies .....	44,861	62	33,507	501,347	1,572,234	1,179,348	85,311,548	12,094,461	1,016,450
<b>Services .....</b>	<b>215,733</b>	<b>3,969</b>	<b>1,041,329</b>	<b>2,617,390</b>	<b>3,269,285</b>	<b>2,806,973</b>	<b>237,876,895</b>	<b>141,106,305</b>	<b>17,117,669</b>
Hotels and other lodging places .....	11,022	1,779	54,006	236,879	374,237	339,550	25,867,592	19,524,884	1,403,427
Personal services .....	*6,066	—	58,949	147,191	123,989	119,867	9,306,238	7,148,023	775,616
Business services .....	65,563	1,433	289,728	897,092	1,045,287	873,741	76,652,861	35,274,763	5,090,503
Advertising .....	23,335	772	22,142	151,607	94,747	86,330	8,365,598	2,648,902	321,624
Business services, except advertising .....	42,228	662	267,586	745,484	950,540	787,411	68,287,263	32,625,861	4,768,879
Auto repair; miscellaneous repair services .....	*298	34	95,220	152,172	165,449	123,917	22,813,245	20,117,223	3,285,953
Auto repair and services .....	*297	34	84,332	94,088	126,522	85,792	18,891,436	17,942,944	2,993,190
Miscellaneous repair services .....	*1	—	10,888	58,085	38,927	38,125	3,921,909	2,174,280	292,763
Amusement and recreation services .....	115,150	3	273,950	327,335	495,016	476,331	39,888,736	21,774,020	2,291,281
Motion picture production, distribution, and services .....	106,921	3	196,358	53,824	219,242	209,287	17,942,195	2,804,791	539,182
Motion picture theaters .....	*2	—	16,938	64,305	113,794	111,961	3,087,869	2,341,718	191,833
Amusement and recreation services, except motion pictures .....	*8,226	—	60,654	209,207	161,980	155,083	18,858,673	16,627,510	1,560,266
Other services .....	17,635	719	269,476	856,720	1,065,308	873,568	63,348,123	37,267,392	4,270,888
Offices of physicians, including osteopathic physicians .....	—	—	51,954	131,257	59,559	56,166	8,056,571	5,302,241	774,776
Offices of dentists .....	*16	—	14,005	26,281	32,879	32,743	2,318,386	2,224,728	289,110
Offices of other health practitioners .....	—	—	6,029	14,450	*12,597	*12,597	555,279	437,091	70,973
Nursing and personal care facilities .....	*132	—	13,276	76,040	138,214	137,088	7,545,817	5,430,679	380,685
Hospitals .....	*3,011	—	51,626	140,307	119,484	118,290	11,413,784	6,899,484	586,749
Medical laboratories .....	—	—	2,789	5,779	*17,281	*15,438	976,139	559,313	64,372
Other medical services .....	354	248	11,417	66,678	70,917	52,752	3,626,110	1,697,482	203,211
Legal services .....	—	—	26,576	51,988	80,854	80,754	3,224,163	1,912,443	287,115
Educational services .....	*4,384	—	12,438	30,927	63,143	50,066	2,285,522	1,272,178	166,566
Social services .....	—	—	*513	2,081	*3,762	*3,762	337,540	266,635	29,534
Membership organizations .....	*347	—	1,581	7,629	*15,772	*3,678	1,488,728	783,219	55,281
Architectural and engineering services .....	6,160	—	26,280	160,294	172,018	157,784	6,816,994	3,065,859	432,750
Accounting, auditing, and bookkeeping services .....	—	1	6,047	9,912	36,014	35,924	1,384,488	660,492	97,517
Miscellaneous services (including veterinarians), not elsewhere classified .....	3,231	471	44,944	133,097	242,810	116,526	13,318,602	6,754,647	832,250
<b>Nature of business not allocable .....</b>	<b>—</b>	<b>—</b>	<b>5,695</b>	<b>35,760</b>	<b>32,525</b>	<b>32,346</b>	<b>2,643,568</b>	<b>943,816</b>	<b>116,825</b>

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

<sup>1</sup>Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership 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

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>2,925,933</b>	<b>91,320</b>	<b>36,676</b>	<b>1,748</b>	<b>3,543</b>	<b>27,876</b>
<b>Total assets.....</b>	<b>9,357,784,804</b>	<b>50,409,537</b>	<b>192,380,473</b>	<b>11,231,821</b>	<b>17,167,200</b>	<b>156,294,835</b>
Cash.....	540,903,600	2,849,448	5,811,313	194,490	862,188	4,231,844
Notes and accounts receivable.....	2,420,475,398	4,294,042	29,143,349	658,515	1,885,143	25,508,311
Less: Allowance for bad debts.....	46,645,987	46,891	329,149	8,543	20,052	278,129
Inventories.....	581,241,455	4,971,985	8,852,449	950,975	950,220	6,234,176
Investments in Government obligations.....	605,513,662	233,348	988,003	*30,057	175,974	747,208
Other current assets.....	436,507,859	1,663,722	8,080,059	742,183	1,230,670	5,911,166
Loans to stockholders.....	38,304,326	1,116,608	1,805,657	*31,128	75,970	1,639,971
Mortgage and real estate loans.....	942,428,269	761,073	852,791	10,303	29,551	58,587
Other investments.....	1,604,730,616	4,406,546	53,424,024	3,641,032	3,144,694	46,252,396
Depreciable assets.....	2,583,060,326	30,289,176	86,320,409	7,762,403	10,659,210	60,225,694
Less: Accumulated depreciation.....	942,704,683	15,153,014	32,325,073	4,234,145	4,849,213	19,441,832
Depletable assets.....	94,637,768	505,793	22,310,913	885,148	1,632,504	19,425,012
Less: Accumulated depletion.....	29,442,570	94,416	6,608,942	211,622	180,301	6,118,147
Land.....	110,318,941	12,194,099	2,454,852	70,978	547,697	1,486,113
Intangible assets (amortizable).....	81,178,989	148,670	6,536,300	76,534	208,923	6,233,397
Less: Accumulated amortization.....	24,669,273	51,403	2,266,197	8,608	26,438	4,618
Other assets.....	362,146,111	2,320,751	7,329,716	640,993	840,459	5,666,087
<b>Total liabilities.....</b>	<b>9,357,784,804</b>	<b>50,409,537</b>	<b>192,380,473</b>	<b>11,231,821</b>	<b>17,167,200</b>	<b>156,294,835</b>
Accounts payable.....	678,630,282	2,301,089	21,526,655	491,680	1,507,023	18,970,663
Mortgages, notes, and bonds payable in less than one year.....	667,060,056	9,547,893	12,456,470	670,573	1,168,291	10,202,225
Other current liabilities.....	3,220,923,530	2,125,858	10,106,813	507,243	1,240,561	8,063,816
Loans from stockholders.....	117,424,462	3,645,727	5,811,576	942,677	311,188	4,406,728
Mortgages, notes, and bonds payable in one year or more.....	1,224,277,725	16,640,904	48,020,816	2,522,087	4,121,998	39,329,117
Other liabilities.....	979,894,871	2,028,143	14,581,669	995,475	1,716,879	11,324,441
Capital stock.....	658,259,634	7,774,465	8,953,599	777,856	386,643	7,308,825
Paid-in or capital surplus.....	782,269,156	4,125,586	39,306,583	2,435,941	4,092,282	32,376,349
Retained earnings, appropriated.....	54,727,615	380,337	637,543	119,400	*27,958	411,384
Retained earnings, unappropriated.....	1,173,094,293	2,419,806	32,274,779	1,847,258	2,708,789	24,890,270
Less: Cost of treasury stock.....	198,777,714	580,272	1,296,030	78,370	114,413	989,002
<b>Total receipts.....</b>	<b>7,024,097,766</b>	<b>65,356,911</b>	<b>203,098,557</b>	<b>4,711,144</b>	<b>18,698,159</b>	<b>172,829,349</b>
Business receipts.....	6,156,994,009	60,643,550	191,152,749	4,335,516	17,660,722	162,788,788
Interest.....	515,628,874	752,851	2,670,886	124,873	292,752	2,015,234
Interest on Government obligations:						
State and local.....	14,124,877	5,848	24,330	87	9,552	13,224
Rents.....	69,614,109	396,245	586,137	9,347	120,173	400,654
Royalties.....	13,437,404	157,594	1,564,252	17,164	37,179	1,474,071
Net short-term capital gain reduced by net long-term capital loss.....	2,882,207	15,970	63,017	2,128	2,566	57,314
Net long-term capital gain reduced by net short-term capital loss.....	26,318,184	702,280	1,346,548	90,169	160,450	1,046,574
Net gain, noncapital assets.....	20,992,023	213,813	746,199	8,067	58,154	655,115
Dividends received from domestic corporations.....	18,155,559	77,042	392,367	40,166	65,967	278,687
Dividends received from foreign corporations.....	13,950,906	9,296	663,053	13,995	2,418	646,498
Other receipts.....	171,199,616	2,382,423	3,889,019	69,634	288,225	3,453,191
<b>Total deductions.....</b>	<b>6,889,267,462</b>	<b>65,442,003</b>	<b>203,045,736</b>	<b>5,503,344</b>	<b>18,680,742</b>	<b>171,919,730</b>
Cost of sales and operations.....	4,270,850,310	43,222,379	151,521,066	3,109,556	12,829,052	131,491,870
Compensation of officers.....	129,481,025	1,371,209	1,623,918	38,430	173,479	1,255,582
Repairs.....	72,524,061	1,133,420	1,032,270	45,293	298,794	571,529
Bad debts.....	26,690,963	114,054	553,937	17,829	30,059	482,383
Rent-paid-on-business property.....	94,917,540	1,428,756	1,245,032	56,766	191,423	929,674
Taxes paid.....	165,888,353	1,299,220	4,267,442	291,639	853,708	2,917,093
Interest paid.....	515,032,667	3,048,844	7,623,777	449,278	630,755	6,111,902
Contributions or gifts.....	2,906,476	20,260	48,346	*70	7,842	36,920
Amortization.....	3,784,654	12,586	41,540	2,140	5,369	32,985
Depreciation.....	213,179,160	2,892,300	7,306,899	437,903	995,455	5,423,612
Depletion.....	7,021,176	33,994	1,862,192	136,969	392,861	1,152,763
Advertising.....	64,987,632	181,918	175,042	3,773	4,813	142,212
Pension, profit-sharing, stock bonus, and annuity plans.....	54,232,011	148,932	863,489	54,544	100,218	664,114
Employee benefit programs.....	51,838,884	224,920	786,541	42,139	228,177	444,366
Net loss, noncapital assets.....	10,367,020	70,814	180,333	4,811	10,579	163,265
Other deductions.....	1,185,565,538	10,238,396	23,913,912	812,202	1,928,156	20,099,459
Total receipts less total deductions.....	154,830,304	-85,093	52,822	-792,199	17,417	909,619
Constructive taxable income from related foreign corporations.....	13,628,716	-74,523	515,087	6,858	5,142	502,859
Net income (less deficit).....	154,334,143	-86,418	543,578	-785,428	13,007	1,399,253
Income subject to tax.....	205,175,407	1,604,445	7,319,683	61,931	350,625	6,704,821
Income tax, total.....	86,766,154	502,671	3,330,610	31,291	177,248	3,027,262
Regular, and alternative tax.....	85,077,493	490,228	3,203,406	25,469	143,931	2,952,947
Tax from recomputing prior-year investment credit.....	1,181,074	10,547	45,429	245	3,858	40,099
Additional tax for tax preferences.....	478,457	1,266	81,151	5,578	29,435	33,615
Foreign tax credit.....	19,137,201	*1,905	1,848,192	*20,972	288	1,826,249
U.S. possessions tax credit.....	2,026,980	—	1,079	—	1,079	—
Investment credit.....	17,312,702	118,494	425,824	*522	42,546	364,884
Work incentive (WIN) credit.....	29,020	*556	*99	—	*52	*47
Jobs credit.....	327,285	4,316	2,406	—	*235	2,123
Nonconventional source fuel credit.....	6,787	—	3	—	—	—
Alcohol fuel credit.....	600	—	—	—	—	—
Research activities credit.....	839,220	1,971	8,437	—	319	7,997
Employee stock ownership credit.....	14,450	*7	14	—	—	14
Distributions to stockholders:						
Cash and property except in own stock.....	132,478,411	409,070	3,926,230	173,981	268,678	3,237,390
Corporation's own stock.....	3,642,024	*19,058	64,348	2,092	12,270	49,187

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	
	(6)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
<b>Number of returns, total</b>	<b>282,345</b>	<b>113,656</b>	<b>18,341</b>	<b>150,348</b>	<b>259,106</b>	<b>15,411</b>	<b>96</b>	<b>5,075</b>	<b>15,957</b>	
<b>Total assets</b>	<b>153,085,046</b>	<b>80,480,112</b>	<b>30,467,556</b>	<b>42,137,378</b>	<b>2,060,710,683</b>	<b>161,575,208</b>	<b>44,152,405</b>	<b>23,391,279</b>	<b>23,793,325</b>	
Cash	15,150,303	6,846,062	2,988,254	5,315,987	54,468,342	5,138,241	118,538	1,088,370	1,779,409	
Notes and accounts receivable	39,631,180	18,177,505	7,554,408	13,899,267	450,206,497	28,610,817	9,886,995	5,694,701	6,764,923	
Less: Allowance for bad debts	354,826	76,563	79,492	198,771	10,905,671	569,662	71,463	108,451	169,629	
Inventories	22,865,508	15,672,114	1,882,211	5,311,182	274,567,278	23,896,881	6,975,515	5,414,840	7,815,114	
Investments in Government obligations	1,278,003	643,218	387,564	247,221	14,798,522	1,555,815	—	129,990	169,635	
Other current assets	15,972,379	9,782,749	2,407,046	3,782,583	90,886,070	6,570,769	626,880	1,014,692	1,039,025	
Loans to stockholders	2,827,277	1,338,299	287,325	1,201,652	10,042,241	1,113,089	*175,055	146,922	179,055	
Mortgage and real estate loans	2,973,358	2,654,393	162,266	156,699	11,086,149	472,337	509	18,926	20,952	
Other investments	12,581,813	6,125,754	4,059,820	2,396,229	403,333,242	40,514,671	14,927,347	1,884,893	2,257,818	
Depreciable assets	56,456,041	17,940,392	20,375,905	16,139,744	1,013,344,737	73,740,056	12,867,005	16,522,165	6,222,506	
Less: Accumulated depreciation	30,214,182	7,844,036	12,018,024	10,352,122	441,030,221	30,789,303	9,308,623	9,226,041	3,123,218	
Depletable assets	654,247	479,579	135,012	39,656	60,772,569	146,026	706,269	*229,761	*4,598	
Less: Accumulated depletion	213,175	162,486	30,977	19,712	19,679,749	18,188	287,722	73,292	*1,236	
Land	5,018,001	3,319,197	798,497	900,308	26,643,533	2,581,365	484,103	164,908	161,386	
Intangible assets (amortizable)	892,253	633,347	103,279	155,628	43,562,401	1,985,332	*1,172,699	100,160	132,127	
Less: Accumulated amortization	259,812	215,246	27,111	57,456	14,086,803	278,365	*132,818	31,973	47,807	
Other assets	7,866,678	5,165,833	1,481,563	1,219,282	92,703,349	6,905,324	610,116	420,709	568,668	
<b>Total liabilities</b>	<b>153,085,046</b>	<b>80,480,112</b>	<b>30,467,556</b>	<b>42,137,378</b>	<b>2,060,710,683</b>	<b>161,575,208</b>	<b>44,152,405</b>	<b>23,391,279</b>	<b>23,793,325</b>	
Accounts payable	32,010,663	18,604,160	5,023,238	8,383,265	260,621,508	19,026,370	3,117,508	2,873,035	3,990,318	
Mortgages, notes, and bonds payable in less than one year	18,664,679	11,620,611	2,817,249	4,226,819	152,099,034	11,278,448	6,222,095	1,651,339	2,568,791	
Other current liabilities	23,547,157	11,665,882	4,239,541	7,641,734	172,970,669	13,032,809	2,898,013	1,999,207	2,460,338	
Loans from stockholders	5,239,068	3,054,018	459,870	1,725,179	22,696,835	1,370,389	227,506	521,172	542,495	
Mortgages, notes, and bonds payable in one year or more	23,362,735	14,247,574	4,423,239	4,691,923	371,551,511	28,467,283	8,718,991	3,667,793	2,709,432	
Other liabilities	11,326,247	6,680,161	2,023,965	2,622,121	183,899,981	10,793,979	2,820,296	1,036,491	502,007	
Capital stock	7,331,352	2,888,151	1,993,244	2,449,957	111,859,814	8,774,877	1,904,581	1,682,344	1,506,911	
Paid-in or capital surplus	6,522,051	3,000,986	2,257,428	1,263,637	249,712,968	23,605,541	9,247,822	1,602,167	1,861,341	
Retained earnings, appropriated	632,288	216,682	249,876	165,731	6,392,326	1,174,564	*1,328	58,285	46,173	
Retained earnings, unappropriated	27,057,444	9,403,917	7,610,246	10,043,281	550,030,689	45,792,112	9,100,103	8,722,853	8,133,209	
Less: Cost of treasury stock	2,608,639	902,032	630,339	1,076,268	21,124,653	1,741,165	105,838	403,406	527,691	
<b>Total receipts</b>	<b>281,747,868</b>	<b>119,980,764</b>	<b>56,162,591</b>	<b>105,604,513</b>	<b>248,833,193</b>	<b>291,582,477</b>	<b>33,212,393</b>	<b>40,202,815</b>	<b>51,274,573</b>	
Business receipts	271,633,721	114,052,864	53,704,603	103,876,254	23,597,059	283,085,497	31,345,213	39,439,712	50,142,197	
Interest	3,069,967	1,817,708	628,184	644,075	37,590,607	2,410,417	514,740	226,531	279,846	
Interest on Government obligations:										
State and local	47,632	23,715	14,988	8,929	543,873	30,796	9	5,515	4,018	
Rents	1,438,969	909,044	314,172	215,753	24,063,241	1,058,003	326,843	36,952	93,650	
Royalties	27,970	10,182	15,149	2,638	8,829,272	455,388	162,990	15,691	91,285	
Net short-term capital gain reduced by net long-term capital loss	35,170	19,084	4,988	11,097	377,338	16,471	4,908	3,857	928	
Net long-term capital gain reduced by net short-term capital loss	604,870	360,527	125,387	118,955	8,583,858	562,022	182,852	51,864	32,479	
Net gain, noncapital assets	1,455,105	1,093,270	217,400	144,435	3,820,847	480,026	130,100	28,695	26,629	
Dividends received from domestic corporations	135,018	55,480	53,769	25,769	9,002,620	561,921	223,587	50,548	29,391	
Dividends received from foreign corporations	187,235	59,695	117,022	10,518	11,169,520	767,681	42,452	36,985	41,070	
Other receipts	3,092,212	1,579,194	966,928	546,090	26,377,680	2,154,253	277,699	306,467	533,079	
<b>Total deductions</b>	<b>279,555,128</b>	<b>119,665,086</b>	<b>55,140,792</b>	<b>104,749,250</b>	<b>2,423,254,936</b>	<b>283,670,244</b>	<b>30,616,749</b>	<b>39,519,698</b>	<b>49,600,296</b>	
Cost of sales and operations	212,698,363	96,181,801	42,098,777	74,417,785	1,660,537,002	207,385,752	18,043,576	30,057,481	35,575,924	
Compensation of officers	9,868,831	3,413,263	1,141,707	5,313,861	21,920,966	1,719,720	80,995	519,803	1,316,158	
Repairs	1,437,563	372,037	485,824	579,703	28,031,770	2,253,187	286,914	321,375	126,405	
Bad debts	630,172	194,271	117,049	318,851	6,671,790	428,221	44,472	93,776	170,144	
Rent paid on business property	2,355,125	665,592	603,481	1,086,052	23,730,357	2,154,193	234,781	326,950	674,710	
Taxes paid	5,627,719	1,742,887	1,036,649	2,848,183	73,116,206	6,252,047	1,354,445	1,031,641	1,206,345	
Interest paid	5,455,056	3,131,677	1,060,851	1,262,529	79,322,435	5,869,892	1,569,357	847,464	957,270	
Contributions or gifts	105,502	45,511	21,727	38,258	1,454,001	186,469	32,749	27,657	38,604	
Amortization	40,104	15,127	7,608	17,369	1,201,121	85,660	43,273	7,769	15,117	
Depreciation	6,033,363	1,822,429	1,834,129	2,376,805	88,945,659	7,370,746	1,009,263	1,361,053	635,355	
Depletion	71,278	41,709	24,797	4,772	4,047,433	11,795	48,731	10,154	660	
Advertising	791,378	355,196	57,008	379,174	31,500,142	8,164,871	2,358,251	205,909	579,700	
Pension, profit-sharing, stock bonus, and annuity plans	1,490,286	515,662	314,779	659,846	23,540,732	1,562,530	310,202	273,081	306,339	
Employee benefit programs	1,404,675	365,489	297,685	741,501	28,657,767	2,180,118	401,412	379,368	303,271	
Net loss, noncapital assets	136,802	75,842	30,363	30,597	1,425,440	121,481	3,541	34,080	15,918	
Other deductions	31,408,912	10,726,587	6,008,359	14,673,966	349,152,114	37,923,560	4,794,788	4,022,114	7,678,375	
Total receipts less total deductions	2,192,739	315,678	1,021,798	855,263	65,076,979	7,912,233	2,595,643	683,117	1,674,278	
Constructive taxable income from related foreign corporations	178,845	92,719	83,179	2,947	11,258,158	753,081	65,283	29,115	32,485	
Net income (less deficit)	2,323,952	384,682	1,089,989	849,281	75,791,264	8,634,514	2,660,917	706,717	1,702,745	
Income subject to tax	5,973,416	2,090,307	1,635,653	2,247,455	102,157,505	9,162,273	2,503,589	1,176,129	2,001,433	
Income tax, total	2,114,820	747,189	689,247	678,384	45,760,800	4,099,545	1,123,551	517,417	856,218	
Regular and alternative tax	2,069,718	726,120	676,812	666,796	45,015,096	4,041,630	1,118,473	510,362	852,963	
Tax from recomputing prior-year investment credit	37,030	15,343	10,398	11,289	535,415	50,621	5,078	5,646	3,229	
Additional tax for tax preferences	8,040	5,726	2,012	302	209,959	7,294	1,409	26	—	
Foreign tax credit	174,516	54,103	118,249	2,164	14,791,200	793,086	91,852	23,516	40,491	
U.S. possessions tax credit	1,852	—	1,295	557	1,890,760	97,550	13,240	2,009	42,892	
Investment credit	322,782	108,924	110,022	103,836	6,724,483	775,649	155,132	79,514	47,045	
Work incentive (WIN) credit	4,103	1,009	*2,102	991	9,705	1,156	3	523	734	
Jobs credit	28,461	11,523	3,675	13,263	90,367	14,466	1,298	4,822	10,266	
Nonconventional source fuel credit	—	—	—	—	6,740	2,132	—	—	—	
Alcohol fuel credit	—	—	—	—	*99	*26	—	—	—	
Research activities credit	4,114	1,139	1,757	1,219	623,263	19,835	4,445	2,177	1,689	
Employee stock ownership credit	—	—	—	—	7,633	3,346	—	41	475	
Distributions to stockholders:										
Cash and property except in own stock	916,680	375,220	250,237	291,234	43,912,134	3,555,319	1,018,912	291,787	397,347	
Corporation's own stock	75,999	*10,545	50,823	14,630	961,583	157,586	8,321	*6,710	30,577	

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>	14,203	8,523	3,942	37,904	10,145	2,106	10,713	2,273	9,975	
<b>Total assets</b>	<b>43,777,159</b>	<b>10,889,836</b>	<b>53,605,668</b>	<b>60,515,643</b>	<b>216,836,244</b>	<b>443,573,396</b>	<b>27,040,647</b>	<b>7,410,304</b>	<b>42,558,051</b>	
Cash	1,326,289	697,957	1,182,331	3,344,253	4,155,462	3,334,869	1,038,506	505,747	1,367,591	
Notes and accounts receivable	5,930,532	2,721,367	7,255,559	12,884,144	34,377,940	79,296,647	6,507,080	1,971,861	7,290,720	
Less: Allowance for bad debts	124,030	69,856	710,476	791,703	913,610	762,045	170,774	49,764	217,394	
Inventories	5,681,610	2,869,583	6,677,253	5,350,527	27,239,459	20,496,361	4,826,398	2,147,690	5,510,608	
Investments in Government obligations	201,254	108,757	801,738	710,916	1,375,647	1,874,812	229,425	46,241	252,955	
Other current assets	1,441,742	440,724	2,262,085	4,088,746	9,384,187	13,471,986	651,116	342,084	1,638,144	
Loans to stockholders	185,180	83,251	51,955	580,430	2,934,769	819,200	153,451	19,363	171,851	
Mortgage and real estate loans	1,802,259	22,970	459,313	232,535	93,848	137,379	64,270	550	115,326	
Other investments	5,890,102	713,356	6,685,575	7,219,582	52,151,077	111,119,770	3,938,399	1,229,007	6,988,943	
Depreciable assets	27,937,990	5,430,859	40,788,420	30,327,896	120,584,215	215,422,642	18,091,953	1,970,100	30,525,525	
Less: Accumulated depreciation	12,992,610	2,575,165	17,377,904	13,102,363	53,235,012	78,092,429	9,251,600	915,442	14,149,541	
Depletable assets	4,126,663	*5,237	2,497,334	513,635	2,991,338	43,858,533	*33,554	—	1,212,106	
Less: Accumulated depletion	69,791	*821	397,155	62,222	919,509	16,590,497	*8,221	—	205,992	
Land	819,470	189,997	1,390,667	1,020,389	2,240,093	8,321,763	288,699	50,171	866,213	
Intangible assets (amortizable)	38,973	55,686	214,972	3,414,554	3,794,832	24,977,138	103,295	25,455	278,693	
Less: Accumulated amortization	12,200	11,598	70,296	480,999	784,246	10,295,863	26,769	7,322	59,160	
Other assets	1,593,727	307,531	1,894,296	5,265,322	11,365,753	19,183,128	571,864	74,564	951,462	
<b>Total liabilities</b>	<b>43,777,159</b>	<b>10,889,836</b>	<b>53,605,668</b>	<b>60,515,643</b>	<b>216,836,244</b>	<b>443,573,396</b>	<b>27,040,647</b>	<b>7,410,304</b>	<b>42,558,051</b>	
Accounts payable	4,124,476	1,370,650	4,164,744	5,795,761	24,642,197	72,595,267	3,648,339	951,169	4,350,111	
Mortgages, notes, and bonds payable in less than one year	3,862,058	743,744	2,068,679	3,207,628	8,571,189	14,686,747	1,263,999	880,358	2,219,377	
Other current liabilities	3,346,788	1,051,434	3,938,066	6,825,583	16,338,495	21,288,709	3,373,544	702,984	3,007,535	
Loans from stockholders	532,395	228,155	165,206	1,699,920	2,810,167	1,223,761	512,665	29,589	476,518	
Mortgages, notes, and bonds payable in one year or more	10,520,697	1,759,633	12,106,051	11,619,352	37,653,869	60,655,779	4,742,021	1,213,510	8,532,116	
Other liabilities	2,263,694	280,035	3,924,369	5,581,506	16,211,548	63,185,140	1,078,835	143,741	3,286,841	
Capital stock	2,842,895	740,420	3,829,979	3,015,732	13,336,123	16,359,106	1,504,057	563,792	2,886,154	
Paid-in or capital surplus	5,252,274	866,924	5,487,889	3,899,384	40,312,577	59,237,664	2,403,669	739,451	5,993,567	
Retained earnings, appropriated	80,472	32,293	145,859	114,253	239,779	530,559	218,956	*67,025	261,125	
Retained earnings, unappropriated	11,390,893	4,114,912	18,262,431	19,890,050	58,165,771	138,636,228	8,836,482	2,307,073	12,279,155	
Less: Cost of treasury stock	439,483	198,364	487,605	1,133,486	1,445,571	4,825,564	541,920	188,389	734,448	
<b>Total receipts</b>	<b>49,407,935</b>	<b>20,581,885</b>	<b>65,705,171</b>	<b>86,922,304</b>	<b>227,449,176</b>	<b>584,137,738</b>	<b>42,356,156</b>	<b>12,843,678</b>	<b>46,311,499</b>	
Business receipts	46,525,373	20,117,563	62,618,126	83,699,912	215,944,366	560,780,496	41,102,997	12,623,603	44,233,718	
Interest	784,224	143,060	620,908	955,141	3,015,044	7,664,507	320,988	93,055	626,026	
Interest on Government obligations:										
State and local	3,292	2,177	3,363	15,420	21,740	3,550	1,014	*2,809	4,573	
Rents	148,304	55,300	103,833	425,358	712,291	1,930,389	94,984	9,913	187,148	
Royalties	51,010	16,136	254,605	200,513	1,167,277	2,016,094	56,572	7,345	133,439	
Net short-term capital gain reduced by net long-term capital loss	22,553	*343	5,711	8,369	36,329	68,454	2,429	*209	5,771	
Net long-term capital gain reduced by net short-term capital loss	1,198,600	26,887	1,155,154	290,017	618,051	1,048,141	72,158	3,516	225,863	
Net gain, noncapital assets	69,703	13,869	101,754	133,965	563,114	549,265	52,821	14,221	212,672	
Dividends received from domestic corporations	88,691	18,378	199,097	134,265	1,078,167	798,161	83,284	14,761	105,088	
Dividends received from foreign corporations	45,071	*3,476	292,645	87,900	1,359,841	3,303,504	190,908	3,748	127,808	
Other receipts	471,114	184,696	349,974	971,445	2,932,956	5,975,177	378,002	70,498	449,394	
<b>Total deductions</b>	<b>49,197,554</b>	<b>19,906,328</b>	<b>63,590,630</b>	<b>82,702,334</b>	<b>218,429,068</b>	<b>560,728,426</b>	<b>41,266,295</b>	<b>12,266,648</b>	<b>46,469,230</b>	
Cost of sales and operations	35,176,243	13,943,162	43,630,107	43,138,961	135,656,095	434,046,123	28,105,588	8,647,355	30,306,568	
Compensation of officers	699,291	522,524	569,088	2,375,063	1,371,638	507,758	763,548	203,414	667,467	
Repairs	1,027,039	83,278	1,543,821	570,943	3,889,887	5,584,496	612,743	43,067	957,378	
Bad debts	148,883	68,000	138,251	567,449	420,450	701,854	152,293	42,954	169,350	
Rent paid on business property	540,528	261,896	573,532	1,329,509	2,614,375	3,906,039	449,689	291,542	529,562	
Taxes paid	1,218,435	532,401	1,476,622	2,488,149	4,639,508	24,926,523	909,877	288,714	1,223,040	
Interest paid	1,827,581	363,496	1,567,921	2,102,972	6,946,383	12,952,802	969,508	273,668	1,642,797	
Contributions or gifts	10,242	13,849	45,337	114,850	181,225	283,930	16,895	15,483	14,751	
Amortization	30,441	3,754	21,629	158,677	123,163	109,770	9,997	3,103	8,964	
Depreciation	2,355,812	442,036	3,138,894	3,472,851	8,981,272	16,114,648	1,151,442	180,439	2,495,445	
Depletion	520,120	1,862	328,268	32,220	476,408	1,847,834	3,078	—	104,900	
Advertising	223,569	252,120	657,331	1,204,455	6,165,705	1,423,062	438,034	247,132	289,195	
Pension, profit-sharing, stock bonus, and annuity plans	272,299	145,955	571,207	957,280	2,475,479	2,303,101	417,391	65,556	518,211	
Employee benefit programs	489,848	172,448	641,703	1,000,076	2,390,035	1,736,877	558,272	72,652	685,885	
Net loss, noncapital assets	23,987	9,539	8,957	22,756	92,933	279,841	10,533	4,135	33,711	
Other deductions	5,355,236	3,070,006	8,677,961	23,146,324	41,604,512	54,003,769	6,697,405	1,887,435	6,822,006	
Total receipts less total deductions	-509,619	675,558	2,114,541	4,219,970	9,020,108	23,409,312	1,089,862	577,031	-157,731	
Constructive taxable income from related foreign corporations	27,976	3,560	210,094	54,828	2,002,634	4,115,972	132,767	966	124,404	
Net income (less deficit)	-484,936	676,940	2,321,272	4,259,378	11,001,002	27,521,734	1,221,615	575,188	-37,900	
Income subject to tax	587,346	837,952	2,997,424	4,768,254	12,521,541	28,587,718	1,513,925	578,600	1,059,625	
Income tax, total	227,135	358,906	1,223,477	2,057,917	5,736,917	13,116,503	651,871	255,112	469,308	
Regular and alternative tax	207,170	357,345	1,189,181	2,039,378	5,630,337	12,886,847	643,963	253,663	428,063	
Tax from recomputing prior-year investment credit	15,481	1,471	15,704	16,608	51,465	91,474	6,171	1,416	29,576	
Additional tax for tax preferences	4,484	88	18,469	1,916	55,107	38,182	1,733	33	11,670	
Foreign tax credit	2,542	3,518	235,914	72,829	1,806,969	7,362,367	147,069	1,664	107,749	
U.S. possessions tax credit	12	285	6,080	2,936	1,029,332	22,452	7,104	10,113	1,259	
Investment credit	31,786	34,848	295,079	373,275	491,034	2,103,607	85,267	14,402	96,633	
Work incentive (WIN) credit	*207	543	391	451	726	11	996	*42	*372	
Jobs credit	1,308	4,158	1,617	3,806	4,487	615	3,797	2,918	2,865	
Nonconventional source fuel credit	—	265	—	—	4	3,995	—	—	(*)	
Alcohol fuel credit	—	—	—	(*)	—	73	—	—	—	
Research activities credit	651	1,882	21,606	7,247	84,597	51,932	9,654	1,218	3,277	
Employee stock ownership credit	—	115	332	39	*731	—	—	—	120	
Distributions to stockholders:										
Cash and property except in own stock	775,942	176,885	1,416,327	1,874,468	7,586,626	10,041,034	309,424	206,120	805,260	
Corporation's own stock	17,748	1,080	*18,584	*39,371	54,234	16,859	*61,839	*12,103	21,348	

## 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>	4,237	42,325	26,708	17,105	2,991	4,179	6,174	19,063
<b>Total assets</b>	<b>144,628,190</b>	<b>87,675,189</b>	<b>182,716,360</b>	<b>189,029,756</b>	<b>166,355,711</b>	<b>64,095,606</b>	<b>38,740,221</b>	<b>28,250,485</b>
Cash	2,808,135	4,798,585	6,290,689	7,727,629	2,478,582	2,301,488	1,401,202	1,584,469
Notes and accounts receivable	21,051,267	17,362,356	47,973,373	49,866,373	77,718,847	10,651,523	9,329,465	7,057,985
Less: Allowance for bad debts	548,964	431,506	2,155,775	1,373,204	1,104,394	131,137	145,957	285,880
Inventories	17,878,746	16,310,254	37,453,593	29,435,433	14,311,742	19,448,794	8,452,882	6,373,997
Investments in Government obligations	1,453,339	555,081	847,475	966,749	2,445,733	318,228	645,517	109,214
Other current assets	5,929,259	4,985,337	9,233,546	17,556,701	3,052,045	3,375,394	2,565,203	1,216,405
Loans to stockholders	202,380	574,124	951,251	1,002,752	463,791	30,662	83,887	119,824
Mortgage and real estate loans	6,089,477	172,635	89,833	272,004	819,250	14,505	71,158	116,111
Other investments	23,789,881	15,687,797	29,854,039	28,426,996	28,041,939	7,501,646	3,527,235	3,983,167
Depreciable assets	90,173,475	43,765,289	83,021,255	71,613,122	64,184,804	30,677,137	19,156,973	10,321,346
Less: Accumulated depreciation	41,837,535	20,690,982	37,411,405	32,693,391	33,546,708	13,396,567	8,333,562	4,380,819
Depletable assets	1,981,715	384,294	538,342	1,376,671	*10,351	*108,143	*11,143	26,856
Less: Accumulated depletion	496,442	107,653	104,313	304,200	*6,087	*17,970	*3,106	*5,333
Land	1,608,527	1,198,337	1,500,355	1,440,201	866,924	548,131	494,881	386,951
Intangible assets (amortizable)	762,201	1,153,318	1,539,025	2,141,632	378,889	422,760	477,330	393,331
Less: Accumulated amortization	223,271	220,724	443,332	617,104	118,996	35,295	107,441	83,023
Other assets	14,005,979	2,178,648	3,538,410	12,191,392	6,348,998	2,278,162	1,113,412	1,315,883
<b>Total liabilities</b>	<b>144,628,190</b>	<b>87,675,189</b>	<b>182,716,360</b>	<b>189,029,756</b>	<b>166,355,711</b>	<b>64,095,606</b>	<b>38,740,221</b>	<b>28,250,485</b>
Accounts payable	12,130,727	10,158,215	22,582,369	24,754,784	18,367,931	13,220,146	4,495,977	4,261,413
Mortgages, notes, and bonds payable in less than one year	12,285,859	5,434,844	13,490,218	17,184,264	35,024,098	4,160,530	2,513,025	2,781,742
Other current liabilities	14,875,384	8,633,050	17,131,069	20,563,084	13,269,290	11,220,686	4,573,876	2,440,623
Loans from stockholders	1,303,257	1,549,948	4,368,481	2,161,577	1,329,569	585,206	370,497	688,361
Mortgages, notes, and bonds payable in one year or more	36,158,422	15,629,616	36,458,371	28,262,919	43,265,320	10,923,946	4,006,638	4,479,753
Other liabilities	15,552,790	5,391,549	9,928,570	24,975,909	9,089,724	4,262,724	2,123,596	1,466,637
Capital stock	9,907,674	5,380,599	13,519,515	9,029,788	6,620,509	4,257,033	2,361,040	1,856,886
Paid-in or capital surplus	14,282,569	9,817,741	20,892,228	19,001,710	12,917,254	3,735,826	5,224,250	3,331,021
Retained earnings, appropriated	573,066	523,611	415,361	432,197	1,114,362	58,169	178,405	126,485
Retained earnings, unappropriated	28,799,670	26,830,527	45,359,142	44,303,022	25,562,288	13,130,080	13,224,420	7,190,307
Less: Cost of treasury stock	1,241,229	1,674,510	1,428,965	1,639,498	204,635	1,458,741	331,603	372,543
<b>Total receipts</b>	<b>128,808,336</b>	<b>117,526,669</b>	<b>184,131,098</b>	<b>188,187,778</b>	<b>152,803,403</b>	<b>74,664,415</b>	<b>49,079,562</b>	<b>41,142,854</b>
Business receipts	120,975,962	113,161,637	157,541,494	174,472,852	143,126,094	70,586,584	46,652,527	39,797,135
Interest	3,334,032	1,270,056	3,889,712	4,323,412	4,983,322	1,084,964	496,847	553,776
Interest on Government obligations:								
State and local	50,204	23,500	85,624	228,321	47,684	1,650	4,435	4,177
Rents	460,694	458,988	14,170,502	2,106,017	918,385	369,052	268,648	127,988
Royalties	92,758	135,656	2,647,450	649,880	231,452	144,090	204,280	95,360
Net short-term capital gain reduced by net long-term capital loss	46,593	24,564	26,637	49,854	26,638	6,051	13,011	7,659
Net long-term capital gain reduced by net short-term capital loss	836,666	477,841	480,660	747,520	302,167	111,173	116,702	42,526
Net gain, noncapital assets	219,834	329,325	273,202	360,545	75,852	60,736	74,385	50,134
Dividends received from domestic corporations	527,757	265,368	1,181,460	1,301,278	622,612	1,155,128	490,962	72,716
Dividends received from foreign corporations	324,096	319,502	1,402,025	890,315	1,435,242	110,409	351,062	33,780
Other receipts	1,939,739	1,060,232	2,432,332	3,057,784	1,033,956	1,034,578	406,703	357,603
<b>Total deductions</b>	<b>134,336,425</b>	<b>114,757,358</b>	<b>178,210,369</b>	<b>182,279,287</b>	<b>151,721,226</b>	<b>76,441,278</b>	<b>46,465,299</b>	<b>40,360,195</b>
Cost of sales and operations	94,685,902	79,299,340	100,042,497	113,791,559	102,492,548	52,493,176	27,401,176	26,617,869
Compensation of officers	705,867	3,143,399	2,478,726	1,821,315	424,608	489,427	567,589	973,566
Repairs	4,423,264	902,824	1,291,511	1,109,708	1,198,395	637,837	930,429	237,270
Bad debts	346,881	409,127	838,888	716,351	666,947	215,711	99,234	194,554
Rent paid on business property	1,130,742	1,304,730	2,375,432	2,135,229	1,122,617	774,694	536,812	462,795
Taxes paid	4,200,296	2,992,581	5,230,861	4,777,260	3,909,755	2,337,014	1,137,368	983,322
Interest paid	7,237,179	3,224,962	7,675,996	8,382,816	10,245,251	2,278,194	1,047,316	1,339,609
Contributions or gifts	12,561	59,417	124,867	88,869	94,900	21,616	48,475	21,451
Amortization	34,484	92,588	140,195	181,673	27,270	16,332	20,955	66,286
Depreciation	5,477,505	3,951,092	9,280,691	7,825,903	7,301,574	2,954,343	1,995,397	1,049,899
Depletion	398,399	42,036	40,026	120,565	13,449	27,208	*1,354	18,364
Advertising	399,903	942,885	1,517,213	2,400,672	1,590,104	302,240	1,172,689	965,100
Pension, profit-sharing, stock bonus, and annuity plans	1,683,587	1,035,916	2,511,319	2,513,557	2,996,405	1,622,997	750,736	247,584
Employee benefit programs	2,242,202	1,506,406	3,025,132	3,185,569	5,121,211	1,321,225	785,641	458,417
Net loss, noncapital assets	317,161	31,399	93,704	132,455	123,262	16,191	15,820	33,435
Other deductions	11,040,493	15,818,056	41,543,310	33,095,785	14,392,926	10,933,071	9,954,311	6,690,673
Total receipts less total deductions	-5,528,089	2,769,311	5,920,728	5,908,491	1,082,178	-1,776,863	2,614,263	782,659
Constructive taxable income from related foreign corporations	133,205	281,493	1,476,990	704,482	446,824	152,133	473,176	36,690
Net income (less deficit)	-5,445,088	3,027,303	7,312,094	6,384,651	1,481,318	-1,626,379	3,083,005	815,171
Income subject to tax	1,151,252	4,771,512	10,880,580	8,045,807	2,857,029	1,108,109	3,493,906	1,553,500
Income tax, total	510,911	2,008,362	4,925,892	3,562,852	1,319,151	498,385	1,585,239	656,130
Regular and alternative tax	476,184	1,955,670	4,838,379	3,504,563	1,280,249	485,328	1,566,949	648,201
Tax from recomputing prior-year investment credit	13,872	49,902	76,016	41,723	31,500	8,389	13,095	6,977
Additional tax for tax preferences	20,786	2,587	11,497	16,556	7,396	4,578	5,196	*951
Foreign tax credit	109,679	254,586	1,597,400	761,025	799,331	116,927	422,134	20,551
U.S. possessions tax credit	1,833	24,390	28,902	404,382	4,462	2,831	110,850	77,847
Investment credit	106,014	250,406	623,324	478,137	237,182	77,530	291,221	77,399
Work incentive (WIN) credit	1,788	553	774	815	82	109	249	881
Jobs credit	1,427	8,457	6,555	7,933	1,519	2,776	2,117	3,191
Nonconventional source fuel credit	—	*135	9	—	—	—	200	—
Alcohol fuel credit	—	—	—	—	—	—	—	—
Research activities credit	8,763	18,085	168,799	98,385	15,654	29,293	65,619	8,455
Employee stock ownership credit	240	62	731	352	62	520	281	186
Distributions to stockholders:								
Cash and property except in own stock	1,561,538	1,260,957	4,439,239	4,050,113	1,477,276	964,236	1,294,515	408,808
Corporation's own stock	22,874	65,784	267,369	36,024	*65,131	*18,135	6,385	*33,518

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	Transpor-	Communi-	Electric, gas, and sanitary services	Total	Wholesale trade		Machinery, equipment, and supplies	Miscellaneous wholesale trade	
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	
<b>Number of returns, total</b>	<b>115,470</b>	<b>91,856</b>	<b>12,634</b>	<b>10,980</b>	<b>839,547</b>	<b>285,615</b>	<b>24,065</b>	<b>52,653</b>	<b>208,897</b>	
<b>Total assets</b>	<b>919,861,069</b>	<b>193,331,848</b>	<b>245,510,562</b>	<b>481,018,659</b>	<b>753,351,132</b>	<b>394,794,405</b>	<b>28,533,018</b>	<b>65,500,271</b>	<b>300,761,115</b>	
Cash	14,175,410	9,054,773	2,151,738	2,968,899	43,455,917	22,058,847	1,998,656	3,489,350	16,570,841	
Notes and accounts receivable	83,847,926	25,820,851	17,730,356	40,296,719	179,295,183	109,297,093	8,182,146	19,162,485	81,952,462	
Less: Allowance for bad debts	1,206,848	411,928	298,349	497,417	4,053,447	2,380,245	204,672	454,775	1,720,799	
Inventories	30,487,943	5,555,597	6,257,498	18,674,848	214,824,922	107,160,690	7,441,172	20,052,006	79,667,513	
Investments in Government obligations	7,303,612	2,116,256	3,085,659	2,101,697	13,822,660	7,690,840	82,966	114,235	7,493,639	
Other current assets	33,181,975	9,820,241	5,967,607	17,394,126	43,837,273	31,967,557	1,052,532	3,258,094	27,656,931	
Loans to stockholders	2,011,434	1,067,321	772,731	171,382	6,810,219	3,101,568	366,550	584,617	2,150,401	
Mortgage and real estate loans	2,858,957	444,300	109,153	2,305,505	5,691,285	1,236,792	159,179	151,077	926,536	
Other investments	83,816,962	25,383,586	22,903,430	35,529,946	71,707,127	41,704,711	1,732,841	7,456,167	32,515,703	
Depreciable assets	839,757,341	154,957,357	230,863,528	453,936,456	234,287,114	93,719,684	11,118,019	14,925,113	67,676,551	
Less: Accumulated depreciation	212,745,125	51,416,223	51,684,959	109,643,943	99,526,467	40,202,797	4,963,978	6,560,827	28,677,992	
Depletable assets	4,621,802	577,283	*25,273	4,019,246	3,235,905	2,870,020	*8,815	89,472	2,771,733	
Less: Accumulated depletion	1,218,043	181,843	*2,060	1,034,140	1,149,488	1,009,363	*3,145	27,839	978,379	
Land	5,455,717	2,468,038	792,834	2,194,845	14,953,312	5,341,252	456,436	719,148	4,165,668	
Intangible assets (amortizable)	7,733,798	3,408,899	2,643,118	1,681,782	6,962,272	2,586,976	293,419	379,452	1,914,104	
Less: Accumulated amortization	2,254,773	1,300,700	521,518	432,554	1,995,511	666,081	108,073	96,066	461,943	
Other assets	22,032,983	5,967,197	4,714,525	11,351,260	21,192,857	10,316,860	920,153	2,258,561	7,138,146	
<b>Total liabilities</b>	<b>919,861,069</b>	<b>193,331,848</b>	<b>245,510,562</b>	<b>481,018,659</b>	<b>753,351,132</b>	<b>394,794,405</b>	<b>28,533,018</b>	<b>65,500,271</b>	<b>300,761,115</b>	
Accounts payable	62,116,389	19,670,022	9,131,635	33,314,733	127,944,750	77,165,143	7,317,700	11,368,213	58,479,229	
Mortgages, notes, and bonds payable in less than one year	35,985,184	11,285,032	6,717,964	17,982,188	119,399,248	68,587,610	2,672,684	10,667,266	55,247,660	
Other current liabilities	81,005,176	19,290,786	30,588,043	31,126,347	90,424,038	47,625,986	2,432,080	4,591,441	40,602,466	
Loans from stockholders	6,632,399	2,970,669	1,611,094	2,050,636	24,492,965	9,176,386	908,012	1,454,455	6,813,919	
Mortgages, notes, and bonds payable in one year or more	296,998,401	52,978,038	73,459,470	170,560,894	114,283,891	48,072,371	4,304,394	8,303,172	35,464,804	
Other liabilities	84,242,894	19,690,629	18,343,477	46,208,789	25,389,144	10,359,779	1,009,608	2,293,260	7,056,910	
Capital stock	123,501,628	13,080,272	25,880,482	84,540,874	44,451,055	22,610,026	1,602,527	3,170,249	17,837,249	
Paid-in or capital surplus	96,993,922	22,206,027	34,827,866	39,960,029	38,654,623	17,427,733	1,153,277	3,187,912	13,086,544	
+ Retained earnings, appropriated	2,409,491	618,571	350,585	1,440,335	3,129,808	1,841,633	181,138	239,177	1,421,318	
+ Retained earnings, unappropriated	133,059,934	33,334,080	45,557,332	54,168,521	174,380,547	96,495,737	7,398,412	21,106,216	67,991,110	
Less: Cost of treasury stock	3,084,350	1,792,278	957,387	334,686	9,198,935	4,567,998	446,814	881,090	3,240,094	
<b>Total receipts</b>	<b>632,294,442</b>	<b>224,493,312</b>	<b>130,440,430</b>	<b>277,360,701</b>	<b>2,017,701,364</b>	<b>1,069,342,142</b>	<b>157,775,585</b>	<b>111,362,997</b>	<b>800,203,561</b>	
Business receipts	606,039,657	211,228,536	126,762,052	268,049,068	1,972,305,261	1,047,583,638	155,852,434	107,145,162	784,586,041	
Interest	9,102,778	3,754,141	1,212,174	4,136,463	14,274,834	8,014,398	434,666	1,723,448	5,856,285	
Interest on Government obligations:										
State and local	36,114	24,332	4,659	7,123	95,155	56,316	2,063	9,196	45,057	
Rents	4,283,466	2,581,714	759,459	942,294	6,841,460	2,168,563	214,320	715,574	1,238,669	
Royalties	375,923	218,167	56,504	101,253	561,605	208,800	5,847	51,734	151,220	
Net short-term capital gain reduced by net long-term capital loss	67,077	37,649	13,243	16,184	159,746	118,931	16,404	12,606	89,922	
Net long-term capital gain reduced by net short-term capital loss	2,916,563	1,481,525	525,635	909,403	2,443,019	1,188,142	46,792	121,427	1,019,922	
Net gain, noncapital assets	1,251,951	923,207	180,129	148,615	1,364,387	595,702	37,564	167,307	390,831	
Dividends received from domestic corporations	452,860	134,126	180,446	138,289	1,195,416	793,254	73,134	116,814	603,307	
Dividends received from foreign corporations	229,053	82,587	76,622	69,843	675,957	249,140	2,286	24,773	222,081	
Other receipts	7,539,001	4,027,328	669,507	2,842,166	17,780,829	8,365,259	1,090,075	1,274,956	6,000,228	
<b>Total deductions</b>	<b>614,397,320</b>	<b>225,104,834</b>	<b>123,115,893</b>	<b>266,176,592</b>	<b>1,989,739,286</b>	<b>-1,052,946,356</b>	<b>-156,125,531</b>	<b>-107,306,615</b>	<b>789,514,210</b>	
Cost of sales and operations	338,796,961	119,663,909	43,827,087	175,305,965	1,556,263,179	887,794,832	136,185,312	79,678,540	671,930,980	
Compensation of officers	4,327,315	3,000,121	646,511	680,682	29,910,261	14,691,902	1,255,597	2,694,670	10,471,635	
Repairs	26,820,778	4,065,353	15,827,940	6,927,486	7,342,300	2,629,883	470,294	347,229	1,812,360	
Bad debts	2,485,257	516,031	1,228,904	740,323	4,871,779	2,815,937	213,562	588,572	2,013,803	
Rent paid on business property	12,093,901	8,440,485	2,161,143	1,492,273	28,615,468	6,972,757	926,663	1,075,190	4,970,904	
Taxes paid	27,599,358	6,758,182	7,605,406	13,235,770	26,375,395	9,943,321	1,116,755	1,334,043	7,492,523	
Interest paid	36,839,460	7,485,207	8,138,482	21,215,772	30,429,310	14,690,857	912,320	2,672,564	11,105,973	
Contributions or gifts	254,473	45,279	93,285	115,909	500,887	207,928	23,760	30,298	153,870	
Amortization	467,095	184,706	100,579	181,810	438,301	127,991	10,222	20,534	97,135	
Depreciation	49,929,857	13,183,368	19,271,651	17,474,837	24,948,631	10,289,821	1,193,050	1,937,012	7,159,759	
Depletion	523,676	117,446	1,380	404,851	233,359	193,093	2,768	6,725	183,600	
Advertising	2,631,907	1,326,625	1,100,320	204,964	20,096,504	5,067,910	499,345	627,599	3,941,026	
Pension, profit-sharing, stock bonus, and annuity plans	8,502,834	2,074,306	4,281,052	2,147,477	5,874,751	2,903,205	387,333	431,993	2,083,880	
Employee benefit programs	6,501,687	2,523,420	2,588,815	1,389,452	7,001,152	2,521,277	373,537	473,691	1,674,049	
Net loss, noncapital assets	778,798	144,213	344,313	290,272	515,430	230,368	17,211	29,570	183,587	
Other deductions	95,843,960	55,576,183	15,899,025	24,368,752	246,322,583	91,865,374	12,267,803	15,358,444	64,239,126	
Total receipts less total deductions	17,897,123	-611,522	7,324,537	11,184,108	27,962,078	16,395,787	1,650,053	4,056,382	10,689,351	
Constructive taxable income from related foreign corporations	474,951	104,778	177,925	192,249	575,756	280,298	6,014	26,885	247,398	
Net income (less deficit)	18,335,959	-531,077	7,497,802	11,369,233	28,442,678	16,619,769	1,654,005	4,074,071	10,891,693	
Income subject to tax	25,955,886	4,777,679	8,241,239	12,936,967	30,107,072	13,987,182	1,471,111	2,118,727	10,397,345	
Income tax, total	11,638,542	1,945,414	3,840,859	5,852,269	11,584,691	5,455,600	584,541	800,295	4,070,764	
Regular and alternative tax	11,356,073	1,892,604	3,675,319	5,788,150	11,372,087	5,348,274	577,296	778,275	3,992,703	
Tax from recomputing prior-year investment credit	227,910	30,351	163,481	34,078	171,659	92,572	7,021	21,194	64,356	
Additional tax for tax preferences	46,619	14,525	2,059	30,036	39,389	13,583	224	826	12,533	
Foreign tax credit	254,502	51,252	99,318	103,933	393,077	155,681	*529	28,608	126,544	
U.S. possessions tax credit	33,814	—	33,770	44	91,928	89,866	10,427	64	79,376	
Investment credit	6,287,196	495,025	2,380,491	3,411,680	1,574,988	558,731	83,855	-108,488	366,388	
Work incentive (WIN) credit	684	551	*56	*76	8,016	2,462	*344	247	1,871	
Jobs credit	10,328	7,010	1,622	1,697	107,419	13,816	2,881	2,065	8,670	
Nonconventional source fuel credit	( <sup>1</sup> )	—	( <sup>1</sup> )	—	*41	32	—	—	32	
Alcohol fuel credit	175	—	—	175	*325	*1	—	( <sup>1</sup> )	*1	
Research activities credit	125,062	2,555	105,182	17,326	25,755	15,184	825			

## 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									
	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, total .....</b>	<b>549,127</b>	<b>40,527</b>	<b>9,958</b>	<b>44,583</b>	<b>82,634</b>	<b>45,326</b>	<b>36,118</b>	<b>114,846</b>	<b>175,135</b>	<b>4,805</b>
<b>Total assets .....</b>	<b>357,434,956</b>	<b>21,984,233</b>	<b>110,892,782</b>	<b>41,114,946</b>	<b>54,861,399</b>	<b>20,193,523</b>	<b>14,956,172</b>	<b>35,995,925</b>	<b>57,435,975</b>	<b>1,121,772</b>
Cash .....	21,279,508	1,745,415	2,911,750	3,192,347	3,557,543	1,633,937	1,215,840	2,430,839	4,591,837	117,562
Notes and accounts receivable .....	69,680,173	4,500,806	36,280,419	3,273,215	7,653,618	3,299,351	3,601,148	2,002,530	9,069,086	317,917
Less: Allowance for bad debts .....	1,665,153	301,681	484,698	42,186	186,354	89,759	129,247	85,194	346,033	8,049
Inventories .....	107,374,664	8,510,491	22,401,820	11,447,691	27,278,761	7,943,000	5,963,782	1,627,044	22,202,075	289,568
Investments in Government obligations .....	6,125,409	47,985	5,243,799	368,727	77,289	96,220	73,168	51,950	166,271	*6,411
Other current assets .....	11,840,885	869,944	3,080,441	1,375,968	1,727,427	789,322	512,392	1,424,469	2,060,922	28,830
Loans to stockholders .....	3,699,497	231,088	282,213	256,561	680,892	253,992	205,293	898,669	880,790	9,153
Mortgage and real estate loans .....	4,438,543	153,937	3,351,757	156,397	235,016	24,728	29,453	299,192	188,064	*15,950
Other investments .....	29,925,053	1,183,816	13,015,300	2,875,494	1,833,687	1,494,537	967,820	4,591,382	3,963,018	77,363
Depreciable assets .....	140,233,086	7,211,826	31,759,737	26,097,330	17,510,152	6,419,418	3,593,038	27,381,760	20,259,825	334,344
Less: Accumulated depreciation .....	59,160,537	3,605,607	11,543,133	11,178,669	8,463,984	2,924,160	1,680,272	10,430,243	9,334,469	163,134
Depletable assets .....	365,885	37,534	*91,306	*4,836	77,313	*9,377	11,709	72,059	61,751	—
Less: Accumulated depletion .....	140,125	8,233	*59,227	*2,166	27,575	*5,138	*5,779	*9,513	22,494	—
Land .....	9,580,292	760,671	1,969,291	1,330,642	1,602,432	249,969	255,007	2,372,779	1,039,503	31,767
Intangible assets (amortizable) .....	4,364,838	227,250	634,639	839,171	223,961	201,954	46,552	1,301,787	889,524	10,458
Less: Accumulated amortization .....	1,325,771	85,544	87,240	266,586	83,094	64,122	14,223	412,601	312,361	3,659
Other assets .....	10,818,706	504,535	2,044,607	1,386,175	1,164,315	850,899	310,493	2,479,017	2,078,666	57,290
<b>Total liabilities .....</b>	<b>357,434,956</b>	<b>21,984,233</b>	<b>110,892,782</b>	<b>41,114,946</b>	<b>54,861,399</b>	<b>20,193,523</b>	<b>14,956,172</b>	<b>35,995,925</b>	<b>57,435,975</b>	<b>1,121,772</b>
Accounts payable .....	50,517,622	3,265,998	10,312,056	9,344,584	6,138,246	3,775,140	2,685,835	3,273,226	11,722,536	261,986
Mortgages, notes, and bonds payable in less than one year .....	50,721,324	2,920,700	15,084,288	1,634,393	20,256,817	1,473,906	1,553,553	2,380,951	5,416,716	90,314
Other current liabilities .....	42,712,106	1,517,139	22,695,228	3,985,271	3,845,686	1,829,153	1,388,297	2,868,230	4,583,101	85,945
Loans from stockholders .....	15,274,041	1,102,299	1,000,096	1,157,978	2,585,254	1,025,160	916,484	3,543,851	3,942,921	42,537
Mortgages, notes, and bonds payable in one year or more .....	66,012,363	3,752,420	21,016,036	9,332,057	7,400,411	2,805,631	1,771,225	10,583,286	9,351,295	199,157
Other liabilities .....	14,988,997	509,027	5,337,301	1,585,815	1,046,488	918,783	676,624	2,572,414	2,369,544	40,368
Capital stock .....	21,765,825	1,783,350	3,904,985	2,242,182	4,100,103	1,785,416	1,240,645	2,451,758	4,257,385	75,205
Paid-in or capital surplus .....	21,153,072	865,173	3,747,014	2,189,526	1,393,238	1,161,483	644,051	3,744,486	3,681,100	73,817
Retained earnings, appropriated .....	1,288,162	124,146	370,114	56,366	144,785	98,075	194,891	94,135	205,650	*14
Retained earnings, unappropriated .....	77,598,218	6,569,790	24,109,565	10,228,379	8,840,529	5,620,193	4,166,912	5,265,033	12,797,818	286,592
Less: Cost of treasury stock .....	4,396,774	425,808	410,908	614,604	890,156	299,416	781,445	892,092	34,163	—
<b>Total receipts .....</b>	<b>945,667,059</b>	<b>49,891,941</b>	<b>150,460,117</b>	<b>208,582,590</b>	<b>235,395,386</b>	<b>44,485,320</b>	<b>30,680,799</b>	<b>74,923,584</b>	<b>151,247,322</b>	<b>2,692,163</b>
Business receipts .....	922,135,862	48,537,499	143,413,511	205,917,557	231,139,213	43,358,480	29,674,193	71,896,588	148,198,821	2,585,857
Interest .....	6,244,688	439,827	2,675,671	459,655	962,996	327,327	245,399	418,627	715,186	19,348
Interest on Government obligations:										
State and local .....	38,494	5,606	2,785	5,691	2,937	4,864	1,677	2,090	12,844	*345
Rents .....	4,653,514	306,256	1,213,183	455,105	901,551	105,880	192,931	981,689	496,919	19,383
Royalties .....	351,681	4,431	15,539	13,790	13,116	30,189	*18,403	210,979	45,234	*1,125
Net short-term capital gain reduced by net long-term capital loss .....	40,778	1,167	2,535	8,816	5,373	8,951	2,847	4,834	6,256	36
Net long-term capital gain reduced by net short-term capital loss .....	1,247,418	83,185	340,796	128,166	141,418	71,700	28,887	220,426	232,841	7,459
Net gain, noncapital assets .....	767,807	23,952	171,862	123,867	172,113	16,456	28,628	130,633	100,297	877
Dividends received from domestic corporations .....	400,279	10,778	222,636	33,739	27,360	43,156	14,736	18,239	29,634	*1,883
Dividends received from foreign corporations .....	426,817	616	333,255	68,493	4,476	*1,331	850	*3,695	13,900	—
Other receipts .....	9,359,721	478,624	2,066,343	1,367,712	2,024,633	516,985	472,248	1,035,785	1,395,391	55,849
<b>Total deductions .....</b>	<b>934,139,369</b>	<b>49,430,069</b>	<b>147,659,261</b>	<b>206,402,447</b>	<b>234,498,407</b>	<b>43,459,944</b>	<b>29,933,303</b>	<b>73,848,787</b>	<b>148,907,149</b>	<b>2,653,562</b>
Cost of sales and operations .....	666,530,043	35,361,864	93,127,508	160,289,760	197,561,845	26,084,104	18,743,598	32,147,263	103,214,100	1,938,304
Compensation of officers .....	15,123,347	1,359,372	563,557	1,400,837	3,090,961	1,183,862	1,124,835	2,339,125	4,060,798	95,011
Repairs .....	4,697,049	270,714	759,489	1,122,026	568,759	164,810	123,714	1,042,470	645,068	15,368
Bad debts .....	2,042,948	220,706	597,904	143,734	335,452	116,184	144,656	90,936	393,377	12,893
Rent paid on business property .....	21,595,156	773,702	3,729,006	3,020,974	2,198,981	2,612,198	1,023,312	4,155,700	4,081,282	47,555
Taxes paid .....	16,382,006	931,807	3,301,772	2,622,432	2,383,860	953,910	628,350	2,823,733	2,736,143	50,069
Interest paid .....	15,697,495	1,059,040	574,379	1,116,091	3,153,770	733,109	462,714	1,546,998	1,891,394	40,957
Contributions or gifts .....	292,732	16,385	89,050	38,852	33,240	27,439	13,407	22,494	51,864	227
Amortization .....	310,029	6,185	38,876	29,464	22,943	65,745	3,677	90,435	52,704	*381
Depreciation .....	14,620,767	759,126	2,920,524	2,628,029	2,301,671	691,447	395,329	2,647,503	2,277,139	38,043
Depletion .....	40,420	7,960	3,779	1,270	19,141	*801	*764	2,235	4,290	*25
Advertising .....	15,009,438	745,995	3,868,111	2,057,555	1,866,125	1,067,084	1,212,291	1,773,241	2,419,037	19,155
Pension, profit-sharing, stock bonus, and annuity plans .....	2,964,498	166,004	906,419	647,363	257,166	149,008	110,447	234,062	494,029	7,048
Employee benefit programs .....	4,471,488	177,404	745,482	1,563,821	759,574	181,398	108,141	349,218	586,450	8,387
Net loss, noncapital assets .....	284,991	9,693	30,788	61,722	31,832	20,463	12,954	70,194	47,345	*71
Other deductions .....	154,077,143	7,564,111	31,242,617	29,658,518	19,913,089	9,408,382	5,825,115	24,513,181	25,952,129	380,067
Total receipts less total deductions .....	11,527,690	461,872	2,800,856	2,180,143	896,979	1,025,376	747,496	1,074,798	2,340,173	38,601
Constructive taxable income from related foreign corporations .....	295,458	—	*199,654	59,111	687	402	9,901	7,662	18,041	—
Net income (less deficit) .....	11,784,654	456,266	2,997,724	2,233,562	894,729	1,020,914	755,719	1,080,370	2,345,370	38,256
Income subject to tax .....	16,051,477	1,046,937	3,153,455	2,582,237	1,640,919	1,388,742	1,016,453	1,912,783	3,309,952	68,412
Income tax, total .....	6,105,061	355,540	1,392,930	1,086,145	507,251	518,269	378,192	725,602	1,141,133	24,031
Regular and alternative tax .....	6,000,091	352,754	1,365,194	1,069,705	489,563	513,473	375,982	707,403	1,126,018	23,722
Tax from recomputing prior-year investment credit .....	78,779	2,594	9,571	14,860	15,721	3,791	2,088	15,468	14,686	*308
Additional tax for tax preferences .....	25,805	*191	18,044	1,579	1,927	*998	*108	2,731	227	1
Foreign tax credit .....	237,396	*6	148,620	54,310	*714	*7,927	518	12,826	12,476	—
U.S. possessions tax credit .....	2,062	—	155	—	—	143	—	1,703	61	—
Investment credit .....	1,014,101	32,753	284,534	217,681	87,165	39,934	26,705	164,553	160,775	2,156
Work incentive (WIN) credit .....	5,525	83	309	976	1,010	499	*106	1,825	717	*29
Jobs credit .....	93,753	2,374	12,144	16,970	5,846	1,984	1,651</td			

## 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>461,630</b>	<b>14,021</b>	<b>35,434</b>	<b>10,579</b>	<b>7,900</b>	<b>51,637</b>	<b>295,119</b>	<b>46,939</b>
<b>Total assets .....</b>	<b>4,987,466,401</b>	<b>2,536,526,661</b>	<b>863,132,231</b>	<b>148,487,282</b>	<b>856,055,445</b>	<b>20,863,963</b>	<b>158,846,458</b>	<b>403,554,361</b>
Cash .....	382,408,496	307,777,140	32,091,446	3,305,759	12,250,099	3,514,621	8,242,100	15,227,330
Notes and accounts receivable .....	1,596,401,128	1,373,370,280	85,967,254	52,324,505	35,673,663	5,963,094	15,469,994	27,632,339
Less: Allowance for bad debts .....	28,244,904	16,523,911	10,638,340	9,3284	258,878	74,575	425,252	230,663
Inventories .....	12,118,589	477,025	1,156,564	1,337,126	1,686,317	44,180	4,520,352	2,897,025
Investments in Government obligations .....	565,137,046	321,427,381	37,279,608	11,921,752	136,298,658	817,837	941,144	56,450,566
Other current assets .....	224,376,573	91,610,237	17,980,065	42,713,065	41,979,822	1,066,248	11,334,924	17,692,211
Loans to stockholders .....	8,179,166	1,643,422	1,814,345	168,315	279,708	375,076	2,511,116	1,387,184
Mortgage and real estate loans .....	914,842,256	154,368,802	597,385,913	256,593	144,918,469	113,253	11,544,830	6,254,396
Other investments .....	945,273,086	170,160,932	62,061,090	31,996,713	396,596,328	4,786,173	25,102,429	254,569,419
Depreciable assets .....	180,555,387	50,168,634	16,108,415	2,278,098	18,966,187	3,324,708	73,757,677	15,951,668
Less: Accumulated depreciation .....	53,228,889	14,273,612	4,462,882	753,379	2,655,873	1,430,523	25,316,099	4,336,520
Depletable assets .....	1,791,684	22,633	57,155	*20,788	78,491	15,660	*512,627	1,084,329
Less: Accumulated depletion .....	279,803	1,472	1,644	*7,590	3,855	*5,406	155,263	104,572
Land .....	34,886,485	3,900,359	3,179,470	98,901	915,426	183,479	23,270,089	3,338,761
Intangible assets (amortizable) .....	9,293,944	1,620,365	2,934,320	305,250	1,904,673	636,599	*938,676	954,062
Less: Accumulated amortization .....	1,334,863	288,322	179,586	66,933	62,917	181,370	287,372	268,363
Other assets .....	195,291,020	91,066,768	20,399,036	2,661,602	67,489,128	1,714,909	6,884,487	5,055,089
<b>Total liabilities .....</b>	<b>4,987,466,401</b>	<b>2,536,526,661</b>	<b>863,132,231</b>	<b>148,487,282</b>	<b>856,055,445</b>	<b>20,863,963</b>	<b>158,846,458</b>	<b>403,554,361</b>
Accounts payable .....	147,076,371	34,294,987	8,707,842	59,496,307	21,887,083	6,755,491	5,808,556	10,126,105
Mortgages, notes, and bonds payable in less than one year .....	294,128,704	138,165,710	102,587,265	13,126,447	9,368,893	1,081,071	22,163,218	7,636,099
Other current liabilities .....	2,812,233,442	2,009,418,476	569,700,031	57,006,296	147,511,953	2,237,830	8,483,154	17,875,702
Loans from stockholders .....	36,686,878	16,922,762	4,243,491	425,019	1,963,667	338,239	10,161,534	2,632,166
Mortgages, notes, and bonds payable in one year or more .....	286,709,958	64,428,202	115,852,792	3,674,077	15,791,171	2,263,792	63,224,785	21,475,138
Other liabilities .....	643,691,837	87,836,436	28,114,311	5,404,545	500,124,526	1,799,510	11,652,060	8,760,450
Capital stock .....	339,927,110	33,085,578	8,113,141	1,278,982	10,673,302	1,068,214	12,681,068	273,026,826
Paid-in capital surplus .....	324,590,218	60,200,330	8,199,305	2,858,933	38,274,820	1,960,103	17,985,193	195,111,535
Retained earnings, appropriated .....	40,137,311	3,338,291	8,253,041	89,351	23,456,858	56,709	911,686	4,031,375
Retained earnings, unappropriated .....	218,878,389	90,213,855	9,818,163	5,379,098	88,173,139	3,931,104	8,038,730	13,324,301
Less: Cost of treasury stock .....	156,593,818	1,377,966	457,149	251,774	1,169,966	628,100	2,263,527	150,445,336
<b>Total receipts .....</b>	<b>949,867,877</b>	<b>330,537,008</b>	<b>99,312,097</b>	<b>29,570,356</b>	<b>344,369,681</b>	<b>18,864,178</b>	<b>57,318,340</b>	<b>69,896,217</b>
Business receipts .....	337,493,098	28,915,823	11,500,285	14,941,518	208,238,543	17,301,888	30,402,650	26,192,391
Interest .....	443,020,140	274,274,176	82,181,561	8,805,006	41,982,137	742,171	4,109,456	30,925,632
Interest on Government obligations:								
State and local .....	13,313,397	8,228,720	201,088	124,582	3,924,118	23,911	220,005	590,972
Rents .....	25,156,648	5,002,351	865,885	321,183	3,361,833	134,068	14,033,557	1,437,772
Royalties .....	824,301	29,483	23,314	19,147	42,657	8,196	344,837	356,666
Net short-term capital gain reduced by net long-term capital loss .....	2,059,044	100,688	55,773	143,246	582,501	6,568	94,404	1,075,864
Net long-term capital gain reduced by net short-term capital loss .....	8,437,895	890,972	622,492	223,790	1,106,865	60,315	2,159,784	3,373,677
Net gain, noncapital assets .....	10,961,773	1,019,427	933,875	3,418,732	2,688,033	33,232	2,347,231	521,243
Dividends received from domestic corporations .....	6,397,542	458,876	75,318	162,486	3,263,350	41,393	185,028	2,211,092
Dividends received from foreign corporations .....	842,231	393,012	97,134	27,792	124,494	33,413	3,761	162,625
Other receipts .....	101,361,809	11,223,480	2,755,372	1,382,875	79,055,149	47,922	3,417,626	3,048,285
<b>Total deductions .....</b>	<b>915,164,762</b>	<b>321,886,842</b>	<b>113,183,996</b>	<b>28,055,386</b>	<b>338,539,019</b>	<b>18,226,466</b>	<b>57,674,352</b>	<b>37,598,702</b>
Cost of sales and operations .....	169,435,694	5,964,798	3,535,225	4,130,676	120,807,004	3,786,046	12,193,296	19,018,650
Compensation of officers .....	18,114,437	7,537,574	1,428,436	1,781,629	914,942	2,614,234	3,073,067	764,555
Repairs .....	3,286,660	1,251,571	304,241	48,427	163,599	77,318	1,237,346	204,159
Bad debts .....	9,954,042	7,657,583	999,951	90,444	588,217	119,322	282,631	215,896
Rent paid on business property .....	10,731,510	4,249,975	832,832	620,072	2,254,017	665,276	1,626,513	482,825
Taxes paid .....	15,220,581	4,149,953	917,048	639,444	4,727,524	557,762	3,498,627	730,223
Interest paid .....	340,960,344	226,395,918	85,628,627	8,153,797	6,381,885	478,685	9,427,825	4,493,606
Contributions or gifts .....	321,683	157,812	10,241	19,941	25,695	15,893	60,676	31,426
Amortization .....	464,382	177,475	71,654	28,051	35,000	42,517	76,914	32,773
Depreciation .....	15,887,956	6,396,236	1,210,038	708,327	1,996,581	582,232	3,853,827	1,140,714
Depletion .....	202,953	14,017	4,361	2,184	41,404	*107	43,757	97,122
Advertising .....	5,058,403	1,726,646	770,551	255,750	1,030,025	176,208	826,299	272,923
Pension, profit-sharing, stock bonus, and annuity plans .....	5,149,286	1,668,199	317,215	319,675	1,799,161	312,327	323,474	209,235
Employee benefit programs .....	3,883,970	1,918,084	342,558	167,922	761,413	228,362	193,714	271,916
Net loss, noncapital assets .....	6,879,190	2,103,302	4,017,710	275,343	72,334	53,808	238,047	118,645
Other deductions .....	309,613,673	50,317,699	12,793,310	10,813,704	196,940,218	8,516,368	20,718,340	9,514,034
Total receipts less total deductions .....	34,703,115	8,650,166	-13,871,899	1,514,970	5,830,663	637,713	-356,012	32,297,515
Constructive taxable income from related foreign corporations .....	414,370	191,974	59,966	15,037	85,633	23,598	*35	38,126
Net income (less deficit) .....	21,804,088	613,420	-14,013,021	1,405,425	1,992,177	637,400	-575,982	31,744,669
Income subject to tax .....	19,879,233	6,350,774	983,389	1,666,405	4,653,011	795,431	3,839,496	1,684,728
Income tax, total .....	7,809,420	2,731,633	322,687	709,734	2,024,939	276,195	1,150,000	594,233
Regular and alternative tax .....	7,643,631	2,664,356	310,950	705,595	1,986,065	271,675	1,128,127	576,863
Tax from recomputing prior-year investment credit .....	72,924	26,617	3,801	2,626	17,452	4,352	10,017	8,059
Additional tax for tax preferences .....	79,059	35,950	7,630	1,513	17,673	*131	8,931	7,231
Foreign tax credit .....	1,458,076	1,172,672	2,014	19,964	193,328	23,764	1,474	44,861
U.S. possessions tax credit .....	3,578	—	1,762	1,328	—	—	425	62
Investment credit .....	811,911	379,249	28,769	79,048	189,952	41,136	60,130	33,828
Work incentive (WIN) credit .....	1,587	1,015	*113	*16	132	*159	*42	*110
Jobs credit .....	18,388	5,973	597	323	4,770	1,183	4,521	1,021
Nonconventional source fuel credit .....	4	—	—	3	—	—	—	(1)
Alcohol fuel credit .....	—	—	—	—	—	—	—	—
Research activities credit .....	17,189	5,683	*140	3,835	5,902	431	*292	905
Employee stock ownership credit .....	—	691	6	2	683	—	—	—
Distributions to stockholders:								
Cash and property except in own stock .....	46,504,963	5,350,559	680,762	418,052	3,996,481	441,370	1,807,104	33,810,635
Corporation's own stock .....	1,812,738	609,575	89,660	75,281	156,243	*6,140	11,253	664,587

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						Nature of business not allocable	
	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>819,706</b>	<b>18,936</b>	<b>51,929</b>	<b>210,496</b>	<b>75,448</b>	<b>58,945</b>	<b>403,952</b>	<b>20,134</b>
<b>Total assets .....</b>	<b>237,876,895</b>	<b>25,867,592</b>	<b>9,306,238</b>	<b>76,652,861</b>	<b>22,813,345</b>	<b>39,888,736</b>	<b>63,348,123</b>	<b>2,643,568</b>
Cash .....	22,287,575	1,338,711	1,020,462	6,750,810	1,741,456	2,204,965	9,231,172	296,797
Notes and accounts receivable .....	37,120,032	1,780,551	1,357,290	17,363,339	3,336,180	4,321,531	8,961,140	536,061
Less: Allowance for bad debts .....	1,491,207	117,715	55,150	420,310	134,037	238,755	525,239	13,045
Inventories .....	12,179,103	480,742	647,213	3,922,138	1,986,501	3,196,430	1,946,080	373,676
Investments in Government obligations .....	1,937,230	164,534	63,566	872,218	130,137	349,424	357,352	15,238
Other current assets .....	18,374,554	1,122,288	508,848	7,396,059	793,981	4,267,638	4,285,741	135,254
Loans to stockholders .....	5,405,437	386,967	205,985	1,333,353	276,631	427,805	2,774,697	106,288
Mortgage and real estate loans .....	3,311,517	350,842	57,558	1,076,785	98,877	1,326,617	400,837	50,883
Other investments .....	29,893,042	3,746,777	787,688	11,752,085	965,446	6,328,593	6,312,451	294,776
Depreciable assets .....	141,106,305	19,524,884	7,148,023	35,274,763	20,117,223	21,774,020	37,267,392	943,816
Less: Accumulated depreciation .....	58,050,041	6,765,665	3,723,737	15,364,450	8,506,045	9,297,846	14,392,298	431,670
Depletable assets .....	659,755	191,809	*5,969	129,683	*128,696	*28,382	175,216	85,100
Less: Accumulated depletion .....	160,424	*21,986	*3,097	30,587	*24,559	*9,031	71,163	*38,530
Land .....	8,614,456	2,224,653	453,950	1,132,275	841,962	1,819,447	2,142,168	98,486
Intangible assets (amortizable) .....	6,032,237	279,091	228,060	1,684,800	407,083	2,215,490	1,217,713	17,114
Less: Accumulated amortization .....	2,576,133	75,212	78,586	538,717	76,468	1,492,065	315,084	1,977
Other assets .....	13,233,457	1,256,321	682,196	4,318,616	730,283	2,666,091	3,579,949	175,301
<b>Total liabilities .....</b>	<b>237,876,895</b>	<b>25,867,592</b>	<b>9,306,238</b>	<b>76,652,861</b>	<b>22,813,345</b>	<b>39,888,736</b>	<b>63,348,123</b>	<b>2,643,568</b>
Accounts payable .....	24,649,966	1,108,550	746,434	9,960,467	2,335,154	5,086,235	5,413,128	382,889
Mortgages, notes, and bonds payable in less than one year .....	24,388,049	1,902,214	725,285	9,501,522	3,910,860	3,127,807	5,220,362	391,696
Other current liabilities .....	26,297,049	1,376,598	794,744	10,785,014	1,559,615	5,378,912	8,402,166	213,328
Loans from stockholders .....	11,985,313	1,539,394	543,386	2,883,193	834,605	2,846,100	3,338,634	233,701
Mortgages, notes, and bonds payable in one year or more .....	66,153,599	11,192,593	2,185,847	19,107,525	7,057,570	9,446,567	17,163,497	555,909
Other liabilities .....	14,617,534	1,298,884	552,912	4,499,852	1,253,646	3,291,776	3,720,462	117,422
Capital stock .....	14,166,815	2,008,556	821,354	4,023,133	995,008	2,195,609	4,123,154	293,795
Paid-in or capital surplus .....	22,004,783	2,223,031	526,225	7,428,345	991,679	4,597,694	6,237,810	358,421
Retained earnings, appropriated .....	999,259	92,519	20,571	247,040	121,416	195,255	322,458	19,250
Retained earnings, unappropriated .....	34,870,948	3,646,380	2,778,865	9,296,115	4,074,240	4,493,960	10,581,388	121,757
Less: Cost of treasury stock .....	4,256,416	521,123	389,386	1,079,345	320,448	771,179	1,174,936	34,601
<b>Total receipts .....</b>	<b>380,767,394</b>	<b>24,009,610</b>	<b>17,438,528</b>	<b>114,777,607</b>	<b>34,246,845</b>	<b>40,187,879</b>	<b>150,106,924</b>	<b>4,931,438</b>
Business receipts .....	355,090,610	21,437,701	16,854,213	106,656,681	31,503,316	35,564,931	143,073,767	4,662,210
Interest .....	5,063,483	406,733	161,398	1,954,073	426,177	775,545	1,339,557	59,729
Interest on Government obligations:								
State and local .....	57,324	4,852	8,192	17,873	3,452	8,404	14,550	*1,203
Rents .....	6,809,462	1,163,446	82,727	2,408,840	1,322,560	869,310	962,580	38,480
Royalties .....	1,096,107	193,322	36,136	255,035	4,388	577,243	29,984	*380
Net short-term capital gain reduced by net long-term capital loss .....	95,624	11,266	2,609	25,494	1,624	11,499	43,111	*9,222
Net long-term capital gain reduced by net short-term capital loss .....	1,232,848	209,467	43,873	308,505	41,339	325,341	304,324	50,304
Net gain, noncapital assets .....	1,170,226	46,690	42,128	341,164	308,521	245,691	186,032	7,721
Dividends received from domestic corporations .....	495,837	37,360	25,655	222,355	14,217	114,649	81,600	6,857
Dividends received from foreign corporations .....	174,507	2,774	7,609	66,532	*156	78,744	18,692	54
Other receipts .....	9,481,366	495,980	173,988	2,521,054	621,096	1,616,521	4,052,726	95,277
<b>Total deductions .....</b>	<b>373,717,841</b>	<b>23,680,978</b>	<b>16,845,727</b>	<b>112,666,273</b>	<b>33,913,033</b>	<b>39,326,613</b>	<b>147,285,217</b>	<b>4,950,451</b>
Cost of sales and operations .....	135,273,962	9,418,417	6,572,244	51,481,728	16,462,276	15,270,269	36,069,028	3,101,703
Compensation of officers .....	42,120,668	441,700	1,192,789	7,097,740	1,825,060	1,819,166	29,744,212	223,421
Repairs .....	3,414,853	540,057	234,066	725,232	446,091	517,374	952,032	24,445
Bad debts .....	1,388,190	95,346	77,817	488,607	149,798	114,368	462,252	21,743
Rent paid on business property .....	14,559,295	1,101,675	757,064	4,150,897	1,146,913	1,418,610	5,984,137	158,095
Taxes paid .....	12,283,144	1,077,791	713,633	3,291,096	1,131,619	1,290,818	4,778,187	99,289
Interest paid .....	11,265,412	1,440,206	335,353	3,355,384	1,803,977	1,684,563	2,645,928	88,029
Contributions or gifts .....	196,838	25,380	10,272	46,222	9,146	30,060	75,757	4,486
Amortization .....	1,119,090	34,703	10,210	186,964	14,211	779,978	93,024	432
Depreciation .....	17,117,669	1,403,427	775,616	5,090,503	3,285,953	2,291,281	4,270,888	116,825
Depletion .....	45,153	2,283	2,284	12,509	935	2,790	24,352	*1,138
Advertising .....	4,511,240	473,958	355,610	1,230,530	331,656	1,330,070	789,416	41,098
Pension, profit-sharing, stock bonus, and annuity plans .....	8,642,312	70,905	114,894	1,192,980	126,497	428,681	6,708,354	19,389
Employee benefit programs .....	3,359,926	208,305	122,023	904,644	222,880	285,180	1,616,893	18,245
Net loss, noncapital assets .....	374,761	32,042	12,171	160,812	25,085	69,967	74,683	*5,453
Other deductions .....	118,045,328	7,314,781	5,559,678	33,250,423	6,930,935	11,993,436	52,996,074	1,026,659
Total receipts less total deductions .....	7,049,553	328,632	592,801	2,111,335	333,812	861,266	2,821,707	-19,013
Constructive taxable income from related foreign corporations .....	207,028	*14,325	6,754	58,499	1,139	*93,984	32,326	
Net income (less deficit) .....	7,199,258	338,106	591,363	2,151,960	331,499	946,846	2,839,483	-20,216
Income subject to tax .....	11,941,166	800,620	647,197	3,656,489	773,237	1,808,073	4,255,550	143,002
Income tax, total .....	3,982,538	308,481	214,720	1,312,415	250,728	721,419	1,174,775	42,062
Regular and alternative tax .....	3,885,618	301,010	209,090	1,281,126	240,860	705,701	1,147,831	41,637
Tax from recomputing prior-year investment credit .....	79,788	3,665	5,511	26,831	9,220	13,066	21,495	373
Additional tax for tax preferences .....	12,924	3,395	*114	1,631	648	2,644	4,493	*49
Foreign tax credit .....	215,733	11,022	*6,066	65,563	*298	115,150	17,635	
U.S. possessions tax credit .....	3,969	1,779	—	1,433	34	3	719	
Investment credit .....	1,041,329	54,006	58,949	289,728	95,220	273,950	269,476	5,695
Work incentive (WIN) credit .....	4,271	*424	*242	1,135	*158	314	1,998	
Jobs credit .....	65,087	4,037	2,108	29,110	2,279	4,006	23,547	*492
Nonconventional source fuel credit .....	—	—	—	—	—	—	—	
Alcohol fuel credit .....	—	—	—	—	—	—	—	
Research activities credit .....	33,313	334	*165	26,942	*566	*626	4,679	115
Employee stock ownership credit .....	*1,446	—	—	1,412	—	*34	—	
Distributions to stockholders:								
Cash and property except in own stock .....	3,269,285	374,237	123,989	1,045,287	165,449	495,016	1,065,308	32,525
Corporation's own stock .....	212,332	12,644	*1,928	23,023	*22,705	*68,285	83,747	—

\*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."

## Corporation Returns/1982

## 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
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns with net income .....</b>	<b>1,608,357</b>	<b>47,858</b>	<b>15,950</b>	<b>219</b>	<b>1,315</b>	<b>12,599</b>
<b>Total assets .....</b>	<b>6,410,924,048</b>	<b>27,578,433</b>	<b>122,638,028</b>	<b>1,021,694</b>	<b>9,275,923</b>	<b>109,120,917</b>
Cash .....	412,393,727	2,111,378	3,940,750	72,542	698,687	2,804,632
Notes and accounts receivable .....	1,855,162,781	2,270,914	21,231,811	64,257	1,044,609	19,571,876
Less: Allowance for bad debts .....	26,778,578	18,482	123,529	100	9,135	101,760
Inventories .....	396,024,842	2,881,432	4,970,838	61,761	530,680	4,077,356
Investments in Government obligations .....	398,370,095	183,482	876,289	24,785	166,492	660,049
Other current assets .....	291,771,483	888,039	4,930,537	134,414	653,934	4,025,139
Loans to stockholders .....	27,090,391	636,044	1,374,221	13,732	44,824	1,275,580
Mortgage and real estate loans .....	230,686,089	411,550	565,032	—	3,131	557,265
Other investments .....	1,219,698,761	2,737,745	40,519,013	173,255	903,833	39,223,339
Depreciable assets .....	1,870,208,388	15,931,686	49,927,672	687,405	6,450,978	39,983,904
Less: Accumulated depreciation .....	676,496,057	8,238,240	17,813,941	398,152	2,927,422	12,849,690
Depletable assets .....	64,217,968	192,292	7,251,297	*107,111	867,996	6,103,579
Less: Accumulated depletion .....	22,077,676	42,599	2,268,220	*51,859	116,450	2,051,633
Land .....	66,512,564	6,384,514	1,479,678	*11,049	452,042	820,610
Intangible assets (amortizable) .....	59,391,726	61,459	2,863,305	*4,410	74,799	2,779,725
Less: Accumulated amortization .....	19,101,136	22,255	902,102	*2,763	15,323	4,371
Other assets .....	263,848,684	1,209,474	3,815,376	119,848	452,249	882,005
<b>Total liabilities .....</b>	<b>6,410,924,048</b>	<b>27,578,433</b>	<b>122,638,028</b>	<b>1,021,694</b>	<b>9,275,923</b>	<b>109,120,917</b>
Accounts payable .....	500,368,366	1,092,953	14,529,008	36,250	547,368	13,719,113
Mortgages, notes, and bonds payable in less than one year .....	401,812,850	3,839,933	6,415,167	71,611	583,086	5,578,146
Other current liabilities .....	1,941,477,398	1,162,592	6,381,459	68,677	664,376	5,506,875
Loans from stockholders .....	62,412,722	1,269,089	1,986,014	*301,464	106,153	1,521,515
Mortgages, notes, and bonds payable in one year or more .....	735,602,140	6,192,653	23,983,061	241,936	2,265,832	20,991,122
Other liabilities .....	728,667,670	1,090,496	8,879,465	139,186	1,272,817	7,321,818
Capital stock .....	534,718,076	4,420,666	5,229,920	82,853	165,597	4,775,638
Paid-in or capital surplus .....	603,954,913	1,738,235	25,567,818	*132,173	1,178,336	24,133,679
Retained earnings, appropriated .....	37,312,370	321,514	405,982	40,091	*14,102	277,804
Retained earnings, unappropriated .....	1,050,112,681	6,693,309	29,950,601	-48,017	2,540,799	25,796,125
Less: Cost of treasury stock .....	185,515,133	343,008	690,468	*44,529	62,523	500,918
<b>Total receipts .....</b>	<b>5,202,373,378</b>	<b>38,649,180</b>	<b>165,218,032</b>	<b>911,643</b>	<b>10,931,448</b>	<b>149,749,010</b>
Business receipts .....	4,599,889,885	35,678,639	156,244,807	809,114	10,181,515	141,836,952
Interest .....	336,249,558	523,618	1,608,093	20,228	232,701	1,291,049
Interest on Government obligations:						
State and local .....	9,175,413	4,716	12,284	82	3,582	8,440
Rents .....	51,568,564	227,001	403,278	*4,777	90,670	269,633
Royalties .....	11,650,078	133,200	1,411,191	*13,444	12,535	1,371,846
Net short-term capital gain reduced by net long-term capital loss .....	2,321,366	13,049	47,883	16	2,494	44,673
Net long-term capital gain reduced by net short-term capital loss .....	20,633,612	511,951	909,892	*40,301	121,602	728,302
Net gain, noncapital assets .....	14,506,369	110,841	592,455	6,006	32,156	542,323
Dividends received from domestic corporations .....	14,085,307	51,863	304,723	*3,102	48,124	250,423
Dividends received from foreign corporations .....	13,068,022	6,047	639,327	*724	856	637,606
Other receipts .....	129,225,207	1,388,255	3,044,098	13,849	205,213	2,767,763
<b>Total deductions .....</b>	<b>4,931,581,520</b>	<b>36,117,511</b>	<b>157,257,503</b>	<b>808,626</b>	<b>10,408,645</b>	<b>142,675,304</b>
Cost of sales and operations .....	3,134,753,814	24,623,627	129,367,980	444,878	7,057,310	119,679,242
Compensation of officers .....	92,707,432	884,249	936,785	*5,004	94,982	733,042
Repairs .....	54,168,942	585,988	553,822	*727	141,789	360,900
Bad debts .....	16,821,390	43,973	251,746	779	18,903	221,451
Rent paid on business property .....	64,213,325	725,076	656,917	*4,519	119,257	515,786
Taxes paid .....	127,010,358	733,943	2,756,721	112,942	545,682	1,991,149
Interest paid .....	304,163,969	1,219,778	3,386,508	55,593	365,388	2,883,165
Contributions or gifts .....	2,813,557	19,853	48,166	*68	7,817	36,767
Amortization .....	2,374,116	4,981	20,763	*739	3,457	16,006
Depreciation .....	154,047,887	1,530,592	3,976,062	38,119	566,658	3,149,831
Depletion .....	4,831,731	27,372	1,188,157	74,559	330,842	686,606
Advertising .....	50,167,819	99,554	109,193	*815	3,307	89,891
Pension, profit-sharing, stock bonus, and annuity plans .....	41,976,514	100,952	694,837	894	67,186	606,289
Employee benefit programs .....	37,640,014	104,735	514,220	591	132,723	345,264
Net loss, noncapital assets .....	2,339,997	13,084	66,449	—	7,854	57,536
Other deductions .....	841,550,662	5,399,756	12,799,178	68,401	945,491	11,302,378
Total receipts less total deductions .....	207,791,858	2,531,669	7,960,529	103,017	522,803	7,073,706
Constructive taxable income from related foreign corporations .....	12,736,497	1,526	480,856	81	5,070	475,706
Net income .....	274,352,942	2,528,479	8,429,100	103,016	524,291	7,540,972
Income subject to tax .....	205,083,534	1,604,445	7,319,683	61,931	350,625	6,704,821
Income tax, total .....	86,417,438	500,294	3,307,650	27,599	172,867	3,018,686
Regular and alternative tax .....	85,040,739	490,228	3,203,406	25,469	143,931	2,952,947
Tax from recomputing prior-year investment credit .....	949,228	8,275	35,884	*81	2,159	32,680
Additional tax for tax preferences .....	411,430	1,160	68,102	*2,049	26,754	32,825
Foreign tax credit .....	19,134,464	*1,905	1,848,192	*20,972	288	1,826,249
U.S. possessions tax credit .....	2,026,980	—	1,079	—	—	1,079
Investment credit .....	17,305,896	118,494	425,824	*522	42,546	364,884
Work incentive (WIN) credit .....	29,018	*556	*99	—	—	*52
Jobs credit .....	327,211	4,316	2,406	—	*235	2,123
Nonconventional source fuel credit .....	6,787	—	3	—	—	3
Alcohol fuel credit .....	600	—	—	—	—	—
Research activities credit .....	839,220	1,971	8,437	—	319	7,997
Employee stock ownership credit .....	14,450	*7	14	—	—	14
Distributions to stockholders:						
Cash and property except in own stock .....	116,758,328	383,384	3,218,666	29,758	226,849	2,767,620
Corporation's own stock .....	2,917,528	*17,702	39,069	2,092	12,270	*23,923

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								
	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>138,783</b>	<b>52,116</b>	<b>9,678</b>	<b>76,989</b>	<b>146,415</b>	<b>9,741</b>	<b>68</b>	<b>3,143</b>	<b>9,010</b>
<b>Total assets .....</b>	<b>97,184,075</b>	<b>48,485,790</b>	<b>21,069,251</b>	<b>27,629,035</b>	<b>1,600,250,002</b>	<b>138,732,332</b>	<b>44,097,798</b>	<b>15,582,400</b>	<b>20,211,847</b>
Cash .....	11,665,176	5,109,323	2,358,347	4,197,507	43,076,079	4,639,044	117,499	929,087	1,625,362
Notes and accounts receivable .....	26,635,536	12,077,075	5,255,780	9,302,681	362,764,234	23,063,771	9,880,789	3,911,527	5,849,754
Less: Allowance for bad debts .....	229,089	39,657	51,009	138,423	8,382,914	490,836	71,418	75,118	132,811
Inventories .....	12,657,475	7,902,874	1,285,012	3,469,588	195,817,881	20,174,283	6,946,291	3,528,715	6,576,814
Investments in Government obligations .....	913,042	376,237	329,272	207,532	12,715,131	1,468,800	—	123,950	141,567
Other current assets .....	9,630,817	5,768,173	1,595,134	2,267,510	69,482,143	5,785,488	625,294	712,095	818,628
Loans to stockholders .....	1,753,368	868,336	147,634	737,397	8,184,033	1,063,182	174,518	132,034	127,547
Mortgage and real estate loans .....	1,151,962	919,140	111,283	121,539	2,797,153	414,661	509	18,417	18,293
Other investments .....	8,993,812	4,172,291	3,279,613	1,541,907	338,814,593	37,785,782	14,925,618	1,361,270	1,950,986
Depreciable assets .....	33,089,523	10,297,151	12,363,871	10,428,500	743,430,110	60,903,545	12,829,475	9,720,648	5,038,787
Less: Accumulated depreciation .....	17,783,629	4,692,670	7,264,738	5,826,220	322,200,592	25,730,785	3,881,833	5,438,175	2,500,003
Depletable assets .....	470,513	379,757	67,124	23,631	50,970,117	90,714	706,269	229,060	*1,712
Less: Accumulated depletion .....	124,519	95,510	18,023	*10,986	18,006,056	17,388	287,722	73,292	*1,236
Land .....	2,459,874	1,387,741	511,550	560,583	20,239,192	2,009,116	483,657	107,841	131,745
Intangible assets (amortizable) .....	705,281	554,052	61,351	89,877	38,729,976	1,709,760	1,172,560	84,983	95,294
Less: Accumulated amortization .....	243,621	192,581	19,250	31,690	12,891,895	251,560	132,762	24,582	40,449
Other assets .....	5,438,556	3,694,057	1,056,399	668,100	74,710,818	6,114,756	609,055	313,942	509,856
<b>Total liabilities .....</b>	<b>97,184,075</b>	<b>48,485,790</b>	<b>21,069,251</b>	<b>27,629,035</b>	<b>1,600,250,002</b>	<b>138,732,332</b>	<b>44,097,798</b>	<b>15,582,400</b>	<b>20,211,847</b>
Accounts payable .....	22,300,072	13,623,187	3,456,538	5,220,346	203,420,757	14,609,871	3,108,038	1,930,639	3,347,523
Mortgages, notes, and bonds payable in less than one year .....	8,112,652	4,677,119	1,382,815	2,052,718	111,040,074	8,341,990	6,199,643	732,436	1,810,871
Other current liabilities .....	15,697,779	7,609,190	3,031,530	5,057,058	126,935,708	10,760,781	2,895,587	1,256,849	2,072,990
Loans from stockholders .....	2,285,685	1,307,839	203,568	774,278	14,301,679	939,257	227,506	399,250	315,597
Mortgages, notes, and bonds payable in one year or more .....	10,113,642	5,562,167	2,219,309	2,332,166	249,572,798	22,555,125	8,705,423	2,076,118	2,051,013
Other liabilities .....	6,773,733	3,835,923	1,316,776	1,621,034	150,037,955	9,847,141	2,820,202	727,742	383,932
Capital stock .....	4,043,153	1,263,823	1,401,507	1,377,823	77,402,545	7,206,245	1,895,521	1,121,893	2,107,502
Paid-in or capital surplus .....	4,122,465	1,847,270	1,651,786	623,410	193,881,188	21,590,952	9,247,746	810,650	1,236,103
Retained earnings, appropriated .....	447,419	179,488	172,395	95,536	5,086,790	1,030,960	1,120	47,871	32,969
Retained earnings, unappropriated .....	25,054,072	9,185,916	6,641,717	9,226,439	484,757,326	43,367,889	9,092,884	6,787,200	8,181,969
Less: Cost of treasury stock .....	1,766,595	606,133	408,689	751,774	16,186,816	1,517,879	95,872	308,248	426,621
<b>Total receipts .....</b>	<b>199,257,225</b>	<b>85,716,935</b>	<b>40,201,560</b>	<b>73,338,731</b>	<b>1,945,910,140</b>	<b>238,954,093</b>	<b>33,034,056</b>	<b>26,983,703</b>	<b>43,777,128</b>
Business receipts .....	192,779,190	82,291,999	3,834,495	72,142,697	1,838,984,531	231,876,675	31,167,338	26,417,180	42,836,687
Interest .....	1,951,999	1,032,425	443,549	476,025	29,508,894	2,101,516	514,500	172,279	252,301
Interest on Government obligations:									
State and local .....	36,772	16,747	13,629	6,396	461,349	29,402	9	4,877	4,018
Rents .....	793,534	449,727	208,896	134,911	21,632,386	808,870	326,843	24,546	73,734
Royalties .....	20,778	5,792	13,090	1,896	7,765,369	371,380	162,990	12,958	83,511
Net short-term capital gain reduced by net long-term capital loss .....	27,325	13,712	3,547	10,066	320,432	14,417	4,908	3,843	554
Net long-term capital gain reduced by net short-term capital loss .....	421,686	250,744	96,898	74,044	6,623,229	498,688	183,850	35,202	17,252
Net gain, noncapital assets .....	796,659	567,309	130,517	98,833	2,820,991	444,384	130,087	14,432	9,117
Dividends received from domestic corporations .....	109,908	47,720	40,603	21,585	7,067,773	523,693	223,587	39,476	24,051
Dividends received from foreign corporations .....	172,679	48,053	116,630	7,996	10,601,906	740,729	42,452	31,812	40,843
Other receipts .....	2,146,694	992,706	789,706	364,280	20,123,280	1,544,339	277,491	227,097	435,060
<b>Total deductions .....</b>	<b>191,289,280</b>	<b>82,817,716</b>	<b>38,172,544</b>	<b>70,299,019</b>	<b>1,847,980,304</b>	<b>229,692,479</b>	<b>30,434,040</b>	<b>25,710,938</b>	<b>41,507,731</b>
Cost of sales and operations .....	150,615,725	69,789,023	29,980,620	50,846,081	1,266,727,785	167,302,532	17,885,411	19,628,699	30,094,107
Compensation of officers .....	6,576,254	2,278,893	754,775	3,542,587	16,190,335	1,470,653	77,183	394,652	1,099,743
Repairs .....	825,186	222,214	249,886	353,087	19,078,734	1,902,622	286,530	234,915	105,983
Bad debts .....	314,741	71,664	55,937	187,140	4,647,166	298,752	43,207	56,660	126,666
Rent paid on business property .....	1,391,155	371,301	361,715	658,139	17,691,898	1,751,204	234,414	204,487	531,598
Taxes paid .....	3,736,191	1,108,669	694,974	1,932,548	58,828,257	5,210,690	1,353,517	599,267	990,615
Interest paid .....	2,484,219	1,341,353	520,991	621,876	55,494,575	4,388,428	1,564,158	435,613	720,740
Contributions or gifts .....	103,594	44,892	21,703	36,899	1,435,750	184,652	32,749	26,860	38,286
Amortization .....	20,640	6,267	2,653	11,720	831,961	66,343	43,273	7,214	11,961
Depreciation .....	3,615,656	1,074,260	1,080,944	1,460,453	67,069,395	5,986,122	1,007,510	791,413	513,321
Depletion .....	48,728	34,086	12,802	1,840	2,867,727	11,580	48,731	*10,074	*432
Advertising .....	429,630	150,514	36,299	242,818	26,696,773	6,963,339	2,358,043	132,682	503,188
Pension, profit-sharing, stock bonus, and annuity plans .....	1,199,790	411,355	245,223	543,212	17,751,956	1,401,919	309,191	168,473	267,735
Employee benefit programs .....	941,940	252,478	221,104	468,359	20,954,407	1,823,561	401,044	281,868	265,696
Net loss, noncapital assets .....	50,281	21,982	15,292	13,007	457,687	78,158	3,541	3,490	3,188
Other deductions .....	18,993,548	5,638,766	3,917,628	9,379,154	271,203,899	30,851,925	4,785,538	2,734,570	6,234,472
Total receipts less total deductions .....	7,967,946	2,899,218	2,029,015	3,039,713	97,981,836	9,261,613	2,600,016	1,272,765	2,269,397
Constructive taxable income from related foreign corporations .....	174,887	90,302	82,916	1,669	10,650,256	722,526	65,283	26,759	32,485
Net income .....	8,106,061	2,972,773	2,098,302	3,034,985	108,170,744	9,954,737	2,665,290	1,294,648	2,297,865
Income subject to tax .....	5,973,416	2,070,307	1,635,653	2,247,455	9,162,273	2,503,589	1,176,129	2,001,433	
Income tax, total .....	2,103,322	742,257	685,522	675,542	45,602,679	4,092,119	1,123,551	514,748	855,408
Regular and alternative tax .....	2,069,718	726,120	676,812	666,786	45,015,096	4,041,630	1,118,473	510,362	852,963
Tax from recomputing prior-year investment credit .....	27,164	11,359	7,242	8,563	412,765	43,702	5,078	3,385	2,431
Additional tax for tax preferences .....	6,429	4,779	1,465	1,86	174,613	6,787	—	1,002	14
Foreign tax credit .....	174,516	54,103	118,249	2,164	14,791,200	793,086	91,852	23,516	40,491
U.S. possessions tax credit .....	1,852	—	1,295	557	1,890,760	97,550	13,240	2,009	42,892
Investment credit .....	322,782	108,924	110,022	103,836	6,724,483	775,649	155,132	79,514	47,045
Work incentive (WIN) credit .....	4,103	1,009	*2,102	991	9,705	1,156	3	523	734
Jobs credit .....	28,461	11,523	3,675	13,263	90,387	14,466	1,288	4,822	10,266
Nonconventional source fuel credit .....	—	—	—	—	6,740	2,132	—	—	—
Alcohol fuel credit .....	—	—	—	—	*99	*26	—	—	—
Research activities credit .....	4,114	1,139	1,757	1,219	623,263	19,835	4,445	2,177	1,689
Employee stock ownership credit .....	—	—	—	—	7,633	3,346	—	41	475
Distributions to stockholders:									
Cash and property except in own stock .....	782,170	308,850	219,862	253,458	38,396,707	3,287,881	1,018,912	225,331	350,554
Corporation's own stock .....	69,255	*7,144	50,823	*11,287	736,006	149,789	8,321	*6,710	30,577

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

## Corporation Returns/1982

## 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>6,951</b>	<b>4,373</b>	<b>2,411</b>	<b>22,253</b>	<b>6,060</b>	<b>1,083</b>	<b>5,368</b>	<b>1,471</b>	<b>5,192</b>
<b>Total assets</b>	<b>16,052,224</b>	<b>8,721,112</b>	<b>39,375,164</b>	<b>48,929,223</b>	<b>170,032,794</b>	<b>431,859,968</b>	<b>20,906,641</b>	<b>6,540,775</b>	<b>23,441,406</b>
Cash	919,054	605,306	950,914	2,841,852	3,377,688	3,073,094	882,600	455,614	1,032,080
Notes and accounts receivable	2,730,235	2,145,362	5,323,788	10,004,386	27,802,048	76,851,480	5,268,745	1,726,418	4,863,722
Less: Allowance for bad debts	34,490	54,607	659,372	531,704	740,172	726,814	129,056	41,899	101,998
Inventories	2,191,101	2,230,195	4,954,170	4,309,472	20,950,438	18,903,365	3,752,263	1,858,426	2,793,186
Investments in Government obligations	136,598	60,024	759,656	699,728	1,345,518	1,867,336	214,921	46,241	100,233
Other current assets	931,983	332,826	1,333,358	3,382,964	7,907,783	13,153,268	497,910	311,316	829,042
Loans to stockholders	112,904	66,311	41,546	463,799	2,756,793	810,689	127,602	14,634	120,170
Mortgage and real estate loans	30,307	19,162	458,002	176,531	55,278	132,289	61,293	550	40,072
Other investments	2,425,625	623,986	4,872,284	5,986,694	41,870,437	116,488,917	3,103,849	1,168,253	3,824,065
Depreciable assets	9,913,698	4,309,401	30,513,443	24,859,057	89,524,495	209,358,183	13,594,574	1,650,315	16,473,362
Less: Accumulated depreciation	5,405,699	1,992,719	13,155,673	10,879,419	39,590,385	76,118,972	7,140,749	766,115	7,877,514
Depletable assets	929,583	*2,080	1,456,245	279,961	2,555,985	42,256,500	*33,546	—	518,067
Less: Accumulated depletion	30,406	246	326,131	*61,544	733,508	15,859,748	*8,221	—	132,991
Land	295,919	133,198	1,221,319	852,992	1,449,912	8,091,778	208,048	43,975	462,212
Intangible assets (amortizable)	8,519	38,562	110,006	2,733,232	3,156,183	24,893,591	33,688	14,633	113,540
Less: Accumulated amortization	3,791	8,127	17,350	340,057	67,205	10,272,931	11,609	4,720	36,091
Other assets	901,085	210,397	1,538,959	4,151,279	9,021,705	18,957,943	417,236	63,133	420,250
<b>Total liabilities</b>	<b>16,052,224</b>	<b>8,721,112</b>	<b>39,375,164</b>	<b>48,929,223</b>	<b>170,032,794</b>	<b>431,859,968</b>	<b>20,906,641</b>	<b>6,540,775</b>	<b>23,441,406</b>
Accounts payable	1,257,687	975,533	2,670,873	4,402,248	19,873,918	69,730,617	2,631,781	827,948	2,904,953
Mortgages, notes, and bonds payable in less than one year	—	—	—	—	—	—	—	—	—
Other current liabilities	1,018,968	405,017	1,147,365	2,117,920	6,007,456	13,400,880	692,775	749,035	888,003
Loans from stockholders	1,095,745	859,314	2,826,378	5,639,038	13,049,694	20,655,923	2,789,551	629,998	1,713,379
Mortgages, notes, and bonds payable in one year or more	151,905	81,037	110,129	1,107,411	2,013,711	1,150,262	214,559	21,683	218,291
Other liabilities	2,919,013	1,264,762	7,501,683	7,941,707	23,662,737	56,391,590	3,170,684	949,488	3,891,172
Capital stock	588,194	223,369	2,839,234	4,093,835	13,240,816	62,793,746	926,662	128,354	1,356,972
Paid-in or capital surplus	1,192,180	524,322	2,575,512	2,242,926	10,081,997	15,584,780	913,038	498,626	1,375,620
Retained earnings, appropriated	2,170,227	732,937	4,066,240	2,898,214	31,397,099	58,346,578	1,494,422	661,507	2,420,506
Retained earnings, unappropriated	60,999	9,949	136,891	100,201	168,816	420,998	151,800	*67,025	248,507
Less: Cost of treasury stock	5,814,254	3,822,346	15,819,598	19,242,523	51,753,437	138,156,348	8,187,263	2,178,440	8,931,275
<b>Total receipts</b>	<b>22,032,410</b>	<b>16,323,531</b>	<b>47,290,634</b>	<b>70,964,472</b>	<b>184,086,524</b>	<b>546,063,297</b>	<b>33,326,113</b>	<b>11,224,602</b>	<b>29,318,854</b>
Business receipts	20,564,789	15,925,158	44,812,102	68,348,700	174,916,700	523,321,533	32,270,790	11,021,663	28,160,279
Interest	321,724	120,138	430,501	757,649	2,366,981	7,436,213	254,085	90,514	259,349
Interest on Government obligations:	State and local	2,490	2,169	3,360	15,141	16,951	*3,511	951	*2,809
Rents	76,637	49,322	90,319	368,010	622,492	1,905,564	75,187	8,546	109,665
Royalties	11,568	15,664	224,215	154,133	952,174	2,006,561	42,482	5,672	117,294
Net short-term capital gain reduced by net long-term capital loss	6,005	*175	5,101	8,140	29,645	66,071	2,394	*209	4,597
Net long-term capital gain reduced by net short-term capital loss	748,100	23,763	940,995	257,217	515,327	957,343	61,482	3,266	133,408
Net gain, noncapital assets	29,500	8,860	81,572	80,673	449,854	531,222	36,659	13,681	48,050
Dividends received from domestic corporations	54,874	16,412	173,706	127,646	747,064	763,954	61,888	14,167	51,447
Dividends received from foreign corporations	*2,612	2,198	278,608	87,043	1,283,264	3,299,647	187,530	3,748	122,423
Other receipts	214,111	159,671	250,156	760,120	2,186,023	5,771,675	333,684	60,326	308,642
<b>Total deductions</b>	<b>21,275,315</b>	<b>-15,374,437</b>	<b>44,418,356</b>	<b>65,781,279</b>	<b>172,973,159</b>	<b>521,031,026</b>	<b>31,759,392</b>	<b>10,569,261</b>	<b>28,252,175</b>
Cost of sales and operations	15,265,690	10,800,919	29,977,913	33,799,982	106,503,143	401,269,502	22,274,123	7,466,077	18,882,608
Compensation of officers	423,984	377,989	437,693	1,877,975	1,073,576	410,127	571,582	161,708	432,781
Repairs	465,213	64,827	1,055,004	482,572	2,918,585	5,400,963	462,377	37,086	664,539
Bad debts	54,987	59,672	98,542	433,371	298,353	603,440	107,163	29,887	79,670
Rent paid on business property	281,374	184,319	385,352	1,049,235	1,947,428	3,754,465	331,025	267,023	304,980
Taxes paid	568,778	412,381	1,119,290	2,026,911	3,760,811	24,035,842	684,720	258,824	755,038
Interest paid	447,529	239,381	911,614	1,469,553	4,605,252	11,928,512	643,478	218,204	585,007
Contributions or gifts	9,817	13,834	45,331	114,526	174,067	283,915	16,304	15,483	14,738
Amortization	4,079	1,731	13,044	113,764	89,874	99,763	5,478	2,554	4,087
Depreciation	788,052	359,762	2,342,311	2,838,471	7,040,979	15,159,524	820,334	156,665	1,448,714
Depletion	105,932	*1,851	191,847	18,795	407,444	1,773,778	3,039	—	51,426
Advertising	80,055	203,666	578,150	963,921	5,493,552	1,389,481	344,952	212,610	171,902
Pension, profit-sharing, stock bonus, and annuity plans	155,807	126,952	464,198	819,937	2,095,322	2,204,109	338,565	58,295	348,780
Employee benefit programs	225,129	128,492	467,203	821,982	1,980,472	1,707,837	475,342	58,378	401,805
Net loss, noncapital assets	3,742	3,701	4,207	14,937	23,214	179,218	6,863	2,197	15,017
Other deductions	2,395,146	2,394,960	6,326,659	18,935,347	34,361,089	50,830,549	4,674,045	1,624,270	4,091,082
Total receipts less total deductions	757,095	949,094	2,872,278	5,183,193	11,113,365	25,032,271	1,566,721	655,341	1,066,679
Constructive taxable income from related foreign corporations	10,159	3,486	186,786	50,947	1,890,223	4,110,751	126,475	966	109,822
Net income	764,765	950,411	3,055,704	5,218,999	12,986,637	29,139,512	1,692,245	653,498	1,172,801
Income subject to tax	587,346	837,952	2,997,424	4,768,254	12,521,541	28,587,718	1,513,925	578,600	1,059,625
Income tax, total	211,914	358,735	1,219,867	2,054,738	5,719,215	13,108,351	650,719	254,913	447,858
Regular and alternative tax	207,170	357,345	1,189,181	2,039,378	5,630,337	12,986,847	643,963	253,663	428,063
Tax from recomputing prior-year investment credit	2,959	1,360	13,418	13,827	39,064	85,674	5,168	1,219	9,966
Additional tax for tax preferences	1,785	27	17,268	1,518	49,806	35,830	1,583	31	9,829
Foreign tax credit	2,542	3,518	235,914	72,829	1,806,969	7,362,367	147,069	1,664	107,749
U.S. possessions tax credit	12	285	6,080	2,936	1,029,332	22,452	7,104	10,113	1,259
Investment credit	31,786	34,848	295,079	373,275	491,034	2,103,607	85,267	14,402	96,633
Work incentive (WIN) credit	207	543	391	451	726	11	996	*42	*372
Jobs credit	1,308	4,158	1,617	3,806	4,487	615	3,797	2,918	2,865
Nonconventional source fuel credit	—	—	—	( <sup>1</sup> )	—	3,995	—	—	( <sup>1</sup> )
Alcohol fuel credit	—	—	—	—	—	73	—	—	—
Research activities credit	651	1,882	21,606	7,247	84,597	51,932	9,654	1,218	3,277
Employee stock ownership credit	—	115	332	39	*731	—	—	—	120
Distributions to stockholders:	Cash and property except in own stock	390,174	133,336	1,213,596	1,782,998	6,706,011	9,798,701	297,892	204,564
Corporation's own stock	23	747	*18,584	*39,371	39,053	12,750	17,506	*1,811	20,002

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>	1,947	23,473	15,825	9,245	1,967	2,023	3,529	11,480
<b>Total assets</b>	<b>42,428,660</b>	<b>65,915,035</b>	<b>124,995,567</b>	<b>158,026,872</b>	<b>140,276,231</b>	<b>31,469,778</b>	<b>33,614,699</b>	<b>19,039,476</b>
Cash	856,499	3,910,369	4,866,646	6,470,910	2,044,264	1,030,198	1,193,486	1,254,514
Notes and accounts receivable	9,471,393	12,764,340	31,446,666	42,884,634	69,432,476	4,436,161	7,974,864	4,931,675
Less: Allowance for bad debts	186,249	321,108	1,595,427	1,162,850	946,514	80,977	105,262	193,032
Inventories	4,427,654	11,914,898	25,348,080	22,282,323	9,780,788	11,806,966	7,055,915	4,032,538
Investments in Government obligations	125,169	533,583	755,556	929,030	2,413,418	316,238	588,755	88,810
Other current assets	1,716,616	3,996,012	6,828,701	14,646,139	1,561,643	1,128,766	2,321,260	661,052
Loans to stockholders	30,529	325,332	490,570	746,799	401,846	21,036	64,088	92,100
Mortgage and real estate loans	13,170	114,660	62,196	242,080	785,451	14,483	61,125	78,623
Other investments	10,309,385	13,277,945	22,048,376	24,353,829	23,307,289	2,901,059	3,118,227	3,090,718
Depreciable assets	11,414,313	31,031,011	55,993,637	60,604,662	54,589,641	17,079,939	17,314,949	6,712,976
Less: Accumulated depreciation	5,174,348	14,952,540	25,103,465	28,344,691	29,663,382	8,019,430	7,561,323	2,903,374
Depletable assets	186,098	331,630	11,335	1,336,377	*6,615	*8,054	5,151	*25,133
Less: Accumulated depletion	71,110	97,992	1,985	*287,330	*4,535	*5,092	597	*4,982
Land	379,307	806,347	949,669	1,089,359	643,882	210,140	426,174	242,600
Intangible assets (amortizable)	495,489	826,431	860,253	1,643,544	174,557	44,840	386,269	134,045
Less: Accumulated amortization	163,064	127,778	243,434	365,120	28,048	11,754	80,807	50,656
Other assets	8,597,809	1,581,896	2,279,192	10,957,176	5,776,839	589,149	852,424	846,736
<b>Total liabilities</b>	<b>42,428,660</b>	<b>65,915,035</b>	<b>124,995,567</b>	<b>158,026,872</b>	<b>140,276,231</b>	<b>31,469,778</b>	<b>33,614,699</b>	<b>19,039,476</b>
Accounts payable	1,964,754	7,157,390	15,424,945	20,756,656	14,694,263	7,991,760	3,937,451	3,021,911
Mortgages, notes, and bonds payable in less than one year	7,324,414	2,687,453	6,093,508	13,904,151	33,287,124	1,106,626	1,925,438	1,199,000
Other current liabilities	2,796,859	6,771,244	12,497,781	17,587,269	10,787,541	4,744,468	3,886,923	1,618,396
Loans from stockholders	57,286	783,247	3,497,852	1,418,098	1,029,055	69,801	159,499	336,242
Mortgages, notes, and bonds payable in one year or more	7,025,043	9,589,767	21,575,674	22,895,406	34,060,558	6,153,376	2,885,044	2,307,415
Other liabilities	6,713,729	4,249,740	6,784,172	20,352,773	7,282,256	1,873,468	1,877,487	934,130
Capital stock	2,176,945	3,563,086	8,995,292	5,806,822	4,323,560	3,254,863	1,884,280	977,532
Paid-in or capital surplus	5,408,071	7,254,817	13,412,103	14,013,331	10,029,037	1,158,980	3,520,877	2,010,792
Retained earnings, appropriated	139,746	421,838	359,032	416,503	*958,550	50,642	156,751	105,622
Retained earnings, unappropriated	9,192,120	24,690,396	37,375,010	42,332,291	23,973,641	5,389,522	13,682,967	6,785,952
Less: Cost of treasury stock	370,307	1,253,944	1,019,802	1,456,428	149,354	323,729	302,018	257,515
<b>Total receipts</b>	<b>32,099,277</b>	<b>87,779,949</b>	<b>130,453,815</b>	<b>156,456,019</b>	<b>124,332,356</b>	<b>38,774,297</b>	<b>43,144,545</b>	<b>29,490,466</b>
Business receipts	28,758,525	84,349,122	107,160,575	144,081,024	116,806,804	36,469,648	41,017,031	28,702,156
Interest	1,341,781	1,012,664	2,688,243	3,992,576	4,152,905	552,472	422,737	267,767
Interest on Government obligations:								
State and local	1,974	19,108	70,287	226,530	47,683	*1,139	2,739	2,501
Rents	153,941	294,742	13,699,770	1,939,895	607,639	70,706	233,392	92,564
Royalties	41,366	116,140	2,454,232	536,470	115,329	97,688	193,213	50,330
Net short-term capital gain reduced by net long-term capital loss	31,335	23,885	23,296	48,668	26,487	2,237	12,929	5,536
Net long-term capital gain reduced by net short-term capital loss	199,901	436,895	418,631	695,351	263,143	87,805	112,588	33,023
Net gain, noncapital assets	18,938	270,638	139,887	340,896	41,663	37,319	65,192	29,367
Dividends received from domestic corporations	227,527	229,980	754,706	1,163,600	474,016	904,790	456,092	35,117
Dividends received from foreign corporations	110,990	304,881	1,329,514	869,241	1,388,318	108,047	345,784	22,221
Other receipts	1,212,999	721,895	1,714,672	2,561,769	408,369	442,447	282,849	249,884
<b>Total deductions</b>	<b>30,759,408</b>	<b>82,813,202</b>	<b>120,426,001</b>	<b>148,326,160</b>	<b>121,601,688</b>	<b>37,528,801</b>	<b>39,959,210</b>	<b>27,734,147</b>
Cost of sales and operations	21,410,088	57,515,352	64,728,256	91,764,189	81,595,501	26,231,985	23,782,633	18,549,074
Compensation of officers	327,789	2,247,884	1,646,378	1,375,662	310,234	295,273	429,665	747,805
Repairs	346,590	697,600	722,184	976,299	937,253	241,676	901,895	174,021
Bad debts	168,487	261,744	561,930	595,797	492,554	94,664	68,645	112,976
Rent paid on business property	301,370	914,105	1,589,081	1,717,674	864,762	340,510	443,556	293,937
Taxes paid	592,671	2,207,751	3,809,932	4,056,638	3,308,661	1,364,744	1,002,696	708,480
Interest paid	2,454,302	1,939,320	4,630,930	7,169,514	8,431,102	1,097,387	799,854	614,697
Contributions or gifts	12,561	59,374	123,020	88,797	94,891	16,687	48,469	21,388
Amortization	9,778	67,239	110,351	127,980	20,729	6,332	15,318	11,072
Depreciation	1,029,870	2,781,471	6,578,955	6,757,363	6,440,592	1,741,829	1,795,168	690,971
Depletion	22,012	40,178	30,398	117,689	*13,335	*2,922	*1,354	14,908
Advertising	219,065	771,938	1,110,391	1,919,343	1,282,411	198,090	1,048,853	751,038
Pension, profit-sharing, stock bonus, and annuity plans	265,303	860,296	1,750,764	2,339,110	2,444,236	423,208	714,796	194,959
Employee benefit programs	316,614	1,134,942	1,763,342	2,628,664	4,593,560	551,544	647,652	279,278
Net loss, noncapital assets	8,808	10,416	22,746	31,867	26,230	1,194	8,049	6,903
Other deductions	3,274,100	11,303,592	31,247,343	26,659,575	10,745,636	4,920,856	8,250,506	4,562,639
Total receipts less total deductions	1,339,869	4,966,747	10,027,814	8,129,859	2,730,668	1,245,397	3,185,335	1,756,319
Constructive taxable income from related foreign corporations	64,312	276,101	1,289,487	680,736	404,272	107,944	469,887	21,049
Net income	1,402,207	5,223,740	11,247,014	8,584,066	3,087,258	1,352,201	3,652,283	1,774,867
Income subject to tax	1,151,252	4,771,512	10,880,580	8,045,807	2,857,029	1,108,109	3,493,906	1,553,500
Income tax, total	485,441	2,003,724	4,901,631	3,557,196	1,311,855	493,111	1,583,582	654,004
Regular and alternative tax	476,184	1,955,870	4,838,379	3,504,563	1,280,249	485,328	1,566,949	648,201
Tax from recomputing prior-year investment credit	3,294	45,430	55,757	36,393	24,711	3,140	11,656	5,133
Additional tax for tax preferences	5,894	2,424	7,494	16,231	6,890	4,554	4,978	669
Foreign tax credit	109,679	254,586	1,597,400	781,025	799,331	116,927	422,134	20,551
U.S. possessions tax credit	1,833	24,390	28,902	404,382	4,462	2,831	110,850	77,847
Investment credit	106,014	250,406	623,324	478,137	237,182	77,530	291,221	77,399
Work incentive (WIN) credit	1,88	553	774	815	82	109	249	881
Jobs credit	1,427	8457	6,555	7,933	1,519	2,776	2,117	200
Nonconventional source fuel credit	—	—	9	—	—	—	—	—
Alcohol fuel credit	—	—	—	—	—	—	—	—
Research activities credit	8,763	18,085	168,799	98,385	15,654	29,293	65,619	8,455
Employee stock ownership credit	240	62	731	352	62	520	281	186
Distributions to stockholders:								
Cash and property except in own stock	500,707	1,176,012	3,713,118	3,841,059	1,129,774	575,155	1,257,698	328,603
Corporation's own stock	2,397	48,915	256,378	28,794	*11,684	*18,135	6,385	*18,073

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									
	Transportation and public utilities				Total	Wholesale and retail trade				
	Total	Transportation	Communication	Electric, gas, and sanitary services		Total	Wholesale trade		Machinery, equipment, and supplies	Miscellaneous wholesale trade
	(34)	(35)	(36)	(37)	(38)		(39)	(40)	(41)	(42)
<b>Number of returns with net income</b>	<b>59,793</b>	<b>45,798</b>	<b>6,904</b>	<b>7,091</b>	<b>468,108</b>	<b>168,977</b>	<b>14,869</b>	<b>30,708</b>	<b>123,400</b>	
<b>Total assets</b>	<b>712,797,245</b>	<b>91,040,691</b>	<b>232,583,024</b>	<b>389,173,530</b>	<b>522,055,996</b>	<b>236,373,526</b>	<b>23,834,241</b>	<b>42,846,799</b>	<b>169,692,487</b>	
Cash	10,656,430	6,434,950	1,762,995	2,458,485	35,332,075	17,465,333	1,849,507	2,813,381	12,802,445	
Notes and accounts receivable	62,907,417	14,442,949	16,543,025	31,921,444	134,777,331	75,155,573	6,864,873	13,373,472	54,917,228	
Less: Allowance for bad debts	764,062	170,167	248,304	345,591	2,470,131	1,388,228	176,418	243,425	968,383	
Inventories	24,763,923	2,591,801	6,136,530	16,035,593	141,755,579	60,311,220	6,255,378	11,876,758	42,179,084	
Investments in Government obligations	5,481,320	805,424	3,057,030	1,618,866	7,111,384	1,108,789	78,891	104,455	925,443	
Other current assets	23,435,512	4,787,148	5,522,863	13,125,501	18,303,166	9,197,769	750,336	2,066,947	6,380,486	
Loans to stockholders	1,475,390	678,837	657,487	139,066	4,659,927	1,823,835	322,786	297,958	1,203,090	
Mortgage and real estate loans	2,413,319	217,385	72,475	2,123,459	4,845,149	728,160	140,915	58,564	528,680	
Other investments	56,211,477	9,785,169	19,980,499	26,445,810	52,990,750	27,964,807	1,528,716	5,307,013	21,129,079	
Depreciable assets	668,762,328	70,703,063	223,429,094	374,630,172	166,963,259	57,606,227	9,068,146	8,963,297	39,574,783	
Less: Accumulated depreciation	166,716,271	23,947,759	49,736,895	93,031,618	71,865,283	26,017,778	4,147,325	4,040,738	17,829,715	
Depletable assets	3,672,750	557,127	*23,167	3,092,456	922,189	641,480	*6,896	42,243	592,340	
Less: Accumulated depletion	1,039,922	177,681	*1,412	860,829	331,683	209,794	*2,308	16,112	191,374	
Land	3,899,205	1,399,632	649,760	1,849,813	11,025,940	3,416,235	383,100	389,803	2,643,332	
Intangible assets (amortizable)	4,548,270	1,271,308	1,765,251	1,511,711	4,260,510	1,337,332	199,061	135,236	1,003,036	
Less: Accumulated amortization	1,423,102	668,121	364,614	390,367	1,251,503	387,148	56,316	45,690	285,141	
Other assets	14,513,260	2,329,626	3,334,074	8,849,560	15,117,336	7,619,715	768,003	1,763,638	5,088,074	
<b>Total liabilities</b>	<b>712,797,245</b>	<b>91,040,691</b>	<b>232,583,024</b>	<b>389,173,530</b>	<b>522,055,996</b>	<b>236,373,526</b>	<b>23,834,241</b>	<b>42,846,799</b>	<b>169,692,487</b>	
Accounts payable	45,478,904	11,694,616	8,177,715	25,606,572	86,578,042	47,986,501	6,020,098	7,142,313	34,824,090	
Mortgages, notes, and bonds payable in less than one year	23,370,923	4,349,422	6,047,745	12,973,755	60,130,920	24,480,371	1,819,110	5,059,413	17,601,849	
Other current liabilities	63,853,299	6,851,788	29,889,882	27,111,629	54,841,853	17,377,253	2,078,274	2,968,329	12,330,650	
Loans from stockholders	2,669,553	820,078	960,413	889,061	11,847,925	4,631,112	644,353	655,313	3,331,445	
Mortgages, notes, and bonds payable in one year or more	218,332,310	18,212,794	66,651,472	133,468,044	72,036,760	24,341,567	3,211,066	3,894,892	17,235,609	
Other liabilities	64,721,095	9,289,327	16,933,230	38,498,539	17,488,606	5,711,529	840,260	1,213,492	3,657,776	
Capital stock	100,464,822	5,851,633	25,197,333	69,415,856	28,490,506	13,799,401	1,218,684	1,843,423	10,737,295	
Paid-in or capital surplus	73,647,670	7,301,807	33,097,130	33,248,733	23,705,458	7,553,878	880,397	822,952	5,850,529	
Retained earnings, appropriated	1,887,458	311,025	330,792	1,245,640	2,061,743	1,255,796	131,655	195,060	929,081	
Retained earnings, unappropriated	120,829,370	27,593,793	46,207,219	47,028,358	171,414,340	92,405,412	7,322,607	19,607,602	65,475,204	
Less: Cost of treasury stock	2,458,159	1,235,593	909,908	312,658	6,540,155	3,169,292	332,262	555,990	2,281,040	
<b>Total receipts</b>	<b>481,678,525</b>	<b>128,095,668</b>	<b>125,016,161</b>	<b>228,566,696</b>	<b>1,468,940,134</b>	<b>725,668,290</b>	<b>136,263,938</b>	<b>78,186,332</b>	<b>511,236,020</b>	
Business receipts	465,068,921	121,503,710	121,748,537	221,816,674	1,434,649,732	710,581,605	134,569,685	75,235,372	500,776,548	
Interest	6,226,613	2,018,254	988,892	3,219,468	10,879,450	5,589,940	387,952	1,394,982	3,807,005	
Interest on Government obligations:										
State and local	19,990	8,715	4,265	7,011	70,208	44,289	1,972	6,902	35,416	
Rents	2,859,010	1,234,393	728,546	896,070	5,060,523	1,340,494	178,443	354,350	807,701	
Royalties	255,661	103,086	56,125	96,451	456,176	161,350	5,261	41,222	114,867	
Net short-term capital gain reduced by net long-term capital loss	42,059	23,830	5,527	12,702	121,055	90,610	16,303	9,779	64,528	
Net long-term capital gain reduced by net short-term capital loss	2,240,804	998,564	482,085	760,155	1,862,310	835,407	39,764	65,869	729,774	
Net gain, noncapital assets	772,446	476,615	169,867	125,964	988,059	385,536	30,533	107,648	247,355	
Dividends received from domestic corporations	385,559	89,920	178,226	117,413	829,518	446,746	70,849	95,519	280,377	
Dividends received from foreign corporations	210,343	63,878	76,622	69,843	597,612	175,222	*1,814	22,696	150,713	
Other receipts	3,597,118	1,574,704	577,469	1,444,945	13,425,490	6,035,088	961,360	851,992	4,221,736	
<b>Total deductions</b>	<b>454,694,135</b>	<b>122,612,954</b>	<b>116,617,829</b>	<b>215,463,352</b>	<b>1,423,629,886</b>	<b>699,264,194</b>	<b>134,237,408</b>	<b>72,228,055</b>	<b>492,798,731</b>	
Cost of sales and operations	257,364,283	73,757,029	42,114,887	141,492,367	1,107,221,858	589,678,937	117,592,932	55,128,205	416,957,800	
Compensation of officers	2,902,800	1,877,114	473,281	552,405	22,103,759	10,989,716	1,232,033	1,936,251	7,821,432	
Repairs	23,465,511	1,519,400	15,753,387	6,192,724	5,334,770	1,707,094	394,719	226,851	1,085,524	
Bad debts	2,014,310	216,308	1,165,330	632,672	3,021,459	1,533,187	164,321	290,782	1,078,085	
Rent paid on business property	6,500,315	3,380,558	1,964,399	1,155,358	20,701,670	4,466,193	767,230	615,099	3,083,863	
Taxes paid	22,413,090	3,565,347	7,391,904	11,455,839	19,898,416	7,200,068	964,315	886,266	5,349,487	
Interest paid	26,977,718	2,795,609	7,327,478	16,854,631	18,343,831	7,041,512	684,947	1,237,618	5,118,947	
Contributions or gifts	247,615	42,928	89,904	114,783	477,286	197,530	22,765	26,885	147,880	
Amortization	304,690	91,774	59,142	153,774	286,156	73,324	8,654	11,345	53,324	
Depreciation	39,510,037	6,312,748	18,478,524	14,718,766	17,656,421	6,449,635	995,862	1,168,218	4,285,555	
Depletion	434,815	82,447	1,343	351,024	89,904	56,243	*361	2,490	53,933	
Advertising	1,589,052	427,651	987,173	174,228	15,342,762	3,542,791	424,819	403,311	2,714,661	
Pension, profit-sharing, stock bonus, and annuity plans	7,181,859	1,030,911	4,261,711	1,889,237	5,099,100	2,401,063	356,811	344,848	1,699,404	
Employee benefit programs	5,009,852	1,270,982	2,540,763	1,198,107	5,278,242	1,646,648	324,834	280,681	1,041,133	
Net loss, noncapital assets	522,528	87,266	326,610	108,652	168,010	66,156	5,620	14,110	46,426	
Other deductions	58,255,660	26,154,882	13,681,992	18,418,786	182,606,243	62,214,098	10,297,185	9,655,096	42,261,817	
Total receipts less total deductions	26,984,390	5,482,714	8,398,332	13,103,344	45,310,249	26,422,096	2,026,530	5,958,277	18,437,289	
Constructive taxable income from related foreign corporations	414,233	65,366	177,925	170,943	507,896	222,088	5,564	25,076	191,447	
Net income	27,378,633	5,539,364	8,571,992	13,267,276	45,747,936	26,599,894	2,030,122	5,976,452	18,593,320	
Income subject to tax	25,955,886	4,777,679	8,241,239	12,936,967	30,107,072	13,987,182	1,471,111	2,118,727	10,397,345	
Income tax, total	11,619,159	1,930,422	3,839,396	5,849,341	11,534,576	5,419,602	583,377	793,969	4,042,256	
Regular and alternative tax	11,356,073	1,892,604	3,765,319	5,788,150	11,372,087	5,348,274	577,296	778,275	3,992,703	
Tax from recomputing prior-year investment credit	218,145	24,066	162,027	32,053	125,834	60,094	5,870	14,986	39,238	
Additional tax for tax preferences	44,937	13,753	2,050	29,134	36,167	11,118	211	709	10,198	
Foreign tax credit	254,502	51,252	99,318	103,933	393,077	155,681	*529	28,608	126,544	
U.S. possessions tax credit	33,814	—	—	44	91,928	89,866	10,427	64	79,376	
Investment credit	6,287,196	495,025	2,380,491	3,411,680	1,574,988	558,731	83,855	108,488	366,388	
Work incentive (WIN) credit	684	551	*56	*76	8,016	2,462	*344	247	1,871	
Jobs credit	10,328	7,010	1,622	1,697	107,419	13,616	2,881	2,065	8,670	
Nonconventional source fuel credit	( <sup>1</sup> )	—	( <sup>1</sup> )	—	*41	32	—	—	32	
Alcohol fuel credit	175	—	—	175	*325	*1	—	—	( <sup>1</sup> )	
Research activities credit	125,062	2,555	105,182	17,326	2					

## 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 not allocable	
	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		
(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)		
<b>Number of returns with net income</b>	<b>297,307</b>	<b>22,502</b>	<b>5,383</b>	<b>24,666</b>	<b>46,065</b>	<b>27,093</b>	<b>22,309</b>	<b>53,977</b>	<b>95,312</b>	<b>1,824</b>	
<b>Total assets</b>	<b>284,920,398</b>	<b>14,526,317</b>	<b>102,971,131</b>	<b>34,212,965</b>	<b>36,590,475</b>	<b>16,924,547</b>	<b>11,163,114</b>	<b>26,637,391</b>	<b>41,894,459</b>	<b>762,073</b>	
Cash	17,768,287	1,388,066	2,610,090	2,786,923	2,787,591	1,420,964	960,163	2,023,191	3,791,299	98,455	
Notes and accounts receivable	59,437,582	2,976,238	35,074,217	2,755,646	5,141,527	2,787,429	2,692,049	1,424,929	6,585,546	184,176	
Less: Allowance for bad debts	1,075,345	82,816	454,189	25,711	124,281	77,946	100,201	27,849	182,392	6,559	
Inventories	81,257,730	5,600,154	20,224,467	9,525,013	18,065,434	6,395,695	4,386,069	1,138,244	15,922,655	186,629	
Investments in Government obligations	6,000,358	39,570	5,227,078	317,123	61,783	89,498	63,378	47,406	154,522	*2,237	
Other current assets	9,062,429	398,041	2,826,286	1,168,900	1,118,002	682,792	336,506	1,097,791	1,454,111	22,969	
Loans to stockholders	2,742,255	160,552	197,536	203,900	443,921	226,479	140,957	661,804	707,108	*3,837	
Mortgage and real estate loans	4,113,274	115,042	3,314,644	136,754	150,359	23,276	24,242	219,527	129,429	*3,715	
Other investments	24,961,989	630,898	116,344,045	2,411,563	1,273,891	1,386,046	801,013	4,315,683	2,508,849	63,954	
Depreciable assets	109,137,691	4,781,378	28,432,072	21,824,845	11,630,638	5,209,814	2,606,894	19,141,361	15,510,689	219,342	
Less: Accumulated depreciation	45,744,524	2,334,396	10,247,731	9,291,162	5,838,984	2,295,381	1,186,219	7,383,721	7,166,929	102,982	
Depletable assets	280,709	31,956	*91,306	*4,777	58,426	*9,377	*6,789	*30,494	47,584	—	
Less: Accumulated depletion	121,888	7,021	59,227	*2,155	22,337	*5,138	*4,246	*3,616	18,149	—	
Land	7,582,867	535,921	1,734,111	1,163,410	1,041,068	206,295	191,895	1,905,109	805,056	26,839	
Intangible assets (amortizable)	2,912,943	36,977	593,614	647,172	121,858	146,293	25,795	801,556	539,680	*10,235	
Less: Accumulated amortization	860,787	12,603	70,982	219,716	48,625	47,247	9,731	269,366	182,518	*3,568	
Other assets	7,444,828	268,358	1,843,794	805,682	730,204	766,302	227,761	1,514,848	1,287,879	52,793	
<b>Total liabilities</b>	<b>284,920,398</b>	<b>14,526,317</b>	<b>102,971,131</b>	<b>34,212,965</b>	<b>36,590,475</b>	<b>16,924,547</b>	<b>11,163,114</b>	<b>26,637,391</b>	<b>41,894,459</b>	<b>762,073</b>	
Accounts payable	38,444,319	2,088,283	9,410,320	7,852,111	3,882,522	2,970,436	1,809,986	2,184,181	8,246,481	147,222	
Mortgages, notes, and bonds payable in less than one year	35,597,291	1,346,908	14,289,443	985,430	12,531,289	1,015,415	919,795	1,428,759	3,080,252	53,258	
Other current liabilities	37,392,947	998,489	22,047,894	3,379,709	2,629,343	1,604,177	1,082,317	2,124,675	3,526,343	71,653	
Loans from stockholders	7,204,608	544,154	675,562	584,174	1,361,550	471,723	459,808	1,089,805	2,017,830	12,205	
Mortgages, notes, and bonds payable in one year or more	47,587,584	1,762,178	18,862,700	7,090,634	4,146,802	2,191,548	1,137,456	6,798,608	5,597,658	107,609	
Other liabilities	11,768,448	364,400	4,834,167	1,193,739	690,108	804,507	479,843	1,911,324	1,490,340	8,630	
Capital stock	14,654,426	1,062,117	3,076,726	1,753,994	2,506,226	1,366,228	799,967	1,367,612	2,721,557	36,679	
Paid-in or capital surplus	16,107,495	547,922	6,481,175	1,764,021	830,835	885,147	384,658	2,776,497	2,437,241	44,085	
Retained earnings, appropriated	805,942	83,043	53,045	49,969	116,549	86,786	186,963	68,949	160,639	*4	
Retained earnings, unappropriated	78,700,445	6,017,247	23,598,106	10,075,051	8,451,064	5,760,486	4,097,880	7,478,091	13,222,519	308,482	
Less: Cost of treasury stock	3,343,108	288,424	358,026	515,868	555,812	231,904	195,561	591,110	606,403	27,755	
<b>Total receipts</b>	<b>741,512,058</b>	<b>33,865,682</b>	<b>137,001,131</b>	<b>174,935,748</b>	<b>161,706,096</b>	<b>36,820,887</b>	<b>23,050,701</b>	<b>54,696,793</b>	<b>119,435,019</b>	<b>1,741,787</b>	
Business receipts	722,424,097	33,154,913	130,369,372	172,730,539	158,858,842	35,846,165	22,256,923	52,062,809	117,144,533	1,644,030	
Interest	5,273,371	230,061	2,567,624	378,060	704,088	292,580	182,129	348,469	570,361	16,138	
Interest on Government obligations:											
State and local	25,830	940	2,750	5,684	2,463	4,593	1,395	2,013	5,993	*88	
Rents	3,701,902	132,615	1,088,676	398,458	554,619	86,259	160,751	912,778	367,745	18,127	
Royalties	293,840	2,529	15,539	6,160	8,073	29,136	*7,479	190,258	34,667	*966	
Net short-term capital gain reduced by net long-term capital loss	30,413	906	2,529	4,673	3,565	8,171	2,631	4,409	3,509	32	
Net long-term capital gain reduced by net short-term capital loss	1,021,508	46,795	291,766	100,414	107,056	68,068	24,854	200,935	181,620	5,396	
Net gain, noncapital assets	601,781	13,058	169,274	84,507	129,118	13,279	26,127	101,374	65,045	742	
Dividends received from domestic corporations	380,889	8,733	221,591	26,991	22,335	42,404	14,388	17,955	26,492	*1,883	
Dividends received from foreign corporations	422,390	*582	333,242	*66,634	*4,676	*1,331	850	*3,695	11,379	—	
Other receipts	7,336,037	274,550	1,938,768	1,133,627	1,311,242	428,902	373,174	852,099	1,023,674	54,364	
<b>Total deductions</b>	<b>722,719,319</b>	<b>32,646,591</b>	<b>133,736,671</b>	<b>172,140,454</b>	<b>159,519,784</b>	<b>35,224,007</b>	<b>21,869,576</b>	<b>52,196,211</b>	<b>115,386,023</b>	<b>1,646,373</b>	
Cost of sales and operations	51,629,299	23,855,900	84,339,522	134,669,503	135,070,240	21,344,404	13,775,515	22,412,122	81,429,094	1,246,622	
Compensation of officers	11,052,614	974,864	448,210	1,044,418	2,228,580	907,295	803,272	1,605,816	3,040,157	61,429	
Repairs	3,621,165	165,418	699,519	399,715	374,285	128,900	81,292	743,013	489,024	6,511	
Bad debts	1,484,252	125,242	539,190	109,584	205,374	89,833	92,787	44,675	277,567	4,020	
Rent paid on business property	16,216,326	462,481	3,276,616	2,441,138	1,427,427	2,086,064	730,551	2,888,104	2,903,946	19,151	
Taxes paid	12,667,841	619,734	2,936,417	2,178,734	1,591,974	779,675	471,267	1,971,395	2,118,646	30,507	
Interest paid	11,278,560	435,208	5,319,795	803,472	1,817,437	559,174	276,762	961,102	1,105,611	23,759	
Contributions or gifts	279,529	16,090	88,030	37,783	27,415	24,680	13,273	21,502	50,755	227	
Amortization	212,490	3,978	33,386	12,171	12,407	6,870	2,376	51,232	36,071	*342	
Depreciation	11,182,123	448,961	2,668,580	2,199,474	1,496,063	558,269	291,319	1,821,153	1,698,304	24,663	
Depletion	33,661	7,263	2,270	1,270	15,825	*801	*704	*1,578	3,951	—	
Advertising	11,788,548	456,835	3,555,403	1,650,508	1,269,131	857,878	906,284	1,350,136	1,742,373	11,423	
Pension, profit-sharing, stock bonus, and annuity plans	2,691,971	135,064	879,482	582,204	211,624	141,010	96,916	218,499	427,173	6,067	
Employee benefit programs	3,626,809	106,718	648,608	1,399,550	484,442	156,366	82,689	264,990	483,447	4,785	
Net loss, noncapital assets	101,785	2,954	23,336	12,600	11,446	5,088	5,398	18,919	22,043	*69	
Other deductions	120,185,348	4,829,882	28,278,309	24,658,330	13,276,116	7,523,701	4,239,173	17,821,976	19,557,861	206,797	
Total receipts less total deductions	18,792,739	1,219,090	3,264,459	2,795,293	2,186,313	1,596,880	1,181,125	2,500,582	4,048,996	95,414	
Constructive taxable income from related foreign corporations	285,808	—	190,821	59,111	687	402	9,901	7,662	17,224	—	
Net income	19,052,717	1,218,151	3,452,530	2,848,720	2,184,536	1,592,689	1,189,631	2,506,232	4,060,227	95,326	
Income subject to tax	16,051,477	1,046,937	3,153,455	2,582,237	1,640,919	1,388,742	1,016,453	1,912,783	3,309,952	68,412	
Income tax, total	6,091,130	354,951	1,390,973	1,083,860	504,266	517,867	377,709	724,202	1,137,303	23,844	
Regular and alternative tax	6,000,091	352,754	1,365,194	1,069,705	489,563	513,473	375,982	707,403	1,126,018	23,722	
Tax from recomputing prior-year investment credit	65,619	2,103	7,997	12,699	12,781	3,389	1,624	14,105	10,921	*121	
Additional tax for tax preferences	25,048	*94	17,661	1,456	1,881	*998	*103	2,694	*162	1	
Foreign tax credit	237,396	*6	148,620	54,310	*714	*7,927	518	12,826	12,476	—	
U.S. possessions tax credit	2,062	—	155	—	—	143	—	1,703	61	—	
Investment credit	1,014,101	32,753	284,534	217,681	87,165	39,934	26,705	164,553	160,775	2,156	
Work incentive (WIN) credit	5,525	83	309	976	1,010	499	*106	1,825	717	*29	
Jobs credit	93,753	2,374	12,144	16,970	5,846	1,984	1,651	42,083	10,700	*50	
Nonconventional source fuel credit	*9	—	—	7	317	—	—	—	*9	—	
Alcohol fuel credit	324	—	—	7	317	—	—	—	—	—	
Research activities credit	10,505	324</									

## 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>252,689</b>	<b>9,474</b>	<b>17,724</b>	<b>6,297</b>	<b>5,076</b>	<b>32,324</b>	<b>154,822</b>	<b>26,972</b>
<b>Total assets</b>	<b>3,165,150,280</b>	<b>1,883,809,998</b>	<b>123,018,953</b>	<b>118,781,605</b>	<b>608,391,532</b>	<b>14,436,862</b>	<b>71,972,779</b>	<b>344,738,551</b>
Cash	288,359,556	247,509,033	7,747,046	2,573,914	8,485,855	2,716,463	5,699,684	13,627,561
Notes and accounts receivable	1,219,325,914	1,081,824,592	40,440,364	46,948,176	20,781,770	3,952,238	7,787,134	17,591,640
Less: Allowance for bad debts	13,801,808	11,958,668	1,345,068	51,841	80,583	50,550	204,265	110,833
Inventories	5,114,110	456,373	400,387	1,256,797	787,409	23,835	1,292,404	896,905
Investments in Government obligations	369,760,875	219,096,644	3,941,736	11,263,230	84,214,808	539,028	648,934	50,056,494
Other current assets	150,825,998	74,309,224	3,053,455	25,893,719	27,798,547	590,819	4,186,162	14,994,073
Loans to stockholders	5,203,153	1,544,411	956,910	133,572	68,277	220,386	1,520,780	758,817
Mortgage and real estate loans	215,767,312	48,065,249	41,438,951	140,794	116,534,409	51,644	5,545,413	3,990,852
Other investments	697,557,809	117,656,817	21,391,868	27,110,429	283,309,526	3,778,984	10,149,031	234,161,155
Depreciable assets	99,403,288	34,853,544	2,537,062	1,940,905	12,886,540	2,275,428	38,991,096	5,918,713
Less: Accumulated depreciation	32,666,600	9,766,972	819,677	631,856	1,400,661	1,021,149	17,081,283	1,945,003
Depletable assets	414,833	18,247	13,695	*14,480	48,840	*14,515	170,113	134,943
Less: Accumulated depletion	166,390	1,379	*859	*5,087	23	*5,031	91,535	52,476
Land	15,573,331	2,520,211	481,599	60,668	601,129	144,426	10,280,407	1,484,890
Intangible assets (amortizable)	4,636,563	1,112,722	450,040	260,080	1,780,679	367,755	363,139	302,149
Less: Accumulated amortization	701,802	219,214	90,587	61,196	43,130	110,173	124,316	53,186
Other assets	140,544,140	76,789,166	2,422,033	1,934,822	52,618,139	948,243	2,839,881	2,991,857
<b>Total liabilities</b>	<b>3,165,150,280</b>	<b>1,883,809,998</b>	<b>123,018,953</b>	<b>118,781,605</b>	<b>608,391,532</b>	<b>14,436,862</b>	<b>71,972,779</b>	<b>344,738,551</b>
Accounts payable	109,526,607	27,060,312	4,014,313	52,153,710	12,864,961	4,478,424	2,467,279	6,487,608
Mortgages, notes, and bonds payable in less than one year	176,159,425	116,177,773	30,329,890	11,946,939	6,627,018	599,079	7,564,254	2,914,472
Other current liabilities	1,651,770,094	1,465,687,866	45,182,614	38,966,994	89,780,841	1,541,239	3,509,864	7,100,677
Loans from stockholders	23,385,555	15,924,192	2,697,144	292,220	508,879	174,185	2,768,430	1,020,506
Mortgages, notes, and bonds payable in one year or more	117,799,286	52,428,962	20,237,970	2,577,592	9,503,422	1,283,214	23,410,807	8,357,318
Other liabilities	470,183,330	66,736,617	6,015,909	4,784,971	381,026,453	831,177	5,356,715	5,431,487
Capital stock	306,573,725	24,509,963	3,912,316	928,402	5,677,067	667,276	6,251,908	264,626,792
Paid-in or capital surplus	266,913,684	45,581,682	3,483,156	1,972,028	25,825,193	1,358,732	7,050,098	181,642,795
Retained earnings appropriated	26,347,894	1,763,263	1,890,615	88,878	18,336,026	51,292	527,277	3,690,543
Retained earnings unappropriated	170,635,607	69,047,845	5,554,751	5,252,226	59,175,751	3,914,560	14,695,141	12,995,333
Less: Cost of treasury stock	154,144,926	1,108,478	299,726	182,355	934,079	462,316	1,628,992	149,528,981
<b>Total receipts</b>	<b>623,504,456</b>	<b>243,236,130</b>	<b>18,871,713</b>	<b>22,939,256</b>	<b>242,050,634</b>	<b>12,543,310</b>	<b>33,612,352</b>	<b>50,251,062</b>
Business receipts	214,994,453	23,379,456	3,659,907	11,782,028	136,678,603	11,492,645	17,041,848	10,959,964
Interest	281,828,379	199,612,141	13,487,044	5,780,468	31,438,401	556,671	2,218,012	28,735,642
Interest on Government obligations:								
State and local	8,525,776	5,685,874	25,106	117,328	2,151,254	16,976	213,240	315,997
Rents	16,296,924	3,943,487	235,042	307,757	2,240,788	83,484	8,683,567	802,799
Royalties	651,591	24,704	17,692	18,688	31,179	8,193	230,056	321,078
Net short-term capital gain reduced by net long-term capital loss	1,671,775	75,465	19,729	126,414	355,428	4,387	55,544	1,034,809
Net long-term capital gain reduced by net short-term capital loss	6,969,600	714,988	294,747	212,602	828,372	47,081	1,654,304	3,217,506
Net gain, noncapital assets	7,563,696	667,447	258,022	3,296,684	1,838,701	29,642	1,392,968	80,223
Dividends received from domestic corporations	4,882,833	238,263	38,612	147,686	2,173,107	31,928	166,453	2,086,784
Dividends received from foreign corporations	696,530	388,712	2,727	27,320	97,725	29,741	2,587	147,717
Other receipts	79,422,909	8,505,592	833,085	1,122,281	64,217,076	242,561	1,953,772	2,548,542
<b>Total deductions</b>	<b>557,568,101</b>	<b>230,732,572</b>	<b>17,574,009</b>	<b>20,878,197</b>	<b>233,189,084</b>	<b>11,472,705</b>	<b>27,853,701</b>	<b>15,867,832</b>
Cost of sales and operations	101,887,886	5,565,544	872,773	2,729,551	76,891,912	2,079,226	6,116,534	7,632,347
Compensation of officers	12,317,470	5,296,705	510,807	1,555,369	547,280	1,908,985	2,074,078	424,247
Repairs	1,914,824	872,525	40,394	43,268	90,966	50,050	736,741	80,879
Bad debts	5,707,826	4,645,777	333,036	70,481	419,710	71,986	104,882	61,955
Rent paid on business property	6,663,020	3,187,301	174,650	506,839	1,421,618	440,533	702,327	229,753
Taxes paid	9,711,223	2,971,688	230,260	583,642	3,107,517	388,479	2,037,165	392,472
Interest paid	189,685,250	163,185,319	12,015,451	5,003,552	4,643,765	272,519	3,199,131	1,365,513
Contributions or gifts	292,793	157,072	9,253	19,938	24,123	15,785	46,289	20,334
Amortization	284,207	131,110	35,728	25,001	23,090	25,196	25,557	18,526
Depreciation	9,510,362	4,725,382	273,149	618,599	1,156,594	390,575	1,961,804	384,258
Depletion	141,918	12,030	4,143	2,172	36,422	*94	32,881	54,176
Advertising	2,901,445	1,149,053	99,048	228,933	763,211	113,047	416,150	132,004
Pension, profit-sharing, stock bonus, and annuity plans	3,672,055	1,410,455	82,571	282,597	1,287,973	264,365	224,522	119,573
Employee benefit programs	2,386,728	1,381,945	77,935	144,361	426,087	155,996	103,237	97,168
Net loss, noncapital assets	944,161	798,092	24,419	10,725	56,380	7,735	30,599	16,212
Other deductions	209,546,932	35,242,576	2,790,394	9,053,169	142,292,437	5,288,135	10,041,805	4,838,416
Total receipts less total deductions	65,936,356	12,503,558	1,297,703	2,061,059	8,861,550	1,070,605	5,758,651	34,383,229
Constructive taxable income from related foreign corporations	334,495	164,851	*37,593	15,036	61,848	22,744	*34	32,388
Net income	57,745,075	6,982,535	1,310,190	1,958,768	6,772,144	1,076,373	5,545,445	34,099,620
Income subject to tax	19,881,360	6,336,147	881,841	1,666,405	4,577,420	795,431	3,939,496	1,684,620
Income tax, total	7,742,887	2,712,060	319,822	709,552	1,987,140	275,145	1,146,553	592,616
Regular and alternative tax	7,606,877	2,660,845	310,300	705,595	1,953,501	271,675	1,128,127	576,833
Tax from recomputing prior-year investment credit	57,128	20,984	2,302	2,448	13,676	3,302	7,742	6,674
Additional tax for tax preferences	68,646	27,805	6,914	1,508	17,413	*131	7,779	7,096
Foreign tax credit	1,455,339	1,172,619	2,014	19,964	190,673	23,764	1,474	44,831
U.S. possessions tax credit	3,578	—	1,762	1,328	—	—	425	62
Investment credit	805,105	377,537	28,700	79,048	184,926	41,136	60,130	33,628
Work incentive (WIN) credit	1,585	1,013	*113	*16	132	*159	*42	*110
Jobs credit	18,315	5,935	597	323	4,735	1,183	4,521	1,021
Nonconventional source fuel credit	4	—	—	3	—	—	—	( <sup>1</sup> )
Alcohol fuel credit	—	—	—	—	—	—	—	—
Research activities credit	17,189	5,683	*140	3,835	5,902	431	*292	905
Employee stock ownership credit	691	6	2	—	683	—	—	—
Distributions to stockholders:								
Cash and property except in own stock	41,197,644	3,940,702	—	359,359	—	340,717	—	32,450,768
Corporation's own stock	1,321,914	425,871	—	54,730	—	58,138	—	651,465

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

## Corporation Returns/1982

## 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>472,799</b>	<b>11,389</b>	<b>27,704</b>	<b>115,191</b>	<b>40,889</b>	<b>29,957</b>	<b>247,669</b>	<b>5,960</b>	
<b>Total assets .....</b>	<b>162,024,970</b>	<b>15,345,783</b>	<b>7,203,211</b>	<b>52,160,512</b>	<b>12,850,315</b>	<b>27,874,060</b>	<b>46,591,090</b>	<b>1,245,018</b>	
Cash .....	17,112,721	1,002,745	876,876	5,167,443	1,096,578	1,667,090	7,301,989	139,560	
Notes and accounts receivable .....	24,918,146	871,753	1,124,729	11,694,241	1,880,313	2,969,989	6,377,122	331,478	
Less: Allowance for bad debts .....	980,965	38,274	51,968	263,727	69,972	176,146	380,879	7,598	
Inventories .....	7,852,533	154,668	467,924	2,436,438	1,242,716	2,352,384	1,198,404	211,070	
Investments in Government obligations .....	1,316,769	144,493	63,406	530,926	36,350	266,525	275,069	*11,804	
Other current assets .....	14,210,257	714,171	402,396	5,742,295	520,687	3,633,987	3,196,722	65,014	
Loans to stockholders .....	3,849,437	263,143	140,847	897,360	182,740	302,795	2,062,553	44,819	
Mortgage and real estate loans .....	2,714,391	263,421	47,878	832,887	78,457	1,240,209	251,538	*20,222	
Other investments .....	21,770,853	2,208,405	633,730	9,011,599	609,295	4,714,190	4,593,635	102,709	
Depreciable assets .....	92,280,015	11,867,111	5,216,800	22,388,086	11,049,341	14,173,636	27,585,041	420,506	
Less: Accumulated depreciation .....	39,005,019	4,383,661	2,709,685	10,270,783	4,849,990	6,344,909	10,445,991	206,482	
Depletable assets .....	277,528	*35,453	*3,385	30,786	*107,119	*28,039	72,745	*46,451	
Less: Accumulated depletion .....	68,078	*11,337	*2,371	4,920	*8,844	*8,855	31,752	*30,211	
Land .....	5,421,107	1,280,971	343,629	643,713	539,799	1,147,541	1,465,455	29,724	
Intangible assets (amortizable) .....	3,585,920	159,420	160,354	1,061,012	89,979	1,408,563	706,592	440	
Less: Accumulated amortization .....	1,664,688	31,819	60,893	326,499	36,102	1,006,617	202,758	*167	
Other assets .....	8,434,043	845,121	546,172	2,589,655	381,850	1,505,639	2,565,606	65,681	
<b>Total liabilities .....</b>	<b>162,024,970</b>	<b>15,345,783</b>	<b>7,203,211</b>	<b>52,160,512</b>	<b>12,850,315</b>	<b>27,874,060</b>	<b>46,591,090</b>	<b>1,245,018</b>	
Accounts payable .....	17,197,613	540,837	490,346	7,220,968	1,115,848	4,270,106	3,559,509	244,410	
Mortgages, notes, and bonds payable in less than one year .....	12,506,629	937,304	535,776	4,649,167	1,740,885	1,588,787	3,054,710	137,129	
Other current liabilities .....	20,718,645	868,159	610,338	8,461,035	889,437	3,865,938	6,023,739	115,968	
Loans from stockholders .....	4,573,175	631,467	262,690	1,069,137	365,962	718,887	1,525,032	94,048	
Mortgages, notes, and bonds payable in one year or more .....	37,381,242	5,779,594	1,423,260	10,331,355	3,435,872	4,514,594	11,896,447	190,388	
Other liabilities .....	9,449,069	688,646	462,048	2,736,099	641,819	2,318,663	2,601,695	43,921	
Capital stock .....	8,010,317	1,100,576	598,768	2,346,928	503,710	1,216,615	2,243,721	82,421	
Paid-in or capital surplus .....	14,301,514	1,338,501	420,685	4,441,165	599,857	3,206,237	4,295,068	76,880	
Retained earnings, appropriated .....	747,452	88,646	*11,564	212,584	108,905	43,109	282,644	*6,118	
Retained earnings, unappropriated .....	40,495,322	3,807,273	2,735,338	11,519,039	3,659,429	6,773,788	12,000,455	282,735	
Less: Cost of treasury stock .....	3,356,004	435,217	*347,622	826,964	211,608	642,663	891,930	28,999	
<b>Total receipts .....</b>	<b>276,410,034</b>	<b>14,864,823</b>	<b>13,101,294</b>	<b>84,459,085</b>	<b>22,268,912</b>	<b>29,836,962</b>	<b>111,878,958</b>	<b>2,805,651</b>	
Business receipts .....	258,873,556	13,112,488	12,633,666	78,868,150	20,721,285	26,088,201	107,449,768	2,616,055	
Interest .....	3,690,721	257,961	135,443	1,356,725	283,798	630,006	1,026,787	31,792	
Interest on Government obligations:									
State and local .....	43,115	4,457	8,142	12,279	*1,268	5,699	11,270	*1,203	
Rents .....	4,279,559	731,477	44,982	1,498,864	729,172	685,719	589,346	16,349	
Royalties .....	955,876	173,463	36,136	174,016	2,659	555,260	14,341	*235	
Net short-term capital gain reduced by net long-term capital loss .....	74,920	11,004	2,519	20,387	*973	10,169	29,869	*2,867	
Net long-term capital gain reduced by net short-term capital loss .....	1,045,869	181,687	41,548	240,428	30,350	275,949	275,907	48,270	
Net gain, noncapital assets .....	854,317	35,069	40,565	251,700	190,622	210,177	126,185	6,913	
Dividends received from domestic corporations .....	447,226	20,150	25,542	210,795	12,493	110,677	67,570	5,903	
Dividends received from foreign corporations .....	143,577	*2,052	7,609	57,022	*156	65,288	11,452	—	
Other receipts .....	6,001,298	335,015	125,144	1,768,722	296,136	1,199,818	2,276,463	76,064	
<b>Total deductions .....</b>	<b>260,478,046</b>	<b>13,777,973</b>	<b>12,237,955</b>	<b>79,467,758</b>	<b>21,232,063</b>	<b>27,568,607</b>	<b>106,193,690</b>	<b>2,618,755</b>	
Cost of sales and operations .....	95,294,164	5,058,584	4,982,025	37,188,101	10,936,650	11,282,312	25,846,493	1,650,506	
Compensation of officers .....	30,652,590	336,838	836,442	5,227,163	1,108,238	1,181,899	21,962,011	143,189	
Repairs .....	2,395,939	360,756	164,784	495,647	324,252	355,130	695,370	14,168	
Bad debts .....	815,961	33,479	63,534	287,741	80,429	72,479	278,298	4,208	
Rent paid on business property .....	9,785,830	679,762	497,093	2,778,023	645,839	988,574	4,196,540	97,444	
Taxes paid .....	8,868,108	700,513	530,026	2,469,337	686,306	919,081	3,562,845	64,408	
Interest paid .....	6,538,307	698,400	224,541	1,882,017	915,271	996,343	1,821,734	33,784	
Contributions or gifts .....	186,796	22,839	10,241	44,812	8,722	30,004	70,178	1,703	
Amortization .....	620,605	8,955	5,903	91,020	7,525	439,098	68,104	*114	
Depreciation .....	11,114,266	854,793	552,495	3,391,640	1,653,552	1,547,145	3,114,640	65,097	
Depletion .....	32,132	844	*2,268	7,632	*226	*2,481	18,681	*978	
Advertising .....	2,966,863	262,201	248,441	788,545	206,374	1,001,453	461,849	30,548	
Pension, profit-sharing, stock bonus, and annuity plans .....	6,262,151	49,720	93,918	921,022	110,850	244,678	4,841,962	13,815	
Employee benefit programs .....	2,440,688	135,054	80,271	661,438	159,494	209,097	1,195,333	9,201	
Net loss, noncapital assets .....	117,662	2,965	6,076	48,445	13,339	18,395	28,443	134	
Other deductions .....	82,383,985	4,572,269	3,939,899	23,185,175	4,374,996	8,280,438	38,031,208	489,460	
Total receipts less total deductions .....	15,931,988	1,086,850	863,339	4,991,328	1,036,849	2,268,355	5,685,269	186,896	
Constructive taxable income from related foreign corporations .....	172,348	*4,505	6,754	54,464	274	*79,545	26,805	—	
Net income .....	16,061,222	1,086,898	861,951	5,033,513	1,035,855	2,342,201	5,700,803	185,693	
Income subject to tax .....	11,941,166	800,620	647,197	3,656,489	773,237	1,808,073	4,255,550	143,002	
Income tax, total .....	3,964,870	307,000	213,893	1,306,056	248,729	720,264	1,168,927	42,002	
Regular and alternative tax .....	3,885,618	301,010	209,090	1,281,126	240,860	705,701	1,147,831	41,637	
Tax from recomputing prior-year investment credit .....	63,713	2,913	4,689	20,847	7,242	12,273	15,750	*320	
Additional tax for tax preferences .....	11,332	2,667	*109	1,257	627	2,282	4,390	*45	
Foreign tax credit .....	215,733	11,022	*6,066	65,563	*298	115,150	17,635	—	
U.S. possessions tax credit .....	3,969	1,779	—	1,433	34	3	719	—	
Investment credit .....	1,041,329	54,006	58,949	289,728	95,220	273,950	269,476	5,695	
Work incentive (WIN) credit .....	4,271	*424	*242	1,135	*158	314	1,998	—	
Jobs credit .....	65,087	4,037	2,108	29,110	2,279	4,006	23,547	*492	
Nonconventional source fuel credit .....	—	—	—	—	—	—	—	—	
Research activities credit .....	33,313	334	*165	26,942	*566	*626	4,678	115	
Employee stock ownership credit .....	*1,446	—	—	1,412	—	*34	—	—	
Distributions to stockholders:									
Cash and property except in own stock .....	2,806,973	339,550	119,867	873,741	123,917	476,331	873,568	32,346	
Corporation's own stock .....	204,624	12,644	*1,928	18,400	*22,679	*68,285	80,690	—	

\*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	2,929,933	109,478	1,537,105	534,730	301,334	197,388
Cash	9,357,784,804	—	52,861,537	86,268,083	106,843,092	138,031,961
Notes and accounts receivable	540,903,600	—	9,740,751	12,478,725	13,076,648	14,500,100
Less: Allowance for bad debts	2,420,475,398	—	6,434,814	14,206,939	19,911,180	27,507,762
Inventories	46,645,987	—	127,323	189,976	349,435	482,998
Investments in Government obligations:	581,241,455	—	6,692,882	13,914,997	18,770,223	27,199,108
Total	605,513,662	—	99,011	310,859	413,242	571,718
Other current assets	436,507,859	—	2,494,703	3,961,406	4,979,780	6,228,044
Loans to stockholders	38,304,326	—	3,574,878	3,859,007	3,148,698	2,713,327
Mortgage and real estate loans	942,428,269	—	380,835	1,113,176	1,785,787	2,178,301
Other investments	1,604,730,616	—	2,287,687	4,629,165	6,444,165	9,038,992
Depreciable assets	2,583,060,326	—	40,015,830	48,895,233	56,165,542	69,161,114
Less: Accumulated depreciation	942,704,683	—	23,606,324	25,851,336	28,807,924	35,172,292
Depletable assets	94,637,768	—	276,973	235,256	358,189	477,115
Less: Accumulated depletion	29,442,570	—	141,483	83,525	92,521	153,866
Land	110,318,941	—	1,729,932	4,757,703	6,827,293	9,116,557
Intangible assets (amortizable)	81,178,989	—	1,080,965	1,315,947	1,275,427	1,074,271
Less: Accumulated amortization	24,869,273	—	529,122	553,482	496,545	399,105
Other assets	362,146,111	—	2,256,529	3,267,988	3,433,344	4,473,816
<b>Total liabilities</b>	<b>9,357,784,804</b>	<b>—</b>	<b>52,861,537</b>	<b>86,268,083</b>	<b>106,843,092</b>	<b>138,031,961</b>
Accounts payable	678,630,282	—	7,729,322	12,282,060	15,368,463	20,458,449
Mortgages, notes, and bonds payable in less than one year	667,060,956	—	6,111,146	9,244,832	12,907,350	19,306,977
Other current liabilities	3,220,923,530	—	6,179,116	7,445,275	8,225,679	11,050,365
Loans from stockholders	117,424,462	—	13,282,097	10,528,613	9,232,129	9,030,418
Mortgages, notes, and bonds payable in one year or more	1,224,277,725	—	11,177,217	16,720,828	21,273,505	27,672,955
Other liabilities	979,894,871	—	1,951,196	2,734,217	2,966,505	4,233,451
Capital stock	658,259,634	—	11,120,939	11,657,752	11,210,779	12,225,427
Paid-in or capital surplus	782,269,156	—	4,262,382	4,653,333	4,872,123	6,288,917
Retained earnings, appropriated	54,727,615	—	221,729	490,981	718,133	811,408
Retained earnings, unappropriated	1,173,094,293	—	7,026,299	13,158,303	23,024,958	30,436,759
Less: Cost of treasury stock	198,777,714	—	2,147,307	2,648,110	2,956,532	3,483,163
<b>Total receipts</b>	<b>7,024,097,766</b>	<b>96,893,679</b>	<b>226,632,692</b>	<b>230,231,641</b>	<b>246,226,071</b>	<b>303,404,652</b>
Business receipts	6,156,994,009	62,552,112	217,879,756	221,597,641	237,189,112	291,907,441
Interest	515,628,874	28,402,691	2,691,887	1,489,886	1,787,574	2,439,149
Interest on Government obligations:						
State and local	14,124,877	162,149	6,342	176,978	23,965	26,738
Rents	69,614,109	1,371,196	1,734,991	1,982,968	2,608,752	3,083,919
Royalties	13,437,404	98,657	82,363	217,482	138,015	238,819
Net short-term capital gain reduced by net long-term capital loss	2,882,207	53,027	46,920	50,533	24,729	91,044
Net long-term capital gain reduced by net short-term capital loss	26,318,184	805,550	420,255	496,884	519,563	697,360
Net gain, noncapital assets	20,992,023	712,110	453,574	512,411	613,262	820,866
Dividends received from domestic corporations	18,155,559	187,572	37,561	88,636	139,465	171,858
Dividends received from foreign corporations	13,950,906	28,215	994	5,859	3,876	7,280
Other receipts	171,999,616	2,520,399	3,278,050	3,612,364	3,177,757	3,920,178
<b>Total deductions</b>	<b>6,869,267,462</b>	<b>99,304,212</b>	<b>227,839,746</b>	<b>228,283,597</b>	<b>243,919,050</b>	<b>300,453,693</b>
Cost of sales and operations	4,270,850,310	46,844,728	102,609,088	129,276,134	154,549,000	205,778,391
Compensation of officers	129,481,025	1,171,174	30,779,569	18,862,025	14,272,634	12,052,102
Repairs	72,524,061	368,741	1,760,447	1,864,281	1,828,316	2,063,355
Bad debts	26,690,963	697,440	494,562	594,757	796,454	924,982
Rent paid on business property	94,917,540	1,116,499	8,782,724	6,484,339	5,449,670	5,024,816
Taxes paid	165,888,353	2,068,758	6,575,602	6,085,244	6,115,413	6,600,669
Interest paid	515,032,667	28,612,502	4,125,863	3,451,731	4,299,554	5,786,896
Contributions or gifts	2,906,476	16,294	61,685	72,259	80,097	92,503
Amortization	3,784,654	29,904	79,637	85,340	99,970	72,650
Depreciation	213,179,160	2,002,397	5,252,509	5,724,541	5,926,660	7,157,098
Depletion	7,021,176	88,887	41,489	29,190	49,017	61,570
Advertising	64,987,632	572,739	2,175,125	2,016,213	2,122,729	2,294,979
Pension, profit-sharing, stock bonus, and annuity plans	54,232,011	342,795	4,594,320	2,635,812	1,711,396	1,653,703
Employee benefit programs	51,838,884	366,553	1,149,672	1,020,108	1,093,913	1,530,056
Net loss, noncapital assets	10,367,020	353,286	280,116	102,202	137,248	156,098
Other deductions	1,185,565,538	14,651,516	59,077,322	49,979,421	45,386,980	49,203,828
Total receipts less total deductions	154,830,304	-2,410,533	-1,207,054	1,948,044	2,307,022	2,950,958
Constructive taxable income from related foreign corporations	13,628,716	13,715	*3,056	*226		*6,374
Net income (less deficit), total	154,334,143	-2,558,968	-1,210,340	1,771,292	2,283,056	2,930,594
Net income	274,352,942	3,180,692	7,048,251	7,576,309	7,412,172	8,535,105
Deficit	120,018,799	5,739,660	8,258,591	5,805,017	5,129,116	5,604,511
Income subject to tax	205,175,407	2,104,510	3,754,678	5,212,181	5,269,507	6,261,079
Income tax, total	86,766,154	886,897	665,475	1,019,760	1,156,412	1,684,114
Regular and alternative tax	85,077,493	794,348	642,401	995,789	1,128,771	1,647,087
Tax from recomputing prior-year investment credit	1,181,074	61,317	21,754	22,552	24,675	32,924
Additional tax for tax preferences	478,457	11,623	*278	*701	2,123	3,395
Foreign tax credit	19,137,201	41,541	*2,572	*209	412	8,159
U.S. possessions tax credit	2,026,980	3,025	101	43	391	3,477
Investment credit	17,312,702	51,193	174,311	206,810	254,000	328,963
Work Incentive (WIN) credit	29,020	254	1,445	1,476	1,802	1,841
Jobs credit	327,285	4,993	17,099	22,354	24,138	33,410
Nonconventional source fuel credit	6,787	—	—	—	—	—
Alcohol fuel credit	600	—	—	—	—	—
Research activities credit	839,220	2,098	*670	*2,284	5,350	6,112
Employee stock ownership credit	14,450	173	—	*55	*56	—
Distributions to stockholders:						
Cash and property except in own stock	132,478,411	3,270,027	1,682,261	1,286,270	877,213	1,056,515
Corporation's own stock	3,642,024	265,265	*7,289	22,487	12,045	46,061

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>	<b>182,544</b>	<b>23,965</b>	<b>18,298</b>	<b>8,933</b>	<b>5,479</b>	<b>3,463</b>	<b>3,188</b>
<b>Total assets</b>	<b>371,990,220</b>	<b>167,176,428</b>	<b>287,182,056</b>	<b>319,092,833</b>	<b>387,791,537</b>	<b>559,741,865</b>	<b>6,880,804,980</b>
Cash	31,742,988	12,814,521	19,940,171	19,272,663	21,716,217	26,659,672	358,960,977
Notes and accounts receivable	80,972,745	41,515,445	80,881,961	103,175,837	117,410,056	128,098,017	1,800,360,621
Less: Allowance for bad debts	1,830,842	892,080	1,618,252	1,958,218	2,357,259	3,414,394	33,425,208
Inventories	77,630,393	28,823,026	35,460,855	25,990,861	22,978,244	38,679,816	284,901,046
Investments in Government obligations:							
Total	3,205,570	5,056,045	23,578,169	38,760,081	46,406,782	49,810,828	437,301,358
Other current assets	19,506,714	9,935,266	14,508,717	14,085,906	17,449,448	25,281,409	318,076,440
Loans to stockholders	4,729,080	1,269,862	1,262,248	959,320	992,605	1,498,240	14,297,060
Mortgage and real estate loans	5,514,863	3,531,990	11,849,326	24,794,906	54,670,868	105,761,018	730,847,198
Other investments	29,328,924	15,979,693	32,430,848	34,872,551	45,477,924	86,800,585	1,337,440,083
Depreciable assets	167,283,787	65,309,711	86,010,682	68,554,309	70,347,842	106,186,462	1,805,129,816
Less: Accumulated depreciation	80,092,808	29,307,750	36,323,129	27,131,879	26,269,812	38,347,469	591,793,960
Depletable assets	1,929,385	1,293,652	2,493,798	2,644,033	3,035,788	6,015,877	75,877,703
Less: Accumulated depletion	464,140	269,318	584,361	666,554	788,780	1,748,674	24,449,347
Land	19,650,500	6,156,676	7,431,171	5,258,040	4,760,087	6,396,957	38,234,020
Intangible assets (amortizable)	3,273,626	1,796,420	2,483,345	2,357,132	2,466,527	4,842,542	59,212,786
Less: Accumulated amortization	1,226,976	760,441	782,820	639,565	726,572	1,152,746	17,601,897
Other assets	10,836,412	4,923,690	8,159,330	8,763,411	10,221,574	18,373,726	287,436,285
<b>Total liabilities</b>	<b>371,990,220</b>	<b>167,176,428</b>	<b>287,182,056</b>	<b>319,092,833</b>	<b>387,791,537</b>	<b>559,741,865</b>	<b>6,880,804,980</b>
Accounts payable	58,339,221	24,473,939	33,232,845	29,247,120	19,626,871	30,670,861	427,201,121
Mortgages, notes, and bonds payable in less than one year	58,010,645	21,967,051	27,460,164	25,160,227	24,072,051	34,009,567	428,810,946
Other current liabilities	32,947,811	23,944,150	81,290,646	132,498,763	194,889,111	253,233,438	2,469,219,163
Loans from stockholders	14,167,450	3,690,227	4,402,891	2,508,646	2,400,081	3,439,957	44,741,954
Mortgages, notes, and bonds payable in one year or more	73,692,738	31,333,578	42,795,759	37,408,054	40,013,870	64,045,047	858,144,173
Other liabilities	13,736,247	8,329,943	13,774,617	16,144,670	19,794,354	38,484,201	857,745,465
Capital stock	27,131,578	10,846,149	18,733,531	14,698,691	15,900,712	27,812,025	496,922,042
Paid-in or capital surplus	20,963,134	10,299,063	18,935,390	21,952,986	30,939,482	48,301,671	610,800,607
Retained earnings, appropriated	2,477,633	907,620	1,844,107	1,792,348	2,727,363	3,823,416	38,912,877
Retained earnings, unappropriated	78,421,579	33,971,210	47,732,858	39,905,925	40,677,985	62,320,473	810,470,435
Less: Cost of treasury stock	7,897,814	2,586,502	3,020,751	2,224,596	3,250,344	6,398,792	162,163,803
<b>Total receipts</b>	<b>789,055,018</b>	<b>280,544,599</b>	<b>338,949,030</b>	<b>248,406,200</b>	<b>239,966,253</b>	<b>375,410,073</b>	<b>3,647,338,475</b>
Business receipts	761,897,668	267,112,127	314,622,933	219,377,982	203,203,791	327,593,802	3,031,087,297
Interest	6,631,537	4,511,780	12,429,198	18,933,051	25,222,889	32,655,389	378,412,196
Interest on Government obligations:							
State and local	116,595	127,269	472,081	829,247	976,773	1,167,858	10,038,881
Rents	6,559,898	2,830,803	3,095,802	2,532,774	2,331,587	2,683,240	38,794,174
Royalties	388,473	202,583	376,540	294,341	249,440	472,786	10,677,477
Net short-term capital gain reduced by net long-term capital loss	135,415	69,673	84,795	120,727	174,922	285,919	1,744,500
Net long-term capital gain reduced by net short-term capital loss	1,854,002	849,588	1,455,813	978,671	1,170,413	1,797,265	15,271,793
Net gain, noncapital assets	1,744,131	846,220	826,708	591,149	593,307	664,685	12,586,860
Dividends received from domestic corporations	692,044	361,495	604,300	526,078	800,896	1,397,161	13,140,448
Dividends received from foreign corporations	36,699	15,682	67,089	67,149	194,407	377,698	13,144,951
Other receipts	8,998,556	3,617,377	4,913,771	4,155,031	5,047,829	6,314,271	122,439,898
<b>Total deductions</b>	<b>780,155,627</b>	<b>275,681,455</b>	<b>331,483,944</b>	<b>242,378,472</b>	<b>233,905,795</b>	<b>367,820,956</b>	<b>3,537,026,924</b>
Cost of sales and operations	570,324,741	202,076,702	234,667,623	158,952,968	148,475,266	238,593,370	2,078,086,134
Compensation of officers	20,749,916	5,234,094	5,165,596	3,161,726	2,607,349	2,758,150	12,659,781
Repairs	4,285,303	1,360,416	1,724,842	1,265,445	1,214,679	2,221,302	52,552,425
Bad debts	2,549,660	1,007,574	1,366,031	1,195,008	1,266,757	1,489,083	14,307,877
Rent paid on business property	9,477,228	3,087,992	3,632,953	3,019,053	2,467,587	4,476,887	41,891,373
Taxes paid	14,160,875	5,173,087	6,397,995	4,824,430	4,294,470	6,728,789	96,831,693
Interest paid	15,875,543	7,398,254	13,814,921	17,867,672	23,152,350	32,191,992	358,430,809
Contributions or gifts	266,060	114,725	168,018	129,860	127,607	145,998	1,629,261
Amortization	201,626	93,195	163,398	139,021	120,562	193,769	2,505,482
Depreciation	16,161,435	6,247,745	7,942,413	6,276,414	5,862,898	9,365,635	135,198,705
Depletion	228,703	167,613	260,918	262,235	241,715	388,117	5,201,720
Advertising	5,685,012	2,006,212	2,968,293	2,501,661	2,397,854	4,230,806	35,983,036
Pension, profit-sharing, stock bonus, and annuity plans	3,835,545	1,172,392	1,398,626	1,096,137	1,139,220	1,948,745	32,699,444
Employee benefit programs	3,696,147	1,438,703	1,971,004	1,692,403	1,835,039	2,727,049	33,304,071
Net loss, noncapital assets	357,098	143,545	325,136	232,826	649,663	786,950	6,842,595
Other deductions	112,300,737	38,959,207	49,516,177	39,761,613	38,052,779	59,574,315	628,902,517
Total receipts less total deductions	8,899,392	4,863,144	7,465,086	6,027,727	6,060,458	7,589,117	110,311,552
Constructive taxable income from related foreign corporations	14,362	14,063	42,885	83,731	186,866	292,848	12,970,060
Net income (less deficit), total	8,797,159	4,749,937	7,035,890	5,282,211	5,270,552	6,714,107	113,242,731
Net income	21,416,952	9,751,986	13,641,770	10,653,606	11,047,045	15,872,212	158,141,593
Deficit	12,619,793	5,002,048	6,605,879	5,371,395	5,776,493	9,158,105	44,898,862
Income subject to tax	16,187,999	7,198,346	10,237,358	7,823,354	7,928,901	11,057,057	122,062,475
Income tax, total	5,974,240	3,070,526	4,466,754	3,484,643	3,576,251	5,029,082	55,725,292
Regular and alternative tax	5,873,716	3,031,276	4,403,352	3,438,679	3,521,961	4,943,880	54,629,930
Tax from recomputing prior-year investment credit	83,815	28,828	44,233	30,115	34,040	56,317	740,118
Additional tax for tax preferences	14,990	9,265	18,953	15,288	20,209	27,613	353,999
Foreign tax credit	23,885	16,219	55,141	59,960	182,379	353,951	18,392,771
U.S. possessions tax credit	47,547	75,983	185,146	316,947	382,507	327,922	67,610
Investment credit	815,313	330,267	466,026	374,273	368,969	685,057	13,254,800
Work incentive (WIN) credit	8,568	3,136	2,890	1,907	1,594	1,976	2,130
Jobs credit	61,945	18,506	18,579	12,294	17,580	19,920	76,456
Nonconventional source fuel credit	*9	*135	13	3	—	—	6,628
Alcohol fuel credit	*1	*1	318	( <sup>1</sup> )	—	73	207
Research activities credit	32,218	17,848	35,247	33,305	26,460	40,616	637,012
Employee stock ownership credit	*29	*7	163	196	126	1,563	12,081
Distributions to stockholders:							
Cash and property except in own stock	3,142,697	1,758,897	3,278,985	3,242,940	3,980,709	6,682,571	102,216,318
Corporation's own stock	197,044	57,387	141,721	188,021	226,203	455,714	2,021,086

\*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 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>	<b>1,608,357</b>	<b>40,733</b>	<b>745,372</b>	<b>334,119</b>	<b>195,436</b>	<b>130,765</b>
<b>Total assets .....</b>	<b>6,410,924,048</b>	<b>—</b>	<b>29,388,497</b>	<b>54,321,713</b>	<b>69,346,717</b>	<b>91,762,612</b>
Cash .....	412,393,727	—	6,667,356	9,662,065	10,453,925	11,519,493
Notes and accounts receivable .....	1,855,162,781	—	3,532,774	9,148,878	13,482,321	19,492,583
Less: Allowance for bad debts .....	26,778,578	—	53,726	113,053	218,201	342,837
Inventories .....	396,024,842	—	3,323,637	8,336,909	11,896,678	18,140,816
Investments in Government obligations: .....						
Total .....	398,370,095	—	68,129	254,681	343,053	483,391
Other current assets .....	291,771,483	—	1,454,974	2,358,737	3,025,754	3,757,826
Loans to stockholders .....	27,090,391	—	2,356,232	2,628,055	2,141,197	1,874,640
Mortgage and real estate loans .....	230,686,089	—	219,991	786,115	1,235,952	1,380,732
Other investments .....	1,219,698,761	—	1,254,311	3,211,757	4,445,130	6,084,403
Depreciable assets .....	1,870,208,388	—	20,057,624	28,639,145	34,376,972	43,756,775
Less: Accumulated depreciation .....	676,496,057	—	11,735,516	15,728,550	18,251,889	22,962,529
Depletable assets .....	64,217,968	—	120,997	158,221	132,006	202,925
Less: Accumulated depletion .....	22,077,676	—	53,314	61,184	45,631	89,156
Land .....	66,512,564	—	851,763	2,799,435	3,788,601	5,339,305
Intangible assets (amortizable) .....	59,391,726	—	438,974	613,307	679,489	571,259
Less: Accumulated amortization .....	19,101,136	—	215,020	310,822	306,747	214,737
Other assets .....	263,848,684	—	1,099,311	1,936,020	2,168,107	2,767,725
<b>Total liabilities .....</b>	<b>6,410,924,048</b>	<b>—</b>	<b>29,388,497</b>	<b>54,321,713</b>	<b>69,346,717</b>	<b>91,762,612</b>
Accounts payable .....	500,368,366	—	3,222,333	6,662,716	9,241,508	13,322,911
Mortgages, notes, and bonds payable in less than one year .....	401,812,850	—	2,253,828	4,397,237	5,944,641	9,911,336
Other current liabilities .....	1,941,477,399	—	3,151,556	4,698,281	5,535,077	7,625,585
Loans from stockholders .....	62,412,722	—	3,943,913	4,294,611	4,024,371	4,016,667
Mortgages, notes, and bonds payable in one year or more .....	735,602,140	—	3,804,073	7,789,958	10,379,645	13,597,803
Other liabilities .....	728,677,670	—	767,511	1,728,862	1,866,233	2,603,689
Capital stock .....	534,718,076	—	4,868,593	6,454,148	6,512,760	7,640,388
Paid-in or capital surplus .....	603,954,913	—	1,394,346	1,945,028	2,307,110	2,858,803
Retained earnings, appropriated .....	37,312,370	—	143,535	376,982	528,938	658,564
Retained earnings, unappropriated .....	1,050,112,681	—	7,136,486	17,759,490	25,148,108	31,981,468
Less: Cost of treasury stock .....	185,515,133	—	1,297,677	1,785,599	2,141,674	2,454,600
<b>Total receipts .....</b>	<b>5,202,373,378</b>	<b>44,117,385</b>	<b>135,671,477</b>	<b>156,432,777</b>	<b>176,256,681</b>	<b>220,003,330</b>
Business receipts .....	4,599,889,885	26,424,930	129,548,699	150,554,908	169,686,872	211,679,651
Interest .....	336,249,556	14,205,326	2,391,333	1,101,382	1,360,515	1,824,847
Interest on Government obligations: .....						
State and local .....	9,175,413	85,757	1,234	176,176	17,858	22,201
Other interest .....	51,568,564	530,865	970,507	1,432,411	1,805,257	2,298,546
Rents .....	11,650,078	60,149	59,112	178,137	103,515	159,221
Royalties .....	2,321,366	44,275	26,192	37,176	20,205	86,097
Net short-term capital gain reduced by net long-term capital loss .....	20,633,612	683,182	316,254	413,172	411,779	571,120
Net long-term capital gain reduced by net short-term capital loss .....	14,506,369	576,641	320,323	334,687	445,405	600,234
Net gain, noncapital assets .....	14,085,307	70,263	28,822	75,214	120,923	149,944
Dividends received from domestic corporations .....	13,068,022	16,443	*923	5,855	3,119	7,277
Dividends received from foreign corporations .....	129,225,207	1,419,554	2,008,079	2,123,659	2,281,233	2,604,193
Other receipts .....	4,931,581,520	40,947,741	128,625,047	148,680,300	168,826,762	211,452,598
<b>Total deductions .....</b>	<b>3,134,753,814</b>	<b>18,567,725</b>	<b>57,758,104</b>	<b>83,993,984</b>	<b>108,715,683</b>	<b>145,767,518</b>
Cost of sales and operations .....	92,707,432	670,585	19,333,949	14,015,379	10,900,574	9,283,368
Compensation of officers .....	54,168,942	124,421	872,522	1,184,206	1,122,460	1,415,994
Repairs .....	16,821,390	212,115	165,581	308,417	425,367	600,352
Bad debts .....	64,213,325	443,395	4,767,172	4,091,223	3,512,834	3,440,745
Rent paid on business property .....	127,010,358	678,522	3,701,241	3,999,462	4,274,537	4,759,593
Taxes paid .....	304,163,969	13,061,713	2,769,820	1,663,290	2,157,262	2,983,168
Interest paid .....	2,813,557	12,446	50,211	62,736	70,238	82,573
Contributions or gifts .....	2,374,116	9,432	37,517	43,087	54,560	42,559
Amortization .....	154,047,887	587,526	2,760,313	3,414,434	3,650,480	4,624,017
Depreciation .....	4,831,731	31,510	20,680	24,401	44,035	52,268
Depletion .....	50,167,819	296,808	1,089,274	1,213,417	1,348,069	1,592,265
Advertising .....	41,976,514	161,959	2,889,103	2,058,434	1,407,362	1,398,846
Pension, profit-sharing, stock bonus, and annuity plans .....	37,640,014	186,811	653,417	652,961	720,229	955,860
Employee benefit programs .....	2,339,997	32,788	52,237	23,934	41,179	43,400
Net loss, noncapital assets .....	841,155,662	5,869,984	31,683,907	31,930,933	30,381,894	34,410,073
Other deductions .....	270,791,858	3,169,644	7,046,429	7,752,478	7,429,920	8,550,733
Net income (less deficit), total .....	12,736,497	12,885	*3,056	*216	—	*6,374
Net income .....	274,352,942	3,096,771	7,048,251	7,576,518	7,412,062	8,534,906
Income subject to tax .....	205,083,534	2,060,155	3,754,627	5,212,305	5,289,370	6,260,597
Income tax, total .....						
Regular and alternative tax .....	86,417,438	838,978	659,105	1,013,358	1,150,617	1,675,258
Tax from recomputing prior-year investment credit .....	85,040,739	776,118	642,393	995,814	1,128,744	1,646,924
Additional tax for tax preferences .....	949,228	50,264	15,393	16,128	18,907	24,466
Foreign tax credit .....	411,430	4,506	*278	*697	2,123	3,161
U.S. possessions tax credit .....	19,134,464	41,500	*2,572	*209	412	8,154
Investment credit .....	2,026,980	3,025	101	43	391	3,455
Work incentive (WIN) credit .....	17,305,896	44,746	174,311	206,810	254,000	328,962
Jobs credit .....	29,018	204	1,445	1,478	1,802	1,841
Nonconventional source fuel credit .....	327,211	4,965	17,099	22,354	24,138	33,410
Alcohol fuel credit .....	6,787	—	—	—	—	—
Research activities credit .....	600	—	—	—	—	—
Employer stock ownership credit .....	839,220	2,087	*670	*2,284	5,350	6,112
Distributions to stockholders: .....	14,450	173	—	*55	*56	—
Cash and property except in own stock .....	116,758,328	1,708,648	1,416,598	1,134,955	842,399	974,609
Corporation's own stock .....	2,917,528	*166,576	*2,840	9,501	10,688	45,968

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>							
Total assets .....	122,080	15,715	11,899	5,487	3,262	1,705	1,740
Cash .....	247,109,461	109,450,360	187,106,046	199,327,042	233,283,401	280,048,279	4,909,594,141
Notes and accounts receivable .....	25,638,702	9,978,407	14,824,650	13,156,892	14,456,897	14,540,958	281,493,527
Less: Allowance for bad debts .....	58,437,794	29,988,179	57,190,014	70,127,477	83,003,008	76,881,693	1,433,876,340
Inventories .....	1,159,585	576,633	964,120	1,107,637	1,295,572	1,356,978	19,590,231
Investments in Government obligations:	52,700,710	19,609,937	24,119,340	16,844,161	15,981,239	24,089,349	200,977,843
Total .....	2,432,466	4,050,512	17,633,222	26,098,162	30,283,442	26,939,006	289,784,031
Other current assets .....	11,770,902	5,796,636	9,170,001	9,329,157	11,310,819	13,513,160	220,283,342
Loans to stockholders .....	3,183,021	721,701	777,025	775,522	574,354	737,642	11,307,270
Mortgage and real estate loans .....	3,488,889	1,607,546	4,106,037	6,464,939	10,909,460	16,066,221	184,420,204
Other investments .....	19,299,547	10,671,148	21,101,165	23,483,918	31,670,651	53,149,268	1,045,326,676
Depreciable assets .....	106,226,731	40,252,526	53,778,952	43,251,274	43,827,473	64,097,888	1,391,725,220
Less: Accumulated depreciation .....	53,283,049	19,374,583	24,358,004	18,399,765	17,554,476	25,181,794	449,532,738
Depletable assets .....	758,102	291,432	843,315	829,475	1,102,770	1,099,447	58,678,194
Less: Accumulated depletion .....	250,054	91,802	245,711	243,990	312,632	324,109	20,359,897
Land .....	10,498,995	3,205,863	3,739,700	2,679,478	2,674,774	3,450,309	27,484,335
Intangible assets (amortizable) .....	1,513,665	1,064,334	1,340,989	1,359,724	1,471,381	2,663,725	47,671,336
Less: Accumulated amortization .....	558,196	593,552	455,120	449,131	535,581	567,197	14,892,459
Other assets .....	6,410,818	2,848,711	4,504,592	5,127,385	5,715,393	10,249,690	220,941,147
Total assets .....	247,109,461	109,450,360	187,106,046	199,327,042	233,283,401	280,048,279	4,909,594,141
Accounts payable .....	39,151,072	16,767,415	22,198,718	19,453,274	13,278,171	19,200,522	337,868,100
Mortgages, notes, and bonds payable in less than one year .....	30,202,719	10,795,489	14,379,355	13,625,391	13,746,552	14,467,697	282,080,023
Other current liabilities .....	22,946,274	16,478,955	53,581,403	78,131,194	103,560,976	96,532,108	1,549,219,912
Loans from stockholders .....	5,779,097	1,218,460	1,203,174	1,178,529	1,328,047	1,158,722	34,215,662
Mortgages, notes, and bonds payable in one year or more .....	37,158,605	14,798,629	20,879,149	17,326,776	20,833,863	28,898,815	560,084,620
Other liabilities .....	8,653,812	4,821,210	7,928,043	9,183,959	11,487,851	20,411,638	659,214,305
Capital stock .....	16,367,354	6,430,882	11,498,666	9,836,598	11,204,733	18,584,042	435,312,463
Paid-in or capital surplus .....	9,156,543	4,699,946	9,355,438	12,765,164	20,290,345	32,492,499	506,686,457
Retained earnings, appropriated .....	1,978,914	713,370	1,325,035	1,141,561	1,494,216	1,712,799	27,238,454
Retained earnings, unappropriated .....	81,577,631	34,596,736	47,019,536	38,368,645	38,882,810	51,716,920	675,878,271
Less: Cost of treasury stock .....	5,862,560	1,870,731	2,262,472	1,684,049	2,824,162	5,127,483	158,204,125
Total liabilities .....	586,751,700	211,326,317	250,307,529	177,622,086	175,883,350	241,136,509	2,824,660,893
Business receipts .....	567,473,720	202,097,943	233,541,717	159,021,159	152,672,714	216,867,359	2,378,365,172
Interest .....	4,983,555	3,260,463	8,654,849	11,862,329	14,701,921	14,463,597	257,393,494
Interest on Government obligations:							
State and local .....	88,437	93,186	335,987	534,359	645,816	680,525	6,493,876
Other interest .....	4,252,856	1,701,739	1,866,903	1,461,883	1,563,754	1,450,139	32,226,794
Rents .....	291,825	153,229	271,520	245,876	182,598	395,819	9,548,006
Royalties .....	88,127	49,393	56,352	88,160	149,431	239,292	1,436,664
Net short-term capital gain reduced by net long-term capital loss .....	1,469,459	661,203	1,132,508	850,374	905,235	1,377,113	11,833,081
Net long-term capital gain reduced by net short-term capital loss .....	1,182,365	520,381	539,782	307,296	419,354	341,687	8,886,878
Net gain, noncapital assets .....	621,545	324,339	508,278	488,194	677,827	1,110,455	9,902,887
Dividends received from domestic corporations .....	28,157	13,904	47,887	91,361	188,018	365,494	12,298,683
Dividends received from foreign corporations .....	6,271,654	2,450,537	3,351,745	2,671,093	3,776,683	3,845,031	96,275,355
Other receipts .....	565,248,629	201,493,162	236,330,720	165,916,831	163,784,341	225,219,506	2,673,022,238
Total deductions .....	420,735,523	152,386,960	172,594,597	112,332,139	109,391,439	152,648,665	1,598,384,365
Cost of sales and operations .....	16,232,956	3,974,829	3,731,111	2,173,298	1,839,452	1,677,433	8,864,822
Compensation of officers .....	2,922,733	912,591	1,182,500	905,118	855,912	1,387,423	41,263,297
Repairs .....	1,437,108	577,851	769,538	588,960	670,858	725,577	10,336,718
Bad debts .....	6,422,377	1,996,658	2,262,056	2,021,411	1,763,320	2,815,318	30,647,902
Rent paid on business property .....	10,312,994	3,798,357	4,684,650	3,642,256	3,256,220	4,474,218	79,393,557
Taxes paid .....	8,318,397	3,750,271	7,625,789	9,365,007	11,472,042	11,412,893	229,496,896
Interest paid .....	255,088	111,971	157,301	125,073	127,098	145,312	1,609,825
Contributions or gifts .....	103,065	49,941	91,598	92,400	85,850	104,475	1,658,953
Amortization .....	10,337,409	3,953,278	5,020,979	3,907,724	3,960,602	5,575,514	106,176,678
Depreciation .....	176,661	130,351	161,536	198,165	148,237	128,528	3,705,473
Depletion .....	3,997,214	1,433,846	2,206,917	1,806,988	1,925,424	3,049,601	30,175,273
Advertising .....	3,307,325	990,989	1,120,217	873,402	868,505	1,442,935	25,452,541
Pension, profit-sharing, stock bonus, and annuity plans .....	2,597,120	1,018,291	1,381,046	1,244,340	1,274,281	1,776,596	25,167,929
Employee benefit programs .....	109,303	38,516	61,666	66,603	85,278	168,741	1,596,029
Net loss, noncapital assets .....	77,983,356	26,368,463	33,279,221	26,553,948	26,059,823	37,686,277	479,091,979
Other deductions .....	21,503,071	9,833,155	13,976,809	11,705,255	12,099,009	15,917,003	151,638,655
Net income (less deficit), total .....	6,612	13,376	36,085	81,709	172,564	311,177	12,092,364
Net income .....	21,421,246	9,753,345	13,676,906	11,252,604	11,625,756	15,547,655	157,237,142
Income subject to tax .....	16,192,157	7,199,645	10,260,171	8,300,568	8,242,163	10,910,265	121,288,679
Income tax, total .....	5,956,215	3,063,158	4,465,308	3,689,693	3,698,449	4,941,883	55,214,917
Regular and alternative tax .....	5,875,187	3,031,848	4,417,080	3,651,401	3,658,109	4,881,371	54,286,413
Tax from recomputing prior-year investment credit .....	65,279	21,281	31,336	21,253	27,432	36,953	619,681
Additional tax for tax preferences .....	14,030	8,872	16,727	16,524	12,867	22,807	308,729
Foreign tax credit .....	23,885	16,219	50,350	96,745	199,671	387,112	18,302,797
U.S. possessions tax credit .....	47,547	75,983	185,146	316,947	382,507	327,922	679,610
Investment credit .....	815,539	330,381	467,318	400,267	400,225	677,890	13,196,283
Work incentive (WIN) credit .....	8,568	3,136	2,890	1,913	1,649	1,915	2,128
Jobs credit .....	61,945	18,506	18,708	12,425	18,012	19,293	76,320
Nonconventional source fuel credit .....	*9	*135	13	3	—	73	207
Alcohol fuel credit .....	*1	*1	318	(*)	—	—	6,628
Research activities credit .....	32,218	17,848	35,594	34,858	26,610	41,843	633,735
Employee stock ownership credit .....	*29	7	163	196	126	1,732	11,913
Distributions to stockholders:							
Cash and property except in own stock .....	2,977,108	1,565,444	2,853,206	2,948,708	3,733,323	5,985,689	90,605,266
Corporation's own stock .....	168,505	38,269	126,430	167,074	190,880	378,225	1,610,252

\*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."

## 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)
<b>All Industrial Divisions</b>													
Number of returns.....	2,925,933	109,478	1,537,105	534,730	301,334	197,388	182,544	23,965	18,298	8,933	5,479	3,463	3,188
Total assets.....	9,357,784,804	—	52,861,537	86,268,083	106,843,092	138,031,961	371,990,220	167,176,428	287,182,056	319,092,833	387,791,537	559,741,865	6,880,804,980
Notes and accounts receivable, net.....	2,373,829,410	—	6,307,491	14,016,963	19,561,745	27,024,764	78,141,903	40,623,365	79,263,709	101,217,619	115,052,797	124,683,623	1,766,935,413
Inventories.....	581,241,455	—	6,892,882	13,914,997	18,770,223	27,199,108	77,630,393	28,823,026	35,460,855	25,990,861	22,978,244	38,679,816	284,901,046
Cash, Government obligations and other current assets.....	1,582,925,121	—	12,334,465	16,750,990	18,469,670	21,299,862	54,455,272	27,805,852	58,027,057	72,118,650	85,572,447	101,751,909	1,114,338,775
Other investments and loans.....	2,585,463,211	—	6,243,400	9,601,348	11,378,650	13,930,620	39,572,867	20,781,545	45,542,422	60,626,777	101,141,397	194,059,843	2,082,584,341
Depreciable assets.....	2,583,060,326	—	40,015,830	48,895,233	56,165,542	69,161,114	167,283,787	30,309,711	86,010,682	68,554,309	70,347,842	106,186,462	1,805,129,816
Less: Accumulated depreciation.....	942,704,683	—	23,606,324	25,851,336	28,807,924	35,172,292	80,092,808	29,307,750	36,323,129	27,131,879	26,269,812	38,347,469	591,793,960
Other capital assets less reserves.....	231,823,855	—	2,417,265	5,671,899	7,871,843	10,114,972	23,162,395	8,216,989	11,041,133	8,953,086	8,747,050	14,353,956	131,273,285
Accounts and notes payable.....	1,345,691,238	—	13,840,468	21,526,892	28,275,813	39,765,426	63,849,866	44,440,990	60,693,009	54,407,347	43,698,922	64,680,428	856,012,067
Other current liabilities.....	3,220,923,530	—	6,179,116	7,445,275	8,225,679	11,050,365	32,947,811	23,944,150	81,290,846	132,498,763	194,889,111	253,233,438	2,469,219,163
Mortgages, notes, and bonds payable in one year or more.....	1,224,277,725	—	11,177,217	16,720,828	21,273,505	27,672,955	73,692,738	31,333,578	42,795,759	37,408,054	40,013,870	64,045,047	856,144,173
Net worth.....	2,469,572,984	—	6,431,444	27,312,259	36,869,461	46,279,348	121,096,110	53,437,540	84,225,195	76,125,354	86,995,198	135,858,793	1,794,942,156
Cost of property used for investment credit.....	264,500,876	1,633,293	4,927,056	5,340,280	5,984,277	6,668,104	16,366,526	6,393,422	8,456,676	6,888,104	6,626,813	11,238,800	184,116,523
Total receipts.....	7,024,097,766	96,893,679	226,632,692	230,231,641	246,226,071	303,404,652	789,055,018	280,544,599	338,949,030	248,406,200	239,966,253	375,410,073	3,647,338,475
Business receipts.....	6,156,994,009	62,552,112	217,879,756	221,597,641	237,189,112	291,907,441	761,897,668	267,112,127	314,622,933	219,377,982	203,203,791	327,593,802	3,031,087,297
Cost of sales and operations.....	4,270,850,310	10,028,080,088	129,278,134	154,540,000	205,778,391	570,324,741	202,076,702	234,667,623	158,952,988	148,475,266	238,593,370	2,078,086,134	
Taxes paid.....	165,888,353	2,068,758	6,575,602	6,085,244	6,115,413	6,600,669	14,160,875	5,173,087	6,397,995	4,824,430	4,294,470	6,726,789	96,831,693
Interest paid.....	515,032,667	28,612,502	4,125,863	3,451,731	4,299,554	5,786,896	1,587,543	7,398,254	13,814,921	17,867,672	23,152,350	32,191,992	356,430,809
Depreciation.....	213,179,160	2,002,397	5,252,509	5,724,541	5,926,666	7,157,098	16,161,435	6,247,745	7,942,413	5,862,898	9,365,635	135,198,705	
Pension, profit-sharing, stock bonus, and annuity plans.....	54,232,011	342,795	4,594,320	2,635,812	1,711,396	1,653,703	3,835,545	1,172,392	1,398,626	1,096,137	1,139,220	1,948,745	32,699,444
Employee benefit programs.....	51,839,884	366,556	1,149,672	1,020,108	1,093,913	1,530,056	3,696,147	1,488,703	1,971,004	1,692,403	1,835,039	2,727,049	33,304,071
Net income (less deficit).....	154,334,143	-2,558,968	-12,10,340	1,771,292	2,283,056	2,930,594	6,797,159	4,679,937	7,035,890	5,282,211	5,270,552	6,714,107	113,242,731
Income subject to tax, total.....	205,175,407	2,104,510	3,754,678	5,212,181	5,289,507	6,261,079	16,187,999	7,198,346	10,237,358	7,823,354	7,928,901	11,057,057	122,062,475
Income tax, total.....	86,766,154	886,897	665,475	1,019,760	1,156,412	1,684,114	5,874,240	3,070,526	4,466,754	3,484,643	3,576,251	5,029,082	55,725,292
Additional tax for tax preferences.....	478,457	11,823	*278	*701	2,123	3,395	14,990	9,265	18,953	15,288	20,209	27,613	353,993
Foreign tax credit.....	19,137,201	41,541	*2,572	*209	412	8,159	23,885	16,219	55,141	59,960	182,379	353,951	18,392,771
U.S. possessions tax credit.....	2,026,980	3,025	101	43	391	3,477	47,547	75,983	185,146	316,947	382,507	327,922	679,610
Investment credit.....	17,312,702	51,193	174,311	206,810	254,000	328,963	815,313	330,267	466,026	374,273	368,969	685,057	13,254,800
Work incentive (WIN) credit.....	29,020	254	1,445	1,478	1,802	1,841	6,568	3,136	2,890	1,907	1,584	1,976	2,130
Jobs credit.....	327,285	4,993	17,099	22,354	24,138	33,410	61,945	18,506	18,579	12,294	17,580	19,920	76,456
Research activities credit.....	839,220	2,098	*670	*284	5,350	6,112	32,218	17,848	35,247	33,305	26,460	40,616	637,012
Employee stock ownership credit.....	14,450	173	—	*55	—	—	*29	7	163	196	126	1,563	12,081
Distributions to stockholders except in own stock.....	132,478,411	3,270,027	1,682,261	1,286,270	877,213	1,056,515	3,142,697	1,758,897	3,278,985	3,242,940	3,980,709	6,682,571	102,216,318
<b>Agriculture, Forestry, and Fishing</b>													
Number of returns.....	91,320	2,193	30,034	19,314	16,626	13,380	8,892	539	250	56	24	7	6
Total assets.....	50,409,537	—	1,181,535	3,227,040	6,076,969	9,295,374	15,934,164	3,569,316	3,578,327	1,955,312	1,682,609	1,075,810	2,633,080
Notes and accounts receivable, net.....	4,247,152	—	89,070	172,231	275,628	557,430	1,159,903	493,448	429,394	292,786	235,092	117,683	424,787
Inventories.....	4,971,985	—	61,696	196,340	384,428	724,855	1,483,706	463,973	471,088	285,799	280,006	100,818	519,275
Cash, Government obligations and other current assets.....	4,746,518	—	195,599	427,330	712,982	797,413	1,190,950	384,908	384,846	227,401	180,185	56,660	178,245
Other investments and loans.....	6,284,227	—	88,887	285,381	543,738	892,978	1,656,287	428,278	533,572	306,014	257,299	338,333	933,460
Depreciable assets.....	30,289,176	—	1,313,703	2,787,881	4,558,177	5,789,650	9,017,514	1,812,533	1,868,848	826,744	775,518	476,569	1,062,038
Less: Accumulated depreciation.....	15,153,014	—	797,172	1,523,026	2,423,787	2,930,887	4,398,235	889,011	827,526	316,781	348,994	200,707	496,887
Other capital assets less reserves.....	12,702,743	—	199,539	786,159	1,768,790	2,840,983	4,990,538	763,540	598,103	248,228	252,230	131,714	122,918
Accounts and notes payable.....	11,849,982	—	289,189	556,999	1,251,339	1,964,984	3,625,413	1,107,181	1,203,222	679,586	458,374	148,905	563,690
Other current liabilities.....	2,125,858	—	56,456	130,565	111,918	274,130	482,721	215,879	238,618	168,327	104,507	85,554	257,182
Mortgages, notes, and bonds payable in one year or more.....	16,640,904	—	302,132	827,927	1,916,261	3,152,972	6,019,466	1,268,582	1,058,971	365,886	536,174	358,225	834,289
Net worth.....	14,119,923	—	104,957	1,005,288	1,941,628	2,923,801	4,238,397	619,980	773,233	605,843	491,074	394,113	1,020,607
Cost of property used for investment credit.....	2,735,685	53,337	120,647	270,553	383,650	551,332	810,287	134,376	162,941	67,255	70,721	48,190	62,403
Total receipts.....	65,356,911	614,772	3,865,550	6,380,412	6,647,524	11,081,579	16,911,391	4,237,258	4,161,674	3,029,497	2,439,410	924,554	5,063,290
Business receipts.....	60,643,550	2,572,672	3,706,798	6,033,359	6,141,159	9,684,235	13,870,654	3,853,348	2,833,121	2,312,863	776,042	4,867,257	
Cost of sales and operations.....	43,222,379	318,430	2,218,216	4,195,576	3,801,731	7,421,230	11,514,565	2,937,629	2,954,486	2,355,061	1,602,632	549,462	3,353,363
Taxes paid.....	1,299,220	16,633	112,548	124,070	159,882	205,463	333,065	74,391	64,117	36,674	32,904	25,715	113,758
Interest paid.....	3,048,844	78,408	71,73										

## 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	\$100,000,000 under \$250,000,000 or more	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>Mining</b>														
Number of returns.....	36,676	2,882	14,245	5,167	4,226	3,686	4,569	748	600	267	126	80	79	
Total assets.....	192,380,473	—	501,408	848,971	1,529,709	2,576,956	10,059,565	5,147,544	9,333,237	9,222,755	11,043,198	12,611,816	129,506,316	
Notes and accounts receivable, net.....	28,814,200	—	64,441	143,235	274,976	458,602	1,533,400	858,013	1,437,075	1,450,073	1,229,126	1,604,521	19,760,736	
Inventories.....	8,852,449	—	116,191	35,447	76,900	97,009	321,454	153,554	356,158	361,722	556,758	609,354	6,267,900	
Cash, Government obligations and other current assets.....	14,879,375	—	143,479	180,729	293,292	391,586	1,630,320	751,052	1,248,619	1,163,016	1,331,284	1,385,669	1,630,329	
Other investments and loans.....	56,082,471	—	77,662	126,270	171,675	364,691	1,118,964	562,895	1,182,341	1,165,817	1,284,629	1,470,793	48,556,734	
Depreciable assets.....	86,320,409	—	2,129,745	603,403	954,143	1,931,102	6,691,676	2,972,924	4,902,683	4,830,514	6,675,121	6,331,244	48,297,854	
Less: Accumulated depreciation.....	32,325,073	—	1,967,654	321,449	464,986	1,020,314	3,143,406	1,318,557	2,111,870	2,007,395	2,307,464	2,258,122	15,403,857	
Other capital assets less reserves.....	22,426,925	—	30,611	63,988	178,617	253,406	1,312,766	969,189	1,752,412	1,836,170	1,722,192	2,622,633	11,684,942	
Accounts and notes payable.....	33,983,124	—	228,345	261,612	537,332	771,639	2,999,879	1,417,588	2,176,188	1,980,245	1,803,644	2,308,600	19,758,052	
Other current liabilities.....	10,106,813	—	33,746	65,435	117,261	165,452	615,366	414,162	610,438	722,131	618,417	894,450	5,849,995	
Mortgages, notes, and bonds payable in one year or more.....	48,020,816	—	162,866	171,502	397,501	727,856	2,214,289	1,017,906	2,331,736	2,595,964	3,466,478	3,575,602	31,359,115	
Net worth.....	79,876,475	—	381,011	189,597	227,268	543,333	2,849,722	1,688,496	3,016,017	2,987,041	4,152,727	4,367,984	60,235,299	
Cost of property used for investment credit.....	9,422,660	204,595	90,686	112,062	157,702	301,228	1,003,785	428,857	674,170	604,633	597,393	709,418	4,538,131	
Total receipts.....	203,098,557	1,922,783	2,224,383	1,695,501	1,812,900	3,858,909	10,619,798	4,085,836	6,457,230	6,424,871	5,888,038	6,648,576	151,459,732	
Business receipts.....	191,152,749	1,538,227	2,093,670	1,590,712	1,606,713	3,521,078	9,791,976	3,654,992	5,689,469	5,677,895	5,128,198	5,999,707	144,860,112	
Cost of sales and operations.....	151,521,066	842,632	909,017	766,682	790,201	1,905,899	5,507,895	2,707,105	3,612,896	3,521,007	2,954,269	3,692,618	124,947,846	
Taxes paid.....	4,267,442	92,751	71,682	73,303	82,534	123,157	332,208	154,082	225,930	270,996	221,629	348,017	2,271,155	
Interest paid.....	7,623,777	116,813	46,591	46,527	72,426	148,842	493,666	254,016	449,217	488,308	643,100	750,462	4,113,809	
Depreciation.....	7,306,899	152,860	71,456	96,049	118,325	267,184	831,662	346,205	517,867	529,693	425,065	553,229	3,397,304	
Pension, profit-sharing, stock bonus, and annuity plans.....	863,489	11,020	*327	*474	30,711	14,920	49,525	17,032	21,762	21,355	28,331	36,542	631,490	
Employee benefit programs.....	786,541	36,492	*9,651	13,729	6,409	11,812	50,368	13,769	31,903	51,220	67,398	61,882	431,887	
Net income (less deficit).....	543,578	-32,591	-126,513	-59,893	-108,705	-79,688	-433,738	-248,714	-456,240	-302,258	-273,383	-603,645	3,268,945	
Income subject to tax, total.....	7,319,683	283,728	89,105	59,867	62,356	118,169	375,976	164,600	287,894	356,636	379,268	431,581	4,710,503	
Income tax, total.....	3,330,610	139,846	20,330	16,186	17,478	38,760	154,919	74,826	129,799	168,367	183,121	198,094	2,188,894	
Additional tax for tax preferences.....	81,151	*538	—	*161	*1,908	2,400	9,736	3,649	9,857	7,779	10,328	7,442	27,355	
Foreign tax credit.....	1,848,192	3,992	—	—	*3	—	*12	*2,918	*13,487	8,054	97,029	78,895	1,643,801	
U.S. possessions tax credit.....	1,079	—	—	—	—	—	1,079	—	—	—	—	—	—	
Investment credit.....	425,824	6,503	4,523	2,377	6,083	8,394	41,009	13,006	22,704	21,526	14,602	53,125	231,971	
Work incentive (WIN) credit.....	199	—	—	—	—	—	*45	*38	2	—	—	14	90	
Jobs credit.....	2,406	—	*541	—	—	—	*1,154	*423	*46	47	103	1	90	
Research activities credit.....	8,437	1,021	—	—	—	—	*250	*37	40	*88	168	69	6,765	
Employee stock ownership credit.....	14	—	—	—	—	—	—	—	—	—	—	—	—	
Distributions to stockholders except in own stock.....	3,926,230	*198,529	*79,885	*106,080	17,150	43,499	81,719	51,655	124,936	198,417	276,564	73,773	2,674,023	
<b>Construction</b>														
Number of returns.....	282,345	7,545	150,051	50,608	32,181	20,844	17,630	2,035	1,013	263	97	55	26	
Total assets.....	153,085,046	—	4,962,225	8,152,042	11,445,814	14,687,347	35,218,693	14,009,211	15,136,885	8,791,158	6,771,555	8,690,515	25,219,602	
Notes and accounts receivable, net.....	39,276,354	—	911,633	1,979,279	2,923,948	3,797,490	10,020,782	4,008,534	4,063,988	2,243,732	1,630,873	1,992,830	5,703,263	
Inventories.....	22,865,508	—	513,811	1,077,442	1,738,069	2,670,357	6,036,308	2,376,513	2,520,734	1,519,479	1,049,848	1,579,290	1,783,657	
Cash, Government obligations and other current assets.....	32,400,685	—	1,126,047	1,727,339	2,448,346	3,141,149	8,032,713	3,313,123	4,138,766	1,905,203	1,511,989	1,558,989	3,497,022	
Other investments and loans.....	18,382,447	—	557,180	821,471	1,122,554	1,224,273	3,307,913	1,156,493	1,507,858	1,021,985	910,147	1,246,178	5,506,394	
Depreciable assets.....	56,456,041	—	3,971,927	4,556,774	5,479,671	6,652,987	13,500,771	5,232,976	4,435,792	2,887,164	1,582,445	2,534,826	5,620,707	
Less: Accumulated depreciation.....	30,214,182	—	2,409,599	2,647,051	3,074,383	3,727,551	7,760,871	2,962,925	2,998,856	1,477,701	750,607	1,052,671	1,951,968	
Other capital assets less reserves.....	6,051,515	—	185,929	420,611	537,392	567,264	1,263,521	474,193	504,810	353,592	240,857	289,354	1,213,993	
Accounts and notes payable.....	50,675,342	—	1,807,310	2,819,253	3,947,878	5,002,838	12,388,056	4,696,583	4,879,211	2,651,713	1,713,985	1,998,546	8,769,970	
Other current liabilities.....	23,547,157	—	574,480	738,641	1,078,092	1,851,700	5,546,040	2,589,897	2,444,778	1,726,717	1,430,236	1,554,382	3,012,193	
Mortgages, notes, and bonds payable in one year or more.....	23,362,735	—	1,036,629	1,240,279	1,742,999	2,056,685	4,944,994	1,970,051	1,851,469	1,482,415	1,274,683	1,640,789	4,121,744	
Net worth.....	38,934,497	—	260,854	2,187,733	3,651,823	4,490,243	9,332,189	3,351,344	3,401,900	1,858,899	1,379,974	1,760,014	7,259,528	
Cost of property used for investment credit.....	5,931,461	21,819	559,429	524,946	671,269	725,342	1,294,969	470,884	399,804	251,771	123,456	249,343	638,428	
Total receipts.....	281,747,868	2,033,897	24,408,888	22,807,163	28,464,767	32,979,964	68,247,662	23,996,857	22,726,675	13,029,667	7,211,063	10,270,724	25,570,541	
Business receipts.....	271,633,721	1,858,795	24,040,844	22,394,814	27,746,934	32,080,140	66,239,989	23,130,680	21,719,299	12,408,005	6,752,017	9,739,979	23,522,226	
Cost of sales and operations.....	212,698,363	1,304,038	15,571,474	15,241,937	20,392,303	24,391,202	53,660,530	19,597,565	18,699,015	10,795,507	5,795,507	8,451,879	18,797,407	
Taxes paid.....	5,627,719	35,112	674,085	644,903	748,067	774,729	1,362,449	406,154	353,500	175,127	81,346	107,001	265,246	
Interest paid.....	5,455,056	59,895	320,502	380,518	461,074	548,555	1,104,102	419,079	373,624	265,386	231,718	276,625	1,013,978	
Depreciation.....	6,033,363	34,892	628,851	625,534	665,932	765,084	1,398,064	476,171	412,666	220,409	116,655	219,313	469,792	
Pension, profit-sharing, stock bonus, and annuity plans.....	1,490,286	*1,171	60,399	62,069	154,694	217,699	439,252	115,253	109,532	52,066	26,368	43,358	208,424	
Employee benefit programs.....	1,404,675	6,069	114,583	133,732	169,087	213,160	353,642	93,682	80,816	54,028	22,234	39,908	123,733	
Net income (less deficit).....	2,323,952	27,667	-227,012	13,192	71,857	143,155	637,10							

## 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>Manufacturing</b>													
Number of returns.....	259,106	7,784	92,564	49,984	34,480	26,708	34,383	5,789	4,033	1,439	706	554	657
Total assets.....	2,060,710,663	—	3,316,579	8,259,645	12,459,031	18,816,249	74,381,134	40,482,451	62,614,208	52,371,209	50,021,162	100,322,151	1,637,666,865
Notes and accounts receivable, net.....	439,300,826	—	723,208	2,052,949	3,097,123	4,984,182	18,387,150	9,267,633	13,916,393	11,180,700	9,919,797	18,373,812	347,397,880
Inventories.....	274,567,278	—	540,870	1,508,485	2,489,273	4,113,088	18,083,357	10,271,876	15,351,807	11,929,598	11,080,269	19,490,786	179,707,868
Cash, Government obligations and other current assets.....	160,152,933	—	618,643	1,407,033	2,045,973	2,931,779	10,812,055	5,505,627	8,255,618	6,686,086	6,925,970	11,268,258	103,677,891
Other investments and loans.....	424,461,632	—	192,485	465,841	707,855	1,143,858	2,631,493	4,921,771	5,323,077	5,088,266	15,979,634	383,745,514	
Depreciable assets.....	1,013,344,737	—	2,712,941	5,451,794	8,111,092	11,088,766	40,874,965	21,035,372	31,016,033	25,029,532	24,145,513	46,913,199	796,965,530
Less: Accumulated depreciation.....	441,030,221	—	1,646,970	3,067,075	4,588,926	6,238,770	21,649,876	10,313,703	14,492,750	11,115,541	10,568,086	19,645,689	337,702,834
Other capital assets less reserves.....	97,210,150	—	88,350	193,687	289,816	421,385	2,127,785	1,118,649	1,921,859	1,695,484	1,644,487	3,631,428	84,077,216
Accounts and notes payable.....	412,720,543	—	1,086,408	2,587,537	3,575,621	5,484,624	20,847,186	10,544,544	14,559,273	10,583,323	8,678,009	17,151,020	317,622,997
Other current liabilities.....	172,970,669	—	403,582	821,856	1,113,193	1,801,734	7,163,830	3,787,611	5,987,637	4,963,276	4,856,220	10,485,048	131,586,681
Mortgages, notes, and bonds payable in one year or more.....	371,551,511	—	715,089	1,609,423	2,012,923	3,050,404	11,564,204	6,912,177	11,131,607	9,087,284	9,248,723	19,361,940	296,857,738
Net worth.....	896,871,145	—	49,266	2,167,458	4,441,178	7,060,865	31,336,643	17,941,844	27,944,560	24,926,846	24,446,451	45,812,147	711,193,885
Cost of property used for investment credit.....	111,395,875	609,220	287,528	658,587	899,302	1,132,210	3,971,697	1,987,076	2,914,007	2,571,535	2,306,777	5,006,987	89,036,943
Total receipts.....	2,488,331,915	28,018,402	11,462,175	22,456,614	29,563,903	42,706,346	158,890,032	75,929,614	108,804,805	81,071,457	76,016,826	128,748,622	1,723,643,573
Business receipts.....	2,357,973,059	27,082,055	11,271,954	22,137,691	29,102,963	42,017,566	156,073,661	74,184,359	105,981,319	78,525,841	73,517,876	123,608,929	1,613,516,185
Cost of sales and operations.....	1,660,537,002	22,196,984	6,169,491	13,820,511	19,145,272	28,433,238	111,148,220	54,081,287	76,637,993	56,322,704	52,700,662	84,694,235	1,134,669,107
Taxes paid.....	73,116,206	1,011,957	422,568	720,856	831,522	1,166,285	3,704,466	1,624,549	2,299,334	1,928,304	1,573,273	2,873,500	54,929,384
Interest paid.....	79,322,435	726,240	162,533	370,781	493,382	737,336	2,891,735	1,576,208	2,398,709	1,842,800	1,747,134	3,777,930	62,573,433
Depreciation.....	88,945,659	723,590	343,337	661,646	838,129	1,233,157	3,870,983	1,939,972	2,707,924	2,307,598	2,037,216	4,261,834	67,990,376
Pension, profit-sharing, stock bonus, and annuity plans.....	23,540,732	154,785	55,011	113,017	162,952	345,364	1,051,250	440,809	591,930	479,860	482,162	968,764	18,691,053
Employee benefit programs.....	28,657,767	133,024	84,729	141,040	216,603	315,220	1,213,275	657,675	1,026,812	826,276	951,592	1,537,035	21,540,576
Net income (less deficit).....	75,791,264	-919,250	-260,129	-252,915	71,873	420,342	2,700,604	1,838,187	3,157,290	2,534,682	2,550,701	3,915,161	59,985,196
Income subject to tax, total.....	102,157,505	299,684	174,874	445,847	694,509	1,124,644	4,833,138	2,833,960	4,434,679	3,649,724	3,769,872	5,933,116	73,907,258
Income tax, total.....	45,760,800	152,230	32,312	90,636	149,920	316,907	1,885,687	1,242,905	1,984,955	1,660,519	1,718,562	2,728,006	33,772,249
Additional tax for tax preferences.....	209,959	1,813	—	268	—	75	289	542	1,808	1,850	2,404	—	191,593
Foreign tax credit.....	14,791,200	*2,901	—	—	*19	*172	3,441	4,811	16,185	32,526	64,885	229,941	14,436,317
U.S. possessions tax credit.....	1,890,760	2,633	37	17	359	1,704	43,536	69,300	177,009	296,247	317,853	327,494	596,290
Investment credit.....	6,724,483	7,842	10,675	22,958	43,414	64,465	232,795	115,744	186,464	146,484	149,569	296,342	5,445,008
Work incentive (WIN) credit.....	9,705	50	—	*527	*381	*97	1,971	1,821	1,516	825	502	1,116	897
Jobs credit.....	90,387	2,418	*2,584	*1,049	4,029	6,975	21,646	5,820	8,100	4,449	4,250	6,757	22,302
Research activities credit.....	623,263	621	—	*174	1,989	4,333	23,490	12,359	27,372	24,593	20,828	35,173	472,331
Employee stock ownership credit.....	7,633	—	—	*55	—	—	—	*92	*126	—	965	—	6,396
Distributions to stockholders except in own stock.....	43,912,134	315,681	46,601	102,138	83,472	101,599	697,638	512,881	802,259	806,494	999,197	2,187,086	37,254,079
<b>Transportation and public utilities</b>													
Number of returns.....	115,470	***	58,752	***	12,835	8,187	7,600	943	637	244	123	109	284
Total assets.....	919,861,069	—	2,041,083	—	4,536,689	5,736,249	15,673,817	6,550,444	9,818,619	8,619,973	8,945,961	17,225,449	837,407,764
Notes and accounts receivable, net.....	82,641,077	—	275,577	—	891,859	1,010,831	2,731,581	1,079,027	1,545,387	1,358,516	1,138,654	2,012,485	70,000,159
Inventories.....	30,487,943	—	27,185	—	93,065	99,707	414,531	132,564	246,784	238,963	311,018	632,001	28,182,651
Cash, Government obligations and other current assets.....	54,660,997	—	417,529	—	740,786	900,295	2,382,439	991,426	1,256,082	1,010,783	946,238	1,498,803	43,954,903
Other investments and loans.....	88,687,353	—	153,441	—	322,579	419,384	1,140,111	534,843	803,556	728,170	916,388	1,870,373	81,564,035
Depreciable assets.....	839,757,341	—	2,316,636	—	4,347,627	5,798,222	14,213,968	5,556,563	8,801,634	7,198,249	7,405,066	13,351,038	767,620,210
Less: Accumulated depreciation.....	212,745,125	—	1,320,251	—	2,888,130	3,029,596	6,493,787	2,322,362	3,649,895	2,840,412	2,614,723	4,062,900	182,451,123
Other capital assets less reserves.....	14,338,501	—	40,610	—	219,118	249,741	781,062	248,053	396,768	416,940	365,309	524,658	10,964,240
Accounts and notes payable.....	98,101,573	—	585,775	—	1,115,803	1,448,741	3,883,566	1,386,623	1,843,638	1,601,830	1,405,498	2,603,868	81,286,837
Other current liabilities.....	81,005,176	—	216,355	—	349,910	371,774	1,266,533	568,548	837,267	761,950	641,914	1,490,602	74,264,508
Mortgages, notes, and bonds payable in one year or more.....	296,998,401	—	517,345	—	1,265,906	1,697,044	4,878,725	2,081,385	3,232,002	3,006,519	3,016,161	5,848,429	270,685,643
Net worth.....	352,880,625	—	-96,913	—	1,249,031	1,685,367	4,137,813	1,948,886	3,045,890	2,441,568	2,768,129	5,326,989	329,477,704
Cost of property used for investment credit.....	74,115,782	***	265,153	—	563,228	609,675	1,564,968	678,430	718,044	723,409	1,125,325	66,325,569	
Total receipts.....	632,294,442	***	7,846,020	—	10,736,726	11,186,191	25,854,020	8,260,371	12,610,719	10,416,783	9,291,412	15,351,185	507,809,391
Business receipts.....	606,038,657	***	7,693,257	—	10,393,537	10,804,782	25,040,588	7,991,663	12,082,594	9,910,946	8,917,641	14,348,411	486,547,131
Cost of sales and operations.....	338,796,961	***	4,230,196	—	5,444,980	5,641,579	13,489,268	4,080,422	6,659,709	5,242,308	5,439,787	7,853,407	273,140,804
Taxes paid.....	27,599,358	—	202,865	—	461,068	373,556	832,189	317,099	440,329	320,360	306,748	602,066	23,408,278
Interest paid.....	36,839,460	—	117,430	—	234,822	299,843	737,543	312,413	459,485	425,857	414,923	913,293	32,504,205
Depreciation.....	49,929,857	—	314,497	—	544,443	648,254	1,404,036	543,559	757,524	606,612	552,529	1,011,128	42,945,796
Pension, profit-sharing, stock bonus, and annuity plans.....	8,502,834	—	22,280	—	36,883	70,254	178,843	58,135					

## 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>Wholesale and Retail Trade</b>														
Number of returns.....	839,547	25,533	377,186	181,412	106,466	72,254	64,941	6,501	3,337	984	446	289	198	
Total assets.....	753,015,132	—	15,012,793	29,488,883	37,727,280	50,453,966	129,675,641	44,499,585	49,777,291	34,331,382	33,052,865	54,747,448	274,583,998	
Notes and accounts receivable, net.....	175,241,736	—	1,751,443	4,733,850	7,419,262	10,887,173	30,312,705	12,121,649	13,552,025	9,561,236	8,400,475	12,790,257	62,721,650	
Inventories.....	214,824,922	—	4,893,519	10,089,812	13,026,407	18,601,257	48,952,347	14,208,870	14,958,355	9,319,908	7,963,736	13,330,775	59,479,937	
Cash, Government obligations and other current assets.....	101,115,850	—	2,636,179	4,490,064	5,628,225	5,624,429	14,715,766	4,990,623	5,482,513	3,739,607	3,755,505	5,181,857	43,970,932	
Other investments and loans.....	84,208,632	—	947,035	1,945,460	2,505,667	3,090,459	8,024,772	3,358,706	4,141,628	3,155,617	3,440,407	8,921,207	44,676,775	
Depreciable assets.....	234,287,114	—	7,995,886	12,563,947	14,080,905	17,770,151	39,900,451	13,542,278	15,049,167	10,277,521	11,574,842	15,343,603	76,188,564	
Less: Accumulated depreciation.....	99,526,467	—	4,344,537	6,502,371	7,141,223	9,130,763	19,514,870	6,094,788	6,382,893	4,154,131	4,764,970	5,515,777	25,980,144	
Other capital assets less reserves.....	22,006,490	—	321,261	998,183	1,130,740	1,442,638	3,452,944	1,299,226	1,553,568	1,200,912	1,133,109	2,312,381	7,161,527	
Accounts and notes payable.....	247,343,998	—	4,790,866	8,519,550	11,608,519	17,830,179	53,509,914	17,569,540	18,382,348	11,779,282	10,539,704	15,728,454	77,085,643	
Other current liabilities.....	90,424,038	—	1,273,578	2,189,793	2,685,560	3,726,027	9,483,503	3,332,286	3,818,082	2,878,044	2,699,374	4,452,689	53,885,102	
Mortgages, notes, and bonds payable in one year or more.....	114,283,911	—	3,621,018	5,327,438	5,707,668	6,795,726	15,780,454	5,771,463	7,034,653	5,182,068	5,568,900	10,593,186	42,901,315	
Net worth.....	251,417,099	—	378,626	8,906,018	13,865,292	18,378,377	44,703,546	15,934,622	18,218,161	12,812,110	12,199,175	20,532,385	85,488,787	
Cost of property used for investment credit.....	26,206,566	184,450	1,010,730	1,403,446	1,575,012	1,905,776	4,484,638	1,487,055	1,737,194	1,105,343	1,238,937	1,764,312	8,309,673	
Total receipts.....	2,017,701,364	19,038,002	72,535,584	106,415,159	125,536,207	165,741,626	438,171,165	135,796,473	140,905,935	86,830,609	83,593,445	137,279,076	505,858,083	
Business receipts.....	1,972,305,356	18,436,703	71,551,163	105,006,532	123,472,713	162,946,591	430,731,905	133,005,091	137,663,720	84,578,761	81,055,820	133,743,268	490,113,091	
Cost of sales and operations.....	1,556,263,179	15,169,924	47,650,534	73,380,639	91,124,439	125,980,137	349,553,703	108,260,431	112,054,910	67,773,923	66,009,475	110,887,465	388,417,599	
Taxes paid.....	26,375,395	222,980	1,651,724	2,109,321	2,115,741	2,475,725	4,976,747	1,651,090	1,770,376	1,012,759	955,553	1,371,096	6,062,283	
Interest paid.....	30,429,310	264,912	634,369	1,099,780	1,403,430	1,913,062	5,302,389	1,792,641	2,003,892	1,431,290	1,324,521	2,261,035	10,977,990	
Depreciation.....	24,948,631	184,817	1,118,996	1,587,887	1,609,584	1,911,730	4,292,558	1,561,705	1,664,378	1,056,157	1,162,785	1,417,271	7,380,763	
Pension, profit-sharing, stock bonus, and annuity plans.....	5,874,751	38,281	158,284	299,232	387,622	554,604	1,362,733	358,127	325,668	187,476	197,599	382,095	1,623,030	
Employee benefit programs.....	7,001,152	66,968	168,800	259,721	340,774	549,567	1,286,119	375,057	396,699	288,384	299,093	489,025	2,480,945	
Net income (less deficit).....	28,442,678	-18,865	-731,496	550,921	1,145,997	1,478,553	4,979,952	2,191,356	2,711,816	1,797,252	1,739,012	2,813,569	9,784,611	
Income subject to tax, total.....	30,107,072	290,109	752,244	1,556,922	1,881,283	2,222,210	5,490,747	2,015,503	2,329,356	1,442,749	1,405,049	2,137,996	8,582,903	
Income tax, total.....	11,584,691	120,826	132,133	292,910	393,612	569,995	1,971,604	858,150	1,035,861	654,396	643,963	975,785	3,944,457	
Additional tax for tax preferences.....	39,389	21	—	*241	*186	406	2,078	822	1,126	1,520	2,766	30,222		
Foreign tax credit.....	393,077	1,197	1,379	—	*28	*5,047	2,244	1,320	4,208	4,866	3,833	17,351	351,604	
U.S. possessions tax credit.....	91,928	—	(1)	3	9	641	567	3,864	7,890	20,576	10,402	—	47,977	
Investment credit.....	1,574,988	8,679	29,383	52,978	71,924	101,565	229,667	81,101	101,506	70,745	76,752	121,287	629,402	
Work incentive (WIN) credit.....	8,016	1	*378	*626	538	701	2,626	573	807	310	621	496	337	
Jobs credit.....	107,419	*520	3,996	7,306	7,524	10,966	17,746	6,314	3,270	3,278	7,588	5,087	33,824	
Research activities credit.....	25,755	37	*345	*586	*99	*1,331	3,839	1,782	2,374	1,795	1,915	2,356	9,287	
Employee stock ownership credit.....	3,815	159	—	—	*56	*29	—	37	25	77	284	3,148		
Distributions to stockholders except in own stock.....	12,069,015	830,883	386,428	390,789	291,711	388,846	996,232	561,435	767,741	828,153	520,479	1,032,922	5,073,396	
<b>Finance, Insurance, and Real Estate</b>														
Number of returns.....	461,630	27,455	...	...	47,258	30,221	27,591	5,679	7,337	5,305	3,769	2,260	1,875	
Total assets.....	4,987,466,401	—	...	...	16,637,941	21,064,476	57,836,905	40,719,135	120,573,085	190,480,321	262,801,832	347,265,946	3,908,837,135	
Notes and accounts receivable, net.....	1,568,156,224	—	...	...	2,096,544	2,809,913	8,215,441	10,355,651	41,083,046	72,601,485	90,334,154	84,630,334	1,253,604,215	
Inventories.....	12,118,589	—	...	...	*12,566	61,604	436,778	553,320	765,874	1,667,833	1,167,232	2,163,985	5,277,140	
Cash, Government obligations and other current assets.....	1,171,922,115	—	...	...	3,067,413	3,795,350	10,588,332	9,772,206	34,920,910	55,363,379	68,814,590	78,564,500	902,222,775	
Other investments and loans.....	1,868,294,508	—	...	...	4,022,578	5,002,126	16,266,984	10,677,640	30,357,555	47,207,899	86,960,434	160,683,156	1,502,713,383	
Depreciable assets.....	180,555,387	—	...	...	7,616,711	9,064,787	20,550,289	8,069,291	10,576,699	10,088,257	11,632,029	13,018,247	78,768,264	
Less: Accumulated depreciation.....	53,228,889	—	...	...	3,482,130	3,917,445	7,477,257	2,568,458	2,847,089	2,523,705	2,920,457	3,036,120	18,789,565	
Other capital assets less reserves.....	44,357,447	—	...	...	2,688,368	3,390,197	7,149,370	2,643,684	3,205,993	2,458,945	2,435,607	3,426,003	13,701,582	
Accounts and notes payable.....	441,205,075	—	...	...	2,828,723	3,779,219	11,090,420	6,624,599	8,660,940	22,191,313	16,272,842	21,469,261	339,107,561	
Other current liabilities.....	2,812,233,442	—	...	...	971,482	1,143,599	5,015,413	11,784,057	64,704,262	119,779,337	183,293,838	232,527,937	2,191,655,057	
Mortgages, notes, and bonds payable in one year or more.....	286,709,958	—	...	...	4,212,610	5,944,148	18,178,125	8,827,054	11,215,126	11,601,963	13,239,585	16,548,100	192,277,481	
Net worth.....	766,939,210	—	...	...	6,232,915	7,048,116	16,386,457	9,209,426	22,977,065	26,926,419	37,172,855	52,285,204	581,398,666	
Cost of property used for investment credit.....	16,175,810	242,474	—	...	221,032	210,243	557,797	262,621	521,188	566,830	705,486	918,490	11,428,243	
Total receipts.....	949,867,877	35,573,370	—	...	8,174,321	8,266,048	20,355,411	12,353,396	23,725,344	32,158,244	40,952,158	60,656,781	684,038,952	
Business receipts.....	337,493,098	4,487,622	—	...	5,163,612	4,556,863	11,872,344	7,070,428	9,791,166	11,606,384	12,395,322	25,444,646	228,426,164	
Cost of sales and operations.....	169,435,694	1,824,333	—	...	1,539,435	1,048,160	4,419,832	3,831,987	5,025,804	6,461,523	6,936,179	16,277,239	118,679,638	
Taxes paid.....	15,220,581	432,593	—	...	477,058	503,036	997,099	627,514	610,148	711,175	921,434	8,528,129		
Interest paid.....	340,960,344	26,890,656	—	...	584,080	885,982	2,671,736	2,173,885	7,156,265	12,670,826	18,118,271	23,339,328	243,691,616	
Depreciation.....	15,887,956	483,521	—	...	430,148	481,548	1,019,396	430,830	650,060	638,607	808,478	922,578	9,191,847	
Pension, profit-sharing, stock bonus, and annuity plans.....	5,149,286	45,955	—	...	88,656	103,315	185,935	59,915	121,244	159,232	206,319	277,432	3,609,422	
Employee benefit programs.....														

## **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>Services</b>													6
Number of returns	819,706	***	121,359	46,491	21,725	16,653	1,703	1,061	367	186	109		
Total assets	237,876,895	-	18,958,659	16,132,937	15,131,499	32,643,302	12,006,872	15,909,446	13,029,939	13,472,355	17,802,731	64,750,22	
Notes and accounts receivable, net	35,628,825	-	2,697,252	2,538,153	2,443,695	5,703,131	2,415,124	3,118,216	2,440,134	2,164,625	3,161,700	7,322,72	
Inventories	12,179,103	-	853,218	879,356	811,926	1,834,909	637,238	715,108	621,798	569,376	772,806	3,682,61	
Cash, Government obligations and other current assets	42,599,359	-	4,943,957	3,462,801	2,751,070	5,001,501	2,071,355	2,298,940	1,985,411	2,096,685	2,219,172	10,477,22	
Other investments and loans	38,609,995	-	2,758,234	1,966,102	1,760,864	3,677,710	1,367,575	2,017,273	1,648,137	2,263,826	3,550,172	14,888,04	
Depreciable assets	141,106,305	-	12,819,282	10,861,215	10,991,337	22,382,900	7,031,714	9,246,319	7,361,534	6,537,308	8,217,738	30,605,65	
Less: Accumulated depreciation	58,050,041	-	6,738,569	5,266,115	5,148,890	9,602,956	2,825,735	3,572,794	2,672,689	1,994,511	2,575,483	9,017,58	
Other capital assets less reserves	12,569,891	-	801,929	1,050,026	991,015	2,030,735	693,391	1,058,781	736,951	953,258	1,415,784	2,346,84	
Accounts and notes payable	49,038,015	-	3,551,261	3,307,338	3,404,972	7,908,500	3,024,978	3,266,709	2,845,246	3,026,867	3,271,684	11,817,32	
Other current liabilities	28,297,049	-	2,415,170	1,773,339	1,676,269	3,325,606	1,243,864	1,625,835	1,471,267	1,298,604	1,742,777	8,708,48	
Mortgages, notes, and bonds payable in one year or more	66,153,599	-	3,565,863	3,962,290	4,210,344	10,016,036	3,476,698	4,803,160	4,047,750	3,663,166	6,118,776	19,106,84	
Net worth	67,785,388	-	6,699,726	5,191,807	4,062,896	7,910,684	3,096,483	4,722,105	3,449,414	4,384,813	5,379,958	18,607,68	
Cost of property used for investment credit	18,370,162	-	1,649,085	1,391,577	1,222,601	2,641,278	886,847	1,154,115	995,031	860,633	1,416,734	3,777,13	
Total receipts	380,767,394	-	51,655,439	34,690,169	27,276,006	49,192,620	15,507,086	19,080,918	15,034,452	14,573,865	15,530,556	43,894,91	
Business receipts	355,090,610	-	48,939,139	32,982,364	25,568,023	45,690,226	13,932,962	17,382,698	13,440,339	13,124,054	13,932,820	38,233,13	
Cost of sales and operations	135,273,962	-	15,529,328	11,963,196	10,795,519	20,448,469	7,008,812	8,654,796	6,269,074	7,036,756	6,187,065	16,080,37	
Taxes paid	12,283,144	-	1,637,531	1,221,118	971,303	1,608,156	505,080	611,552	467,755	411,842	479,960	1,253,45	
Interest paid	11,265,412	-	707,440	662,645	719,260	1,661,234	622,643	746,264	624,679	582,660	789,756	3,232,67	
Depreciation	17,117,669	-	1,603,803	1,244,703	1,277,221	2,500,579	795,415	1,058,459	840,462	695,014	950,042	3,755,26	
Pension, profit-sharing, stock bonus, and annuity plans	8,642,312	-	1,985,199	829,681	330,582	520,898	113,797	122,340	100,555	127,667	103,269	212,04	
Employee benefit programs	3,359,926	-	365,208	242,783	194,199	438,522	132,579	156,478	228,715	169,165	137,909	574,33	
Net income (less deficit)	7,199,258	-	1,005,366	685,940	508,427	545,501	342,772	313,954	358,015	704,974	545,408	1,699,80	
Income subject to tax, total	11,941,166	-	1,604,570	1,003,273	766,495	1,416,455	542,053	701,287	541,058	609,674	747,232	1,936,70	
Income tax, total	3,982,538	-	311,396	231,107	221,013	533,990	232,221	310,072	238,878	276,006	323,437	886,63	
Additional tax for tax preferences	12,924	-	-	-	*213	-	683	1,222	845	534	1,124	2,826	
Foreign tax credit	215,733	-	-	-	*2,897	4,193	6,030	15,568	10,638	8,948	19,124	144,72	
U.S. possessions tax credit	3,969	-	24	-	301	1,681	1,824	105	35				
Investment credit	1,041,329	-	76,131	62,205	*55,850	104,041	40,008	55,570	46,882	37,206	90,041	374,48	
Work incentive (WIN) credit	4,271	-	*189	*475	*170	1,009	*306	295	219	124		16	
Jobs credit	65,087	-	7,770	6,839	9,516	10,756	2,630	4,078	1,165	3,958	5,160	5,35	
Research activities credit	33,313	-	*1,524	*3,262	*449	2,822	3,355	3,240	5,922	1,836	1,692	8,62	
Employee stock ownership credit	1,446	-	-	-	-	-	-	*34	-	49	223	1,14	
Distributions to stockholders except in own stock	3,269,285	-	148,227	155,005	150,004	242,730	83,554	209,216	78,130	211,436	230,427	823,53	
<b>Nature of Business not Allocable</b>													
Number of returns	20,134	2,128	14,734	1,767	770	383	285	*28	30	*8			
Total assets	643,568	-	335,716	249,674	297,720	269,846	566,999	*19,1871	440,959	*290,783			
Notes and accounts receivable, net	523,016	-	32,737	50,052	44,251	76,448	88,102	*24,286	118,183	88,956			
Inventories	373,676	-	38,863	32,522	70,161	*19,304	67,002	*25,117	74,946	45,760			
Cash, Government obligations and other current assets	447,289	-	75,020	31,365	69,851	66,791	101,197	*25,534	39,765	37,766			
Other investments and loans	451,947	-	67,524	27,695	*15,901	*31,986	118,289	*63,624	56,866	70,061			
Depreciable assets	943,816	-	176,611	161,500	156,000	74,111	151,234	*56,058	113,507	54,795			
Less: Accumulated depreciation	431,670	-	105,240	93,368	78,242	*28,077	51,551	*12,211	39,457	23,525			
Other capital assets less reserves	160,193	-	6,392	*11,044	*8,977	*18,344	53,673	*7,065	48,837	5,862			
Accounts and notes payable	774,586	-	75,810	54,711	103,262	78,229	156,931	*69,366	141,469	94,808			
Other current liabilities	213,328	-	19,479	21,161	24,923	*39,678	48,796	*7,846	23,730	*27,713			
Mortgages, notes, and bonds payable in one year or more	555,909	-	83,993	98,867	55,327	*37,776	96,445	*8,262	137,033	38,205			
Net worth	748,622	-	47,605	6,612	68,521	86,348	199,658	*96,458	126,207	117,212			
Cost of property used for investment credit	146,876	*943	28,659	*16,216	21,507	*9,705	37,107	*3,276	21,802	7,662			
Total receipts	4,931,438	102,710	1,418,496	525,716	599,555	307,983	812,920	*277,709	475,730	*410,619			
Business receipts	4,662,210	51,376	1,372,853	505,454	579,116	255,358	772,744	*271,298	459,320	*394,691			
Cost of sales and operations	3,101,703	*22,831	842,966	266,437	347,443	*161,428	582,260	*208,466	368,013	*301,860			
Taxes paid	99,289	3,308	*21,628	21,309	18,425	7,417	14,495	*5,077	5,343	2,286			
Interest paid	88,029	8,021	8,109	11,411	6,891	9,320	14,708	*5,549	13,526	*10,493			
Depreciation	116,825	5,030	21,704	13,546	17,521	7,754	29,562	*5,176	12,052	4,479			
Pension, profit-sharing, stock bonus, and annuity plans	19,389	*219	*2,006	*4,738	*2,105	*1,268	4,672	*1,881	2,295	205			
Employee benefit programs	18,245	*2,225	3,132	*4,341	*2,620	-	1,348	*2,791	*1,491	297			
Net income (less deficit)	-20,216	18,229	-18,558	-16,277	14,354	6,226	-3,042	-10,600	-3,666	*6,881			
Income subject to tax, total	143,002	40,075	17,343	*14,117	*15,356	*7,244	37,041	*2,373	*7,108	2,345			
Income tax, total	42,062	11,895	2,804	*2,738	*3,514	*2,008	13,945	*940	*3,138	1,078			
Additional tax for tax preferences	-	*49	-	-	-	-	-	*43	-	6			
Foreign tax credit	-	-	-	-	-	-	-	-	-	-			
U.S. possessions tax credit	-	-	-	-	-	-	-	-	-	-			
Investment credit	5,695	*5	*524	*596	*403	*910	2,713	*39	*250	256			
Work incentive (WIN) credit	-	-	-	-	-	-	-	-	-	-			
Jobs credit	*492	*46	*237	*183	-	-	-	-	-	26			
Research activities credit	115	-	-	-	-	-	-	-	-	114	1		
Employee stock ownership credit	-	-	-	-	-	-	-	-	-	-			
Distributions to stockholders except in own stock	32,525	*2,445	*26,664	*1,198	*297	*1,639	*42	-	213	26			

\*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.**

**Data were deleted to avoid disclosure of information for specific corporations and companies with state by state appropriate totals.**

<sup>1</sup>Less than \$500 per return.  
NOTE: Retail may not add 10%

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 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 \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 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.....	2,925,933	1,162,231	620,005	217,511	324,715	593,412	427,888	295,955	243,423	98,630	53,996	41,578	8,820
Total assets.....	9,357,784,804	125,841,676	71,864,369	20,312,795	33,664,512	78,923,680	96,113,836	128,276,092	266,588,411	305,830,377	395,460,043	941,425,664	7,019,325,024
Notes and accounts receivable, net.....	2,373,829,410	13,865,871	8,416,520	1,965,652	3,483,699	10,081,451	13,565,922	24,336,977	69,361,681	97,274,026	122,829,921	217,299,947	1,805,213,614
Inventories.....	581,241,455	6,424,671	3,906,385	704,694	1,813,592	6,517,020	11,302,914	18,625,837	35,387,683	31,817,585	35,509,481	75,260,409	360,497,836
Cash, Government obligations, and other current assets.....	1,582,925,121	21,995,616	12,964,607	3,328,469	5,702,540	14,054,511	18,350,172	23,271,147	55,077,677	70,755,121	88,321,219	175,046,329	1,116,053,329
Other investments and loans.....	2,585,463,211	31,063,690	18,856,051	5,283,386	6,924,254	13,848,700	14,778,000	18,974,866	42,396,634	54,213,964	91,338,011	325,366,778	1,993,482,791
Depreciable assets.....	2,583,060,326	50,934,038	24,395,710	8,854,888	17,683,440	42,560,191	50,609,246	59,655,227	91,658,672	72,653,397	75,103,660	176,429,561	1,963,452,333
Less: Accumulated depreciation.....	942,704,683	22,326,352	10,847,754	3,689,954	7,788,643	20,122,147	24,601,352	28,997,688	44,529,251	34,429,146	73,343,823	660,167,631	
Other capital assets less reserves.....	231,823,855	17,741,852	10,280,507	3,093,245	4,368,100	8,603,953	8,293,247	7,852,905	10,208,019	7,552,726	7,928,296	19,966,132	143,676,725
Accounts and notes payable.....	1,345,691,238	23,721,757	14,054,155	3,350,104	6,317,497	15,494,412	21,334,556	30,949,867	61,663,388	61,512,285	62,877,306	134,331,921	933,805,947
Other current liabilities.....	3,220,923,530	10,197,951	6,699,684	1,081,301	2,206,967	6,272,093	8,471,572	16,484,386	70,799,795	126,276,611	193,537,155	435,054,316	2,353,828,745
Mortgages, notes, and bonds payable in one year or more.....	1,224,277,725	33,944,552	19,155,407	5,767,907	9,021,238	20,468,006	23,949,925	27,627,438	41,277,469	32,223,575	38,581,016	92,341,752	913,863,990
Net worth.....	2,469,572,984	31,431,151	16,302,267	5,244,075	9,884,808	23,106,572	29,614,674	40,483,965	74,737,425	71,458,184	82,690,850	221,751,986	1,894,298,177
Cost of property used for investment credit.....	264,500,876	5,123,118	2,630,093	768,866	1,724,159	3,938,739	5,005,413	5,976,214	9,314,549	7,674,662	7,715,958	17,821,947	201,930,277
Total receipts.....	7,024,097,766	51,528,403	16,532,730	9,172,563	25,823,110	103,005,654	156,245,335	214,100,939	387,529,999	351,052,302	383,973,100	829,147,963	4,547,514,071
Business receipts.....	6,156,994,009	31,019,672	2,911,668	6,559,701	21,508,302	94,319,381	147,735,767	203,301,341	364,918,102	323,973,156	346,279,091	745,119,693	3,800,327,807
Cost of sales and operations.....	4,270,850,310	11,607,375	1,328,081	2,425,727	7,853,567	37,629,195	69,287,243	114,012,331	234,259,389	229,951,323	257,203,489	560,684,559	2,756,215,406
Taxes paid.....	165,888,353	2,493,616	874,043	474,915	1,144,659	3,810,055	5,070,999	6,103,265	9,286,859	6,956,848	6,891,954	13,788,926	111,503,832
Interest paid.....	515,032,667	4,440,297	2,328,880	695,491	1,415,926	3,440,277	4,318,818	5,901,238	13,677,485	17,876,617	25,935,456	57,927,406	361,515,072
Depreciation.....	213,179,160	4,508,626	2,010,576	768,205	1,729,843	4,389,338	5,364,269	6,382,589	9,683,916	7,531,418	7,322,518	16,562,016	151,434,470
Pension, profit-sharing, stock bonus, and annuity plans.....	54,232,011	706,288	407,964	74,473	223,851	2,004,919	2,827,690	2,261,621	2,809,442	2,081,202	1,765,931	3,413,576	36,361,342
Employee benefit programs.....	51,838,884	390,705	175,533	52,109	163,062	577,346	757,754	1,094,937	1,982,036	1,889,410	1,895,509	3,495,264	38,855,923
Net income (less deficit).....	154,334,143	- 4,541,710	- 4,179,933	- 760,929	- 510,848	- 351,698	743,103	1,886,808	4,430,621	5,457,037	5,677,569	14,608,718	128,243,695
Income subject to tax, total.....	205,175,407	3,452,668	1,512,841	607,364	1,332,463	3,479,455	4,176,724	5,260,693	8,533,530	7,751,642	8,454,105	20,353,047	143,713,543
Income tax, total.....	86,766,154	852,930	453,805	121,957	277,168	720,261	890,645	1,274,459	2,445,376	2,742,694	3,320,058	8,892,649	65,615,085
Additional tax for tax preferences.....	478,457	3,147	1,861	*660	*626	2,859	2,469	3,758	9,361	9,018	14,303	36,006	39,536
Foreign tax credit.....	19,137,201	10,491	8,829	*1,287	*375	489	379	3,536	12,508	80,265	21,295	108,283	18,899,955
U.S. possessions tax credit.....	2,026,980	9,728	9,725	—	—	52	664	1,948	12,830	34,723	103,217	698,881	1,164,938
Investment credit.....	17,312,702	105,364	45,085	14,647	45,633	124,225	188,656	247,065	447,653	395,977	415,125	943,395	14,445,241
Work incentive (WIN) credit.....	29,020	952	*371	*302	*279	*478	1,351	1,510	2,314	4,959	3,812	6,700	6,944
Jobs credit.....	327,265	8,087	5,700	868	1,519	6,785	12,931	21,505	38,632	31,205	32,806	49,959	125,373
Research activities credit.....	839,220	875	*553	*208	*114	*101	1,294	2,138	12,127	14,893	18,117	69,380	720,294
Employee stock ownership credit.....	14,450	—	—	—	—	—	*55	—	*56	*29	—	239	14,065
Distributions to stockholders except in own stock.....	132,478,411	2,911,943	1,704,831	550,643	656,469	1,388,603	1,096,162	1,473,046	2,609,735	2,618,164	3,278,898	10,773,567	106,328,293
<b>Agriculture, Forestry, and Fishing</b>													
Number of returns.....	91,320	40,643	21,643	7,844	11,156	19,395	15,168	8,076	4,607	1,871	759	705	96
Total assets.....	50,409,537	9,213,350	4,865,713	1,682,520	2,645,119	6,494,484	7,047,920	5,614,158	5,758,439	3,556,124	2,719,252	4,578,453	5,427,355
Notes and accounts receivable, net.....	4,247,152	439,010	263,470	64,485	111,055	308,491	348,172	347,915	405,195	460,159	415,275	625,596	897,339
Inventories.....	4,971,985	289,186	134,289	33,451	121,446	309,573	403,086	513,579	744,617	442,984	397,441	799,209	1,072,310
Cash, Government obligations, and other current assets.....	4,746,518	811,708	457,298	134,125	220,275	552,449	631,186	552,563	511,346	492,686	283,718	555,835	355,028
Other investments and loans.....	6,284,227	1,003,951	616,713	138,037	249,201	725,420	726,681	486,500	756,895	325,752	344,921	610,988	1,303,119
Depreciable assets.....	30,289,176	4,349,196	2,106,645	776,372	1,466,178	3,863,116	4,997,188	4,070,117	3,851,754	2,490,674	1,498,970	2,644,946	2,523,215
Less: Accumulated depreciation.....	15,153,014	2,111,240	1,019,774	367,236	724,230	1,940,437	2,490,236	2,137,097	1,969,733	1,272,750	725,623	1,293,757	1,212,141
Other capital assets less reserves.....	12,702,743	3,826,588	2,012,304	808,908	1,005,376	2,204,079	2,135,980	1,493,365	1,302,802	504,381	440,119	482,938	312,489
Accounts and notes payable.....	11,848,982	1,185,296	608,795	188,726	387,775	999,393	1,293,855	1,556,050	1,537,833	1,238,217	875,451	1,772,890	1,389,998
Other current liabilities.....	2,125,858	202,768	102,614	22,215	77,940	176,505	197,479	174,951	200,771	196,773	189,311	308,495	478,805
Mortgages, notes, and bonds payable in one year or more.....	16,640,904	2,687,456	1,390,534	441,568	855,353	2,311,738	2,613,900	2,268,196	2,233,915	1,127,570	733,115	1,256,220	1,418,793
Net worth.....	14,119,923	3,409,500	1,837,312	655,308	916,879	2,337,383	1,946,263	1,124,508	1,206,625	656,480	653,040	950,843	1,835,281
Cost of property used for investment credit.....	2,735,685	383,407	178,095	83,301	122,011	384,103	460,352	384,705	298,134	140,053	219,756	225,996	
Total receipts.....	65,356,911	2,688,074	1,194,775	458,826	1,034,473	3,662,744	5,819,716	6,064,985	7,234,067	6,642,465	5,461,767	14,218,194	13,564,900
Business receipts.....	60,643,550	1,200,233	106,328	284,615	380,289	3,182,708	5,286,535	5,633,060	6,791,501	6,409,774	5,205,130	13,799,157	13,135,451
Cost of sales and operations.....	43,222,379	700,914	163,515	144,629	392,770	1,407,003	2,571,730	3,027,363	4,408,890	4,731,525	4,315,197	11,938,444	10,121,313
Taxes paid.....	1,299,220	123,235	51,982	25,893	45,359	149,915	192,960	151,757	160,291	118,838	77,815</		

## 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 \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 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>Mining</b>														
Number of returns.....	36,676	17,192	11,832	1,433	3,927	5,291	3,955	3,357	3,756	1,522	805	610	189	
Total assets.....	192,380,473	5,470,666	4,003,786	371,015	1,095,863	1,837,373	3,162,716	3,023,588	6,742,383	6,399,839	6,770,451	19,793,210	139,180,248	
Notes and accounts receivable, net.....	28,814,200	702,085	462,840	65,482	173,763	236,556	432,705	501,156	1,005,988	993,866	1,002,183	2,637,957	21,301,704	
Inventories.....	8,852,449	95,678	86,182	*3,369	6,127	73,774	46,625	143,376	207,740	153,326	223,118	790,304	7,118,508	
Cash, Government obligations, and other current assets.....	14,879,375	883,970	670,917	63,895	149,158	304,120	409,055	332,962	1,131,640	1,037,715	1,048,574	2,157,844	7,573,495	
Other investments and loans.....	56,082,471	1,519,074	1,263,936	60,181	194,958	305,871	1,035,336	290,233	724,224	796,383	661,265	2,822,365	47,927,719	
Depreciable assets.....	86,320,409	3,071,302	2,510,772	88,016	472,514	704,729	970,256	1,728,771	3,838,574	3,534,369	3,947,208	11,563,859	56,961,342	
Less: Accumulated depreciation.....	32,325,073	2,138,950	1,996,774	15,227	126,949	290,628	496,013	798,974	1,778,740	1,514,690	1,663,614	4,567,844	19,084,618	
Other capital assets less reserves.....	22,426,925	1,008,364	746,241	87,587	174,536	407,090	637,441	640,129	1,203,343	1,170,277	1,126,322	3,560,605	12,673,354	
Accounts and notes payable.....	33,983,124	1,090,344	794,362	90,989	204,994	534,168	768,548	1,035,437	1,941,620	1,714,754	1,605,166	4,032,491	21,260,575	
Other current liabilities.....	10,106,813	446,842	309,003	28,479	109,359	178,934	217,475	165,636	457,274	522,663	456,145	1,198,878	6,532,306	
Mortgages, notes, and bonds payable in one year or more.....	48,020,816	1,445,047	1,035,245	130,155	279,647	389,418	617,258	773,312	1,769,841	1,688,199	1,871,509	5,698,750	33,767,482	
Net worth.....	79,876,475	764,027	610,186	-92,710	246,551	310,835	1,057,293	625,629	1,847,319	2,014,819	2,093,983	6,658,062	64,304,507	
Cost of property used for investment credit.....	9,422,660	269,867	149,378	26,527	93,962	119,751	211,814	246,721	582,208	691,099	543,277	1,508,227	5,249,695	
Total receipts.....	203,098,557	1,208,192	609,407	93,742	505,043	1,068,869	1,827,587	2,637,602	6,522,645	5,961,243	5,918,770	13,462,184	164,941,467	
Business receipts.....	191,152,749	385,160	46,380	48,545	290,236	854,617	1,442,458	2,389,961	5,878,185	5,333,835	5,484,192	12,357,779	157,025,563	
Cost of sales and operations.....	151,521,066	166,543	26,118	43,887	96,538	369,937	730,813	960,885	2,812,093	3,007,121	2,928,471	7,270,915	133,274,289	
Taxes paid.....	4,267,442	73,753	45,250	3,811	24,692	52,550	66,712	100,147	263,179	192,776	209,449	504,140	2,804,736	
Interest paid.....	7,623,777	210,539	171,127	9,683	29,729	74,820	178,930	160,774	367,497	349,649	406,397	1,122,047	4,753,124	
Depreciation.....	7,306,899	127,358	62,605	8,144	56,609	75,626	118,666	231,071	491,005	474,643	458,680	1,175,187	4,154,665	
Pension, profit-sharing, stock bonus, and annuity plans.....	863,489	8,535	*4,360	*1,744	*2,431	*7,084	17,743	13,737	26,276	25,176	18,486	44,745	701,706	
Employee benefit programs.....	786,541	4,172	—	*179	2,833	2,329	7,525	18,576	30,489	24,732	33,517	76,585	588,616	
Net income (less deficit).....	543,578	-783,401	-654,734	-93,616	-35,052	-268,244	-317,696	-239,105	-323,267	-144,232	-256,840	-781,291	3,657,655	
Income subject to tax, total.....	7,319,683	183,428	87,282	*9,037	87,109	70,735	55,147	82,238	244,207	381,551	159,000	552,688	5,590,690	
Income tax, total.....	3,330,610	67,525	30,217	*2,585	34,724	19,087	16,599	24,153	93,415	164,523	72,330	259,445	2,613,534	
Additional tax for tax preferences.....	81,151	2,298	1,384	*492	*422	1,237	*1,068	1,966	6,102	4,318	6,001	14,230	43,930	
Foreign tax credit.....	1,848,192	2,942	*2,942	—	—	*3	—	*10	*180	69,539	*323	20,771	1,754,424	
U.S. possessions tax credit.....	1,079	—	—	—	—	—	—	—	—	—	—	1,079	—	
Investment credit.....	425,824	5,934	2,292	*432	3,210	3,138	3,156	7,467	18,512	25,101	18,980	50,407	293,128	
Work incentive (WIN) credit.....	*99	45	*45	—	—	*541	—	—	*622	*391	*510	*222	121	
Jobs credit.....	2,406	—	—	—	—	*541	—	—	*250	—	*37	238	7,912	
Research activities credit.....	8,437	—	—	—	—	—	—	—	—	—	—	—	14	
Employee stock ownership credit.....	14	—	—	—	—	—	—	—	—	—	—	—	—	
Distributions to stockholders except in own stock.....	3,926,230	228,602	219,643	—	*8,959	106,089	*11,211	98,168	39,100	44,197	141,917	209,364	3,047,582	
<b>Construction</b>														
Number of returns.....	282,345	97,307	48,258	20,355	28,694	56,852	47,396	34,587	27,444	10,986	4,664	2,812	296	
Total assets.....	153,085,046	10,159,077	7,364,329	944,487	1,850,261	5,379,891	7,861,395	11,781,083	20,124,388	15,864,225	15,044,245	27,935,471	38,935,270	
Notes and accounts receivable, net.....	39,276,354	1,499,738	1,119,744	117,738	262,257	809,123	1,496,407	2,715,433	5,058,092	4,530,514	4,632,983	8,361,950	10,182,106	
Inventories.....	22,865,508	2,196,483	1,810,273	119,513	266,697	863,975	1,426,802	2,293,666	3,812,068	2,685,417	2,457,531	3,922,329	3,207,237	
Cash, Government obligations, and other current assets.....	32,400,685	2,209,359	1,617,693	222,350	369,316	940,846	1,757,976	2,442,030	4,720,288	3,795,630	3,768,668	6,631,078	6,134,610	
Other investments and loans.....	18,382,447	1,579,655	1,073,699	177,452	328,503	708,919	899,494	1,049,501	1,759,852	1,467,000	1,038,456	2,734,606	7,144,963	
Depreciable assets.....	56,456,041	2,992,200	1,526,153	459,754	1,006,293	3,285,804	3,948,465	5,670,467	8,406,116	5,955,711	5,459,820	10,238,460	10,498,998	
Less: Accumulated depreciation.....	30,214,182	1,515,213	694,729	241,520	578,963	1,797,775	2,264,396	3,132,229	4,785,356	3,394,944	3,189,549	5,726,915	4,407,805	
Other capital assets less reserves.....	6,051,515	843,800	634,291	60,252	149,256	426,416	368,079	429,892	730,213	428,068	449,447	799,194	1,575,406	
Accounts and notes payable.....	50,675,342	3,149,918	2,290,030	291,229	568,659	1,764,535	2,687,799	3,924,475	7,002,247	5,445,203	5,119,410	8,557,483	13,024,272	
Other current liabilities.....	23,547,157	1,153,285	902,616	130,201	120,467	486,005	819,507	1,532,564	2,981,538	2,556,108	2,921,691	5,568,925	5,527,534	
Mortgages, notes, and bonds payable in one year or more.....	23,362,735	2,680,060	2,041,886	216,944	421,230	1,112,115	1,469,519	1,853,396	2,756,178	1,971,526	1,784,399	4,131,600	5,603,944	
Net worth.....	38,934,497	1,197,429	713,363	80,996	403,071	1,050,948	1,842,100	3,284,971	5,888,276	4,380,040	3,859,496	6,841,014	10,790,222	
Cost of property used for investment credit.....	5,931,461	270,790	116,398	46,520	107,872	315,022	467,251	647,887	941,189	689,930	531,306	944,160	1,125,927	
Total receipts.....	281,747,868	4,963,188	1,890,045	852,219	2,220,924	9,867,724	12,133,384	24,654,462	42,654,413	39,029,664	33,329,542	53,689,171	56,436,319	
Business receipts.....	271,633,721	3,069,186	216,712	751,612	2,100,861	9,509,945	16,642,446	24,109,460	41,663,875	38,229,349	32,607,083	51,914,441	53,887,936	
Cost of sales and operations.....	212,698,363	1,691,419	141,252	442,182	1,107,985	5,483,111	10,810,719	16,389,484	30,827,004	30,512,834	26,954,672	44,222,225	45,806,896	
Taxes paid.....	5,627,719	225,789	115,115	34,170	76,503	320,604	517,248	717,937	1,037,877	813,996	606,558	811,064	576,645	
Interest paid.....	5,455,056	428,995	303,064	52,655	73,276	284,211	372,330	504,666	744,867	548,219	416,134	825,559	1,330,074	
Depreciation.....	6,033,363	321,541	137,918	53,479	130,144	408,786	502,226	694,118	987,962	697,210	591,743	949,155	880,622	
Pension, profit-sharing, stock bonus, and annuity plans.....	1,490,286	28,989	26,024	*1,567	*1,398	20,816	51,748	122,726	285,319	220,072	188,712	254,958	316,946	
Employee benefit programs.....	1,404,675	48,161	29,810	3,062	15,289	54,270	81,726	157,146	268,075	209,296	149,091	222,679	214,232	
Net income (less deficit).....	2,323,952	-513,320	-34,073	-85,83										

## 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 \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 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>Manufacturing</b>														
Number of returns.....	259,106	62,924	34,370	11,577	16,977	43,694	38,006	35,611	37,530	17,745	11,085	9,743	2,767	
Total assets.....	2,060,710,683	6,204,860	4,447,908	621,501	1,135,451	4,413,909	7,146,596	12,942,273	30,115,266	32,952,511	42,113,536	121,279,784	1,803,541,950	
Notes and accounts receivable, net.....	439,300,826	876,615	684,024	65,433	127,157	766,340	1,711,119	3,005,852	7,251,557	7,796,425	9,862,137	27,038,383	381,232,397	
Inventories.....	274,567,278	626,024	302,574	68,815	254,636	705,132	1,261,429	2,498,924	6,458,320	7,593,473	10,499,853	28,602,618	216,321,496	
Cash, Government obligations, and other current assets.....	160,152,933	1,367,737	1,052,980	92,550	222,207	757,040	1,263,397	2,154,345	4,745,497	4,883,902	6,101,014	16,757,774	122,122,229	
Other investments and loans.....	424,461,632	1,041,253	864,556	71,480	105,217	379,084	454,370	879,719	2,010,804	2,320,353	3,006,174	11,179,659	403,190,218	
Depreciable assets.....	1,013,344,737	2,572,934	1,571,663	408,049	593,223	2,957,671	4,977,704	8,292,686	17,779,512	18,307,631	21,197,753	58,217,981	879,040,865	
Less: Accumulated depreciation.....	441,030,221	914,057	521,263	140,853	251,941	1,573,214	2,742,337	4,514,348	9,708,610	9,635,036	10,706,197	27,357,419	373,879,002	
Other capital assets less reserves.....	97,210,150	319,147	222,695	40,481	55,970	233,099	309,890	871,910	980,382	1,204,524	3,566,026	89,457,181		
Accounts and notes payable.....	412,720,543	1,553,163	1,001,481	217,032	334,650	1,169,543	1,936,794	3,429,819	8,196,108	8,757,405	11,552,989	27,432,813	348,691,910	
Other current liabilities.....	172,970,669	907,869	747,875	48,343	111,652	375,547	704,624	1,170,427	2,776,761	3,051,944	3,953,353	11,400,133	149,630,010	
Mortgages, notes, and bonds payable in one year or more.....	371,551,511	1,338,562	907,832	162,181	268,548	1,057,138	1,575,761	2,469,045	4,921,773	5,417,129	6,825,837	20,438,166	327,508,101	
Net worth.....	896,871,145	1,208,781	1,101,680	- 21,675	128,777	870,186	1,919,771	4,652,153	12,246,410	13,956,492	18,064,738	56,528,192	787,422,421	
Cost of property used for investment credit.....	111,395,875	372,115	212,418	78,476	81,221	325,633	600,626	874,070	1,691,325	1,725,220	2,080,856	5,724,643	98,001,386	
Total receipts.....	2,488,331,915	2,706,731	874,869	446,559	1,385,304	5,759,237	13,953,076	26,237,210	60,845,855	64,045,795	79,366,326	204,617,758	2,028,979,926	
Business receipts.....	2,357,973,059	1,904,642	208,417	409,826	1,286,399	7,353,310	13,680,284	25,697,926	59,639,457	62,646,827	77,679,682	199,313,488	1,910,055,643	
Cost of sales and operations.....	1,660,537,002	1,042,672	167,321	214,288	661,064	3,843,352	7,640,701	16,189,144	39,802,128	42,873,945	55,142,044	142,433,252	1,351,569,764	
Taxes paid.....	73,116,206	120,272	46,844	19,338	54,090	282,922	508,086	857,521	1,731,108	1,623,095	1,859,566	4,324,842	61,808,792	
Interest paid.....	79,322,435	199,951	120,502	28,821	50,628	191,242	332,998	533,853	1,150,417	1,264,679	1,628,060	4,606,545	69,404,891	
Depreciation.....	88,945,659	221,700	98,036	49,134	74,531	330,544	554,196	870,325	1,799,977	1,823,381	1,899,596	5,300,833	76,145,106	
Pension, profit-sharing, stock bonus, and annuity plans.....	23,540,732	37,998	30,948	*315	6,736	40,972	81,162	166,004	440,349	473,286	505,204	1,183,104	20,612,654	
Employee benefit programs.....	28,657,767	40,124	24,854	5,407	9,863	66,366	90,643	193,931	496,082	526,570	647,349	1,904,983	24,691,718	
Net income (less deficit).....	75,791,264	- 777,342	- 498,576	- 146,539	- 132,227	- 427,391	- 314,119	- 89,563	652,566	1,063,320	1,883,854	6,709,888	67,099,031	
Income subject to tax, total.....	102,157,505	176,917	135,115	13,184	26,618	152,592	333,566	711,732	1,655,475	2,040,813	2,833,070	9,095,155	85,158,186	
Income tax, total.....	45,760,800	73,779	64,224	2,347	7,207	30,606	69,117	163,167	492,188	764,537	1,175,959	4,062,436	38,929,012	
Additional tax for tax preferences.....	209,959	27	*27	—	—	*268	*31	*137	278	529	4,222	204,466		
Foreign tax credit.....	14,791,200	109	*109	—	—	229	*12	*119	*142	2,696	4,048	39,641	14,744,204	
U.S. possessions tax credit.....	1,890,760	9,720	9,720	—	—	4	464	1,329	11,548	30,437	97,890	677,626	1,061,742	
Investment credit.....	6,724,483	2,328	1,155	*272	901	7,044	20,472	40,336	94,557	98,516	122,256	354,125	5,984,850	
Work incentive (WIN) credit.....	9,705	( <sup>1</sup> )	( <sup>1</sup> )	—	—	*47	—	*729	*74	881	1,468	3,006	3,200	
Jobs credit.....	90,387	2,062	2,025	—	—	*452	*680	1,836	9,829	9,429	10,280	17,176	38,643	
Research activities credit.....	623,263	—	—	—	—	—	*234	1,369	8,283	9,702	11,854	53,026	538,794	
Employee stock ownership credit.....	7,633	—	—	—	—	*55	—	—	—	—	128	7,450		
Distributions to stockholders except in own stock.....	43,912,134	138,298	106,957	*3,875	*27,465	45,058	29,459	127,497	168,602	294,481	573,894	1,809,857	40,724,988	
<b>Transportation and Public Utilities</b>														
Number of returns.....	115,470	50,084	28,154	8,374	13,556	20,057	15,377	12,696	10,169	3,226	2,001	1,308	553	
Total assets.....	919,861,069	5,735,911	4,019,719	736,017	980,175	2,875,225	3,758,785	5,675,281	9,033,049	6,914,065	8,367,346	22,843,059	854,658,348	
Notes and accounts receivable, net.....	82,641,077	464,642	320,285	81,556	62,470	336,651	462,685	892,262	1,469,925	1,277,142	1,303,139	2,921,442	73,513,520	
Inventories.....	30,487,943	32,878	10,601	*797	*21,480	23,843	70,040	131,034	189,779	185,904	221,418	510,157	29,122,891	
Cash, Government obligations, and other current assets.....	54,660,997	768,536	525,003	99,388	144,145	439,217	556,663	792,852	1,222,832	988,721	1,474,008	2,428,542	45,979,625	
Other investments and loans.....	88,667,353	1,081,275	977,392	56,283	47,599	253,650	317,382	574,564	611,397	450,587	944,551	2,683,129	81,770,819	
Depreciable assets.....	839,757,341	3,841,425	2,257,546	598,636	985,242	2,803,151	3,688,207	5,461,312	8,782,124	6,610,871	6,819,175	18,550,078	783,200,999	
Less: Accumulated depreciation.....	212,745,125	1,425,081	847,549	181,690	395,841	1,243,783	1,765,854	2,696,380	4,046,236	3,154,865	3,295,948	6,468,026	188,948,933	
Other capital assets less reserves.....	14,338,501	282,090	210,251	25,323	46,516	118,186	193,235	247,534	397,630	297,626	296,615	907,944	11,557,642	
Accounts and notes payable.....	98,101,573	853,314	458,348	208,225	186,742	663,791	835,216	1,309,100	2,059,350	1,496,168	1,942,719	3,841,002	85,100,913	
Other current liabilities.....	81,005,176	341,518	155,391	76,703	79,424	174,565	215,382	355,295	589,305	534,511	750,096	1,643,840	76,400,663	
Mortgages, notes, and bonds payable in one year or more.....	296,998,401	1,912,985	1,324,216	239,859	348,910	955,292	1,288,747	1,736,494	3,043,804	2,261,337	2,744,851	8,822,560	274,232,331	
Net worth.....	352,880,625	981,562	1,179,460	90,154	167,065	384,660	469,272	661,598	914,735	694,175	802,500	1,874,345	67,410,790	
Cost of property used for investment credit.....	74,115,782	903,706	646,487	90,154	167,065	384,660	469,272	661,598	914,735	694,175	802,500	1,874,345	67,410,790	
Total receipts.....	632,294,442	2,655,971	1,261,571	349,046	1,045,353	3,466,172	5,805,806	9,395,440	16,870,648	11,809,942	14,117,283	26,611,102	541,562,078	
Business receipts.....	606,039,657	1,501,022	178,820	312,122	1,010,081	3,342,723	5,609,444	9,147,094	16,844,259	11,458,154	13,455,734	25,601,192	519,440,034	
Cost of sales and operations.....	338,796,961	467,771	41,252	93,597	332,923	1,186,373	2,456,757	4,480,664	8,309,501	6,076,719	7,525,128	14,923,485	293,370,563	
Taxes paid.....	27,599,358	117,703	56,733	15,905	45,065	133,587	229,253	347,503	543,204	406,685	516,768	834,740	24,476,005	
Interest paid.....	36,839,460	309,687	212,677	35,407	61,602	148,146	207,519	300,411	476,461	369,235	397,143	1,065,783	33,565,075	
Depreciation.....	49,929,857	364,472	179,123	60,806	124,542	303,854	426,175	611,377	902,267	654,320	751,735	1,446,152	44,469,506	
Pension, profit-sharing, stock bonus, and annuity plans.....	8,502,834	38,521	32,382	*1,609	*4,530	10,115</								

## 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 \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 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.....	839,547	205,508	96,128	37,339	72,041	163,873	139,538	123,214	111,531	47,077	26,174	19,764	2,867
Total assets.....	753,351,132	11,624,621	6,277,997	1,674,971	3,671,653	13,605,604	20,661,164	34,625,921	62,161,846	52,584,893	57,172,053	113,968,344	386,946,687
Notes and accounts receivable, net.....	175,241,736	2,161,580	1,415,380	216,294	529,906	2,347,186	3,235,465	6,655,775	13,603,069	12,292,625	14,354,577	31,270,380	89,321,199
Inventories.....	214,824,922	1,968,715	689,391	365,711	913,613	3,909,066	7,120,083	11,826,570	22,160,982	19,455,503	20,130,587	36,096,461	92,156,956
Cash, Government obligations, and other current assets.....	101,115,850	1,848,795	939,266	303,429	606,099	1,961,912	2,955,405	4,870,278	8,295,578	6,466,354	6,244,214	12,161,117	56,312,196
Other investments and loans.....	84,208,632	2,229,004	1,671,529	222,626	334,849	1,342,634	1,537,196	2,777,472	4,484,105	3,654,799	4,596,342	8,648,237	54,938,844
Depreciable assets.....	234,287,114	3,538,043	1,478,846	575,121	1,484,076	5,489,990	8,690,118	12,492,710	21,152,732	16,577,943	17,584,176	34,666,976	114,094,426
Less: Accumulated depreciation.....	99,526,467	1,301,532	530,704	227,228	543,601	2,623,294	4,366,943	6,368,216	10,877,409	8,452,645	8,633,967	15,624,634	41,277,827
Other capital assets less reserves.....	22,006,490	474,950	262,963	71,959	140,028	504,468	727,231	1,070,504	1,630,286	1,275,023	1,528,152	3,227,735	11,568,140
Accounts and notes payable.....	247,343,998	2,596,280	1,486,258	371,605	738,417	3,195,159	5,511,048	9,936,903	21,859,158	20,174,307	22,246,607	44,591,436	117,233,101
Other current liabilities.....	90,424,038	684,551	404,226	78,862	201,464	860,669	1,438,941	2,500,975	4,378,278	3,706,425	4,068,219	8,917,140	63,868,840
Mortgages, notes, and bonds payable in one year or more.....	114,283,891	2,985,253	1,826,078	294,209	864,966	2,864,214	3,730,044	5,470,772	8,518,129	6,418,104	7,784,761	14,699,761	61,812,851
Net worth.....	251,417,099	1,895,617	910,389	189,008	796,220	3,136,028	6,621,867	13,008,179	22,772,939	19,233,267	20,129,737	41,281,080	123,338,383
Cost of property used for investment credit.....	26,206,566	590,412	204,744	107,697	277,971	646,206	1,009,020	1,64,503	2,374,444	1,836,104	1,906,499	4,039,416	12,639,960
Total receipts.....	2,017,701,364	8,998,878	1,729,462	1,556,804	5,712,613	28,777,584	51,831,802	89,298,318	177,696,596	166,111,402	185,172,684	381,433,043	928,381,056
Business receipts.....	1,972,305,356	7,364,030	591,049	1,384,024	5,388,957	27,879,291	60,691,429	87,429,925	174,354,294	163,294,003	181,900,305	374,081,710	905,310,369
Cost of sales and operations.....	1,556,263,179	4,082,378	368,479	749,914	2,963,985	16,127,468	31,195,319	57,783,128	126,039,901	127,410,001	146,302,769	307,013,850	740,306,365
Taxes paid.....	26,375,395	300,988	77,751	48,418	174,820	830,348	1,326,045	1,897,607	3,088,867	2,199,677	2,217,571	4,229,111	10,285,183
Interest paid.....	30,429,310	304,664	138,608	43,731	122,325	255,963	765,200	1,239,070	2,326,192	2,059,179	2,389,907	4,914,308	15,910,826
Depreciation.....	24,948,631	411,699	150,322	73,559	187,818	682,374	1,055,467	1,465,178	2,376,401	1,799,609	1,906,072	3,940,008	11,311,823
Pension, profit-sharing, stock bonus, and annuity plans.....	5,874,751	49,783	34,913	5,470	9,400	68,638	177,509	315,561	664,714	575,895	557,932	927,686	2,537,034
Employee benefit programs.....	7,001,152	33,777	8,175	5,995	19,607	85,316	138,024	263,272	548,177	558,971	555,630	1,069,249	3,748,736
Net income (less deficit).....	28,442,676	-730,538	-244,621	-195,654	-290,263	-369,885	401,862	1,091,376	2,316,107	2,096,022	2,377,138	6,181,467	15,079,089
Income subject to tax, total.....	30,107,072	334,848	194,684	30,978	109,185	467,977	923,859	1,700,963	2,808,811	2,259,627	2,328,492	5,053,840	14,228,655
Income tax, total.....	11,584,691	90,413	64,613	5,908	19,892	86,147	167,311	373,185	685,469	702,434	840,514	2,130,975	6,508,243
Additional tax for tax preferences.....	39,389	110	110	—	—	*106	*135	*295	325	299	2,952	35,131	—
Foreign tax credit.....	393,077	2,048	*2,048	—	—	—	*9	*48	*5,640	*268	*1,676	9,609	373,780
U.S. possessions tax credit.....	91,928	4	4	—	—	—	3	47	83	430	547	2,540	18,582
Investment credit.....	1,574,988	7,169	2,242	1,120	3,807	16,574	35,818	52,385	115,416	99,294	102,549	218,092	927,690
Work incentive (WIN) credit.....	8,016	—	—	—	—	—	*1	*673	426	564	1,201	1,229	2,133
Jobs credit.....	107,419	1,075	*950	—	*124	1,294	2,550	7,267	11,503	10,220	8,247	14,617	50,645
Research activities credit.....	25,755	—	—	—	—	—	*383	—	*1,895	1,114	2,320	4,503	15,540
Employee stock ownership credit.....	3,815	—	—	—	—	—	—	—	*56	*29	26	1,353	3,705
Distributions to stockholders except in own stock.....	12,069,015	687,461	578,937	35,658	72,867	176,410	278,226	500,429	665,214	709,048	698,960	1,667,275	6,685,991
<b>Finance, Insurance, and Real Estate<sup>2</sup></b>													
Number of returns.....	461,630	311,392	182,936	65,143	63,312	65,729	34,368	17,207	13,935	7,365	5,467	4,490	1,677
Total assets.....	4,987,466,401	50,482,490	23,110,572	11,576,963	15,794,955	27,589,877	28,982,282	37,248,506	108,838,190	172,089,501	249,656,359	603,210,992	3,709,368,203
Notes and accounts receivable, net.....	1,568,156,224	4,434,252	1,815,166	1,112,839	1,506,247	3,416,916	3,963,873	7,626,763	36,404,236	66,961,804	88,389,415	138,912,240	1,218,046,726
Inventories.....	12,118,589	44,791	*37,608	*256	*6,927	26,097	110,948	171,655	530,056	438,010	829,407	2,984,786	6,982,838
Cash, Government obligations, and other current assets.....	1,171,922,115	7,712,129	3,335,912	1,807,125	2,569,176	5,118,322	6,763,562	8,514,396	30,225,350	50,344,956	67,200,060	130,286,530	865,756,707
Other investments and loans.....	1,868,294,508	17,447,251	8,663,780	4,079,992	4,703,479	7,344,853	7,425,829	10,857,011	29,093,639	43,774,278	79,046,481	293,173,144	1,380,132,023
Depreciable assets.....	180,555,387	15,997,697	4,784,483	4,156,970	7,056,243	11,564,872	10,600,729	9,724,425	11,598,526	8,736,579	11,003,928	24,532,039	76,796,591
Less: Accumulated depreciation.....	53,228,899	6,388,939	1,697,825	1,714,260	2,976,853	4,633,950	3,892,004	3,516,315	3,989,415	2,566,802	3,232,665	6,258,029	18,750,770
Other capital assets less reserves.....	44,357,447	9,413,159	5,171,973	1,840,879	2,400,307	3,798,992	3,020,424	2,734,314	2,855,233	2,036,727	2,042,060	5,830,532	12,626,005
Accounts and notes payable.....	441,205,075	7,096,528	3,170,383	1,330,868	2,595,007	4,216,213	5,182,774	5,917,503	13,707,842	18,191,085	15,927,500	38,130,647	332,107,255
Other current liabilities.....	2,812,233,442	2,436,977	1,134,325	470,230	832,422	1,900,539	2,715,012	6,667,427	56,775,537	114,026,000	179,756,809	402,942,539	2,043,012,603
Mortgages, notes, and bonds payable in one year or more.....	286,709,958	14,450,749	6,439,708	3,573,335	4,437,706	7,962,426	8,122,622	8,555,654	10,595,892	8,716,603	12,980,796	29,447,493	185,777,722
Net worth.....	766,939,210	17,130,429	7,227,430	4,213,887	5,689,112	9,749,095	9,910,846	11,122,566	22,090,338	25,121,626	32,250,782	95,015,134	544,548,394
Cost of property used for investment credit.....	16,175,810	390,706	175,603	49,557	165,547	331,111	286,830	334,046	496,878	467,405	611,142	1,542,162	11,695,530
Total receipts.....	949,867,877	8,297,686	1,385,720	2,366,578	4,535,488	10,516,651	11,853,051	12,087,203	22,155,456	26,065,467	38,250,438	92,317,500	728,323,426
Business receipts.....	337,493,098	3,529,959	394,797	993,340	2,141,822	5,804,421	7,700,363	6,599,292	8,476,387	6,489,184	9,152,970	27,916,470	261,824,052
Cost of sales and operations.....	169,343,694	366,337	29,157	114,002	223,177	684,409	1,370,382	1,570,562	2,116,021	2,048,466	4,402,980	13,717,280	143,159,256
Taxes paid.....	15,220,581	804,155	227,336	216,010	360,809	638,206	607,623	563,195	732,498	593,746	711,333	1,623,952	8,945,872
Interest paid.....	340,960,344	1,628,675	594,340	368,156	666,179	1,196,962	1,282,363	1,854,395	7,039,786	12			

## 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 \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 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>Services</b>													
Number of returns.....	819,706	363,730	185,375	64,604	113,751	214,449	132,864	60,601	33,901	8,691	2,988	2,112	372
Total assets.....	237,876,895	26,176,066	17,154,022	2,640,140	6,381,904	16,462,637	17,305,272	17,160,074	23,553,065	15,299,054	13,359,703	27,393,262	81,167,762
Notes and accounts receivable, net.....	35,628,825	3,221,795	2,278,463	240,122	703,210	1,800,373	2,150,999	2,543,009	4,109,166	2,913,212	2,774,579	5,420,606	10,695,085
Inventories.....	12,179,103	1,139,696	813,102	105,117	221,477	565,278	833,596	912,469	1,240,924	826,303	707,672	1,474,466	4,478,699
Cash, Government obligations, and other current assets.....	42,599,359	6,214,938	4,244,480	584,580	1,385,878	3,941,190	3,992,597	3,582,821	4,174,944	2,728,159	2,177,255	3,972,901	11,814,554
Other investments and loans.....	38,609,995	4,927,927	3,532,791	449,014	946,121	2,769,775	2,374,374	2,021,642	2,925,195	1,408,896	1,643,954	3,467,186	17,071,047
Depreciable assets.....	141,106,305	14,355,082	7,980,653	1,780,783	4,593,645	11,725,327	12,617,868	12,127,538	16,145,704	10,406,692	7,546,414	15,887,717	40,293,964
Less: Accumulated depreciation.....	58,050,041	6,439,849	3,464,799	796,735	2,178,314	5,915,959	6,548,466	5,791,068	7,317,484	4,428,950	3,022,808	5,999,511	12,585,946
Other capital assets less reserves.....	12,569,891	1,509,753	959,714	157,764	392,275	864,238	952,156	926,703	1,200,473	838,033	838,930	1,578,350	3,861,255
Accounts and notes payable.....	49,038,015	6,072,675	4,145,888	641,586	1,285,200	2,888,912	3,065,592	3,756,070	5,259,227	3,701,405	3,504,097	5,845,595	14,944,442
Other current liabilities.....	28,297,049	3,966,118	3,100,758	191,783	673,577	2,166,252	2,150,348	1,912,469	2,620,429	1,666,299	1,409,962	3,033,093	9,372,079
Mortgages, notes, and bonds payable in one year or more.....	66,153,599	6,230,165	3,999,270	702,922	1,527,973	3,854,430	4,469,826	4,458,737	7,306,181	4,607,203	3,803,792	7,788,485	23,634,880
Net worth.....	67,785,388	4,602,873	2,551,958	452,062	1,598,853	5,080,658	5,397,570	5,086,846	6,310,139	3,965,836	3,482,005	8,089,867	25,766,595
Cost of property used for investment credit.....	18,370,162	1,897,797	904,771	286,101	706,925	1,416,825	1,489,879	1,645,711	1,995,883	1,292,525	1,096,465	1,958,150	5,576,926
Total receipts.....	380,767,394	19,703,754	7,414,380	3,007,823	9,281,551	37,371,706	47,569,429	43,288,614	52,569,268	30,894,425	21,929,619	42,132,646	85,307,933
Business receipts.....	355,090,610	11,922,931	1,142,623	2,388,560	8,391,749	35,717,680	42,243,033	41,861,411	50,672,546	29,621,031	20,380,081	39,485,690	79,186,206
Cost of sales and operations.....	135,273,962	3,021,358	375,417	605,264	2,040,677	8,336,332	12,217,485	13,361,007	19,178,157	12,944,598	9,328,524	18,658,070	38,228,429
Taxes paid.....	12,283,144	714,185	244,155	110,955	359,075	1,388,931	1,610,598	1,449,383	1,696,162	1,005,591	685,742	1,320,284	2,412,267
Interest paid.....	11,265,412	996,766	628,187	87,437	281,142	669,994	726,164	845,309	1,138,056	783,161	720,201	1,357,472	4,028,288
Depreciation.....	17,117,669	1,858,487	1,002,651	231,831	624,006	1,485,166	1,567,571	1,499,646	1,994,671	1,208,537	859,104	1,803,323	4,841,165
Pension, profit-sharing, stock bonus, and annuity plans.....	8,642,312	502,191	275,291	46,098	180,800	1,650,014	2,294,892	1,482,399	1,097,223	525,915	214,765	371,182	503,731
Employee benefit programs.....	3,359,926	174,039	67,272	25,987	80,780	274,208	326,747	334,645	380,221	235,168	206,598	406,009	1,022,290
Net income (less deficit).....	7,199,258	- 906,334	- 750,769	- 118,892	- 36,672	619,317	900,348	735,340	624,955	489,343	467,787	1,036,380	3,232,121
Income subject to tax, total.....	11,941,166	1,025,947	488,229	153,248	384,470	1,167,890	1,363,917	1,073,253	1,132,754	795,781	654,738	1,304,429	3,422,458
Income tax, total.....	3,982,538	244,685	137,592	32,155	74,937	209,576	265,399	251,811	327,033	285,552	263,377	576,840	1,558,266
Additional tax for tax preferences.....	12,924	147	"147	—	—	"41	"49	"449	"214	451	1,410	3,063	7,100
Foreign tax credit.....	215,733	3,505	"3,230	"268	"7	"17	"159	"2,937	3,735	3,630	3,758	19,859	178,133
U.S. possessions tax credit.....	3,969	1	1	—	—	—	23	24	368	2,250	666	617	—
Investment credit.....	1,041,329	57,407	23,240	9,021	25,146	57,538	67,758	63,622	81,952	63,682	52,747	105,089	491,534
Work incentive (WIN) credit.....	4,271	715	"274	"192	"377	"410	"234	"171	484	442	905	533	—
Jobs credit.....	65,087	1,996	1,290	"64	"643	2,889	6,593	5,496	9,284	4,697	8,176	10,794	15,163
Research activities credit.....	33,313	874	"552	"208	"114	"676	"718	1,571	3,894	2,773	—	7,395	15,411
Employee stock ownership credit.....	1,446	—	—	—	—	—	—	—	—	—	34	—	1,412
Distributions to stockholders except in own stock.....	3,269,285	615,907	380,390	119,517	116,000	335,172	163,766	179,163	240,884	72,801	104,121	384,172	1,173,299
<b>Nature of Business not Allocable</b>													
Number of returns.....	20,134	13,451	11,308	"842	1,301	4,071	1,216	607	549	148	54	34	3
Total assets.....	2,643,568	774,633	600,321	"65,180	109,132	264,681	187,706	205,206	261,785	170,167	257,098	423,090	99,201
Notes and accounts receivable, net.....	523,016	66,485	57,147	"1,703	"7,635	59,814	"14,498	48,812	54,453	48,279	95,743	111,393	23,538
Inventories.....	373,676	31,218	"22,365	"7,666	"1,188	40,282	30,304	"32,575	43,198	36,665	"42,455	80,078	36,901
Cash, Government obligations, and other current assets.....	447,289	178,362	121,058	"21,017	36,286	39,416	20,310	28,900	50,202	16,999	23,508	84,708	4,885
Other investments and loans.....	451,947	234,301	191,654	"28,321	"14,326	18,272	"7,339	"38,226	30,524	"15,916	"55,865	47,464	4,039
Depreciable assets.....	943,816	216,160	178,948	"11,185	"26,027	165,531	118,712	91,201	103,631	32,928	46,217	127,506	41,932
Less: Accumulated depreciation.....	431,670	91,491	74,337	"5,205	"11,949	103,106	45,103	43,060	55,269	9,443	16,923	47,688	20,588
Other capital assets less reserves.....	160,193	64,002	60,074	"92	"3,836	"12,494	"24,601	"573	"16,129	"22,208	"2,127	12,806	5,254
Accounts and notes payable.....	774,586	124,508	98,610	"9,845	"16,053	62,699	52,930	84,310	100,002	65,742	103,347	127,565	53,483
Other current liabilities.....	213,328	58,022	52,877	"4,485	"661	23,342	12,805	"4,641	19,902	15,868	31,570	41,274	5,904
Mortgages, notes, and bonds payable in one year or more.....	555,909	214,274	190,638	"6,732	"16,904	61,334	62,247	"41,833	41,757	"15,905	"51,955	58,718	7,886
Net worth.....	748,622	240,932	170,488	"35,883	34,560	37,036	11,733	55,653	81,332	58,929	57,996	173,215	31,797
Cost of property used for investment credit.....	146,876	44,317	42,200	"532	"1,585	15,426	"12,367	"16,973	19,753	"19,025	3,859	11,087	4,067
Total receipts.....	4,931,438	305,930	172,500	"40,967	92,462	692,968	461,482	437,104	982,052	491,900	426,670	666,366	466,966
Business receipts.....	4,662,210	142,509	26,543	"27,057	88,909	674,686	439,773	433,211	956,599	489,199	413,914	649,764	462,554
Cost of sales and operations.....	3,101,703	67,984	15,570	"17,965	"34,448	191,209	293,338	250,095	765,694	344,093	303,723	507,037	378,529
Taxes paid.....	99,289	13,535	8,876	"414	4,245	12,993	12,474	18,214	15,672	8,444	7,243	8,925	1,789
Interest paid.....	88,029	17,706	16,212	"281	"1,212	10,447	5,850	7,780	9,882	4,827	15,294	11,638	4,605
Depreciation.....	116,825	17,286	14,043	"1,188	2,055	18,667	13,874	11,121	14,968	17,974	5,897	13,639	3,398
Pension, profit-sharing, stock bonus, and annuity plans.....	19,389	1,349	"1,349	—	—	"4,337	"990	"2,406	"1,616	"1,005	"3,907	3,637	140
Employee benefit programs.....	18,245	1,517	"1,492	"1	"24	"3,116	"175	"4,870	"2,220	"228	"1,561	"4,430	128
Net income (less deficit).....	- 20,216	- 15,430	- 2,380	- 7,029	- 6,020	7,539	- 29,162	- 161	- 1,698	10,579	10,146	- 3,122	1,092
Income subject to tax, total.....	143,002	47,596	44,294	"741	"2,561	14,282	"6,344	"11,966	20,735	"19,438	"11,1		

## 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	Amount	July 1982	August 1982	September 1982	October 1982	November 1982	December 1982	January 1983	February 1983	March 1983	April 1983	May 1983	June 1983	
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>Returns With and Without Net Income</b>															
Number of returns .....	2,925,933	—	112,466	120,146	267,407	165,592	107,774	1,117,458	119,765	97,344	229,449	115,502	118,021	355,007	
Total receipts .....	7,024,097,766	174,082,217	182,342,737	413,439,384	238,804,936	127,229,439	4,295,627,478	290,939,288	122,548,817	379,170,801	143,492,944	178,433,073	477,986,651		
Net income (less deficit) .....	2,904,361	154,334,143	4,874,037	3,361,026	6,370,052	4,264,834	4,742,696	97,927,288	9,299,624	2,571,184	6,290,914	2,465,948	3,286,422	8,879,918	
Total income tax .....	1,187,962	86,766,154	1,696,692	1,657,090	4,060,742	2,236,182	1,430,771	61,347,873	2,753,510	1,327,491	2,601,821	1,287,307	1,434,777	4,931,900	
<b>Returns With and Without Net Income, Other Than Forms 1120S and 1120 — DISC</b>															
Number of returns .....	2,352,051	—	93,550	98,960	223,037	139,404	86,191	848,041	90,534	80,600	193,672	98,179	99,417	300,465	
Total receipts .....	2,273,864	6,737,959,590	160,739,032	171,647,522	393,208,672	223,511,070	116,324,414	4,187,832,148	265,326,390	112,122,879	361,029,686	134,071,204	167,150,685	444,995,889	
Net income (less deficit) .....	2,335,902	141,144,694	4,309,280	2,954,800	5,869,227	3,722,829	4,352,546	95,380,990	5,045,926	1,763,239	5,334,297	1,899,645	2,679,771	7,832,144	
Statutory special deductions, total .....	415,919	19,514,093	513,287	442,052	1,088,609	641,781	429,825	12,241,706	563,624	428,331	849,877	508,994	398,142	1,407,865	
Net operating loss deduction .....	308,218	11,373,472	350,758	388,867	827,656	467,018	276,334	5,894,256	361,818	372,241	703,754	355,135	342,891	1,032,743	
Total special deductions .....	117,310	8,140,621	162,529	53,186	260,954	174,763	153,490	6,347,450	201,806	56,089	146,123	153,858	55,251	375,123	
Income subject to tax, total .....	1,136,337	205,157,402	4,349,303	4,268,007	10,319,820	5,785,897	3,643,427	139,986,573	6,577,123	3,406,957	6,814,211	3,399,989	3,775,797	12,830,296	
Net long-term capital gain taxed at alternative rates .....	25,001	12,021,306	290,871	155,919	391,579	189,654	103,490	9,485,412	212,464	111,787	223,932	129,459	207,766	518,972	
Income taxed at regular rates .....	1,135,405	193,136,096	4,058,432	4,112,087	9,928,241	5,598,243	3,539,937	130,501,161	6,364,659	3,295,170	6,590,279	3,270,531	3,568,031	12,311,324	
Income tax, total .....	1,187,466	86,763,370	1,696,692	1,657,090	4,060,552	2,236,182	1,430,771	61,347,873	2,753,506	1,327,491	2,601,743	1,287,303	1,434,021	4,931,898	
Regular and alternative tax .....	2,559	8,022	*28	*343	*354	*58	*279	3,241	*907	*22	*869	*389	—	313	
Personal holding company tax .....	185,705	1,181,074	20,505	25,569	64,562	35,458	17,412	793,313	30,477	18,005	57,876	21,159	24,401	72,335	
Tax from recomputing prior-year investment credit .....	7,631	478,191	4,517	8,066	13,298	15,005	2,863	380,599	11,253	2,635	13,466	3,519	5,301	17,650	
Additional tax for tax preferences .....	Foreign tax credit .....	4,927	19,137,201	66,248	73,593	336,188	272,749	57,236	17,587,090	147,372	54,942	129,085	41,690	27,524	343,485
U.S. possessions tax credit .....	541	2,026,980	29,207	9,246	33,033	31,228	238,421	1,518,543	7,679	9,676	33,685	16,745	17,998	82,518	
Investment credit .....	761,013	17,312,702	270,812	316,295	689,412	312,954	149,083	13,323,530	429,257	157,591	466,643	188,883	274,504	733,738	
Work incentive (WIN) credit .....	7,512	29,020	1,136	780	1,854	792	211	13,335	1,954	604	2,479	1,534	761	3,582	
Jobs credit .....	52,197	327,285	13,011	10,110	35,072	23,384	8,563	119,863	23,251	9,460	19,424	14,100	17,408	33,638	
Research activities credit .....	9,849	839,220	14,041	9,006	42,570	33,390	12,398	609,131	12,121	8,942	23,230	8,437	13,983	51,971	
Employee stock ownership .....	239	14,450	34	*29	—	*69	6	*771	1,949	304	824	891	1,310	8,264	
Total income tax after credits <sup>2</sup> .....	970,411	47,069,124	1,303,195	1,238,030	2,922,220	1,561,415	964,715	28,169,577	2,129,807	1,085,706	1,926,374	1,015,023	1,080,532	3,672,531	
<b>Returns With Net Income, Other Than Forms 1120S and 1120 — DISC</b>															
Number of returns .....	1,339,327	—	54,198	56,810	136,046	82,307	48,048	460,395	53,790	45,368	110,114	53,438	62,248	176,565	
Net income .....	1,339,327	253,191,950	6,788,773	5,544,190	13,545,000	8,158,670	7,012,102	164,084,973	7,666,771	4,066,089	11,616,611	4,331,328	4,858,772	15,518,670	
Statutory special deductions, total .....	390,874	17,711,778	508,056	431,711	1,049,726	606,685	407,376	10,674,002	525,424	423,632	818,224	500,573	391,316	1,375,055	
Total special deductions .....	92,265	6,389,509	157,298	42,844	222,070	139,666	131,042	4,830,948	163,606	51,390	114,469	145,437	48,424	342,312	
Income subject to tax, total .....	1,136,241	205,065,528	4,349,303	4,268,007	10,319,687	5,781,188	3,642,776	139,900,349	6,576,982	3,406,957	6,814,211	3,399,989	3,775,797	12,830,280	
Net long-term capital gain taxed at alternative rates .....	24,983	12,015,526	290,871	155,919	391,579	188,410	103,260	9,481,107	212,464	111,787	223,932	129,459	207,766	518,972	
Income taxed at regular rates .....	1,135,310	19,050,002	4,058,432	4,112,087	9,928,108	5,592,778	3,539,516	130,419,243	6,364,517	3,295,170	6,590,279	3,270,531	3,568,031	12,311,309	
Income tax, total .....	1,140,432	86,414,657	1,691,089	1,648,654	4,046,553	2,214,399	1,426,055	61,108,808	2,743,420	1,322,990	2,586,794	1,280,802	1,428,317	4,916,779	
Regular and alternative tax .....	1,136,241	85,038,430	1,671,642	1,622,162	3,982,068	2,181,026	1,410,063	60,120,877	2,710,842	1,306,829	2,525,723	1,261,319	1,404,283	4,841,597	
Personal holding company tax .....	2,549	6,428	*28	*343	*337	*58	*279	3,126	*907	—	*869	*169	—	312	
Tax from recomputing prior-year investment credit .....	139,490	949,228	15,401	20,820	52,395	22,383	13,773	650,078	21,393	14,053	45,943	15,608	19,063	58,318	
Additional tax for tax preferences .....	6,281	411,169	4,017	5,236	11,522	8,646	1,893	331,638	10,278	2,108	11,474	2,788	4,970	16,553	
Foreign tax credit .....	4,922	19,134,464	66,248	73,593	336,188	272,749	57,236	17,584,353	147,372	54,942	129,085	41,690	27,524	343,485	
U.S. possessions tax credit .....	541	2,026,980	28,207	9,246	33,033	31,228	238,421	1,518,543	7,679	9,676	33,685	16,745	17,998	82,518	
Investment credit .....	760,938	17,305,896	270,812	316,295	689,379	312,554	148,946	13,317,301	429,252	157,591	466,643	188,883	274,504	733,736	
Jobs credit .....	52,186	327,211	13,011	10,110	35,072	23,373	8,556	119,808	23,251	9,460	19,424	14,100	17,408	33,638	
Research activities credit .....	9,849	839,220	14,041	9,006	42,570	33,390	12,398	609,131	12,121	8,942	23,230	8,437	13,983	51,971	
Employee stock ownership .....	239	14,450	34	*29	—	*69	6	*771	1,949	304	824	891	1,310	8,264	
Total income tax after credits <sup>2</sup> .....	923,402	46,730,030	1,297,591	1,229,595	2,908,254	1,540,045	980,143	27,941,284	2,119,725	1,081,205	1,911,425	1,008,522	1,074,827	3,657,415	
Estimated tax payments:															
1981 overpayments claimed as a credit .....	258,663	3,097,721	101,397	77,511	205,559	108,623	65,618	1,674,426	113,237	119,367	182,413	86,959	106,355	256,257	
1982 estimated tax payments .....	509,560	38,550,119	1,144,636	955,213	2,518,544	1,276,837	707,369	23,862,642	1,386,993	808,429	1,425,527	779,312	853,815	2,830,803	
Less: Refund of estimated tax payments .....	8,234	2,256,300	114,279	28,333	188,980	111,831	23,578	1,531,090	39,917	15,121	45,712	30,464	42,530	84,465	
Payments with applications for:															
First extension of filing time .....	145,924	5,828,900	133,675	139,566	291,077	180,044	119,036	3,449,687	411,906	116,405	306,297	127,602	108,247	445,358	
Second extension of filing time .....	20,617	2,968,998	65,348	69,223	144,873	77,587	63,772	1,818,686	299,656	54,512	125,953	35,053	29,045	185,290	
Other credits and payments, total <sup>3</sup> .....															
Overpaid windfall profit tax .....	23,408	336,046	2,238	1,049	7,804	1,087	2,261	307,124	415	1,410	6,741	3,372	430	2,113	
Tax due at time of filing .....	558,382	4,449,079	147,632	208,934	357,846	252,359	141,927	1,931,933	166,572	130,874	288,705	160,687	171,900	489,710	
Tax overpayment .....	421,762	6,266,038	183,054												

## Corporation Returns/1982

## RETURNS OF ACTIVE SMALL BUSINESS 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.....	564,219	27,648	6,735	57,289	41,721	29,940	177,063	59,346	160,865	3,610
With net income.....	260,558	12,344	2,255	27,117	19,853	11,423	83,437	26,980	76,337	811
Total assets.....	110,512,890	9,073,941	3,585,628	10,698,389	14,315,686	5,817,109	33,600,055	12,789,784	20,390,470	241,827
Cash.....	10,721,652	461,296	398,624	1,312,558	1,913,633	527,786	3,292,792	934,277	1,861,911	18,776
Notes and accounts receivable.....	18,089,986	588,067	718,927	2,359,081	3,203,623	768,830	6,009,332	1,991,222	2,405,669	45,235
Less: Allowance for bad debts.....	294,193	1,468	6,383	29,586	58,147	9,965	104,364	31,530	51,117	1,634
Inventories.....	19,358,751	721,393	124,733	2,292,520	2,953,284	108,379	11,801,196	—	1,318,347	38,900
Investments in Government obligations.....	830,832	14,404	36,334	91,181	206,495	40,036	216,094	189,173	37,115	—
Other current assets.....	7,820,811	198,315	199,000	988,284	691,093	271,097	1,012,236	2,019,581	2,435,272	*6,034
Loans to stockholders.....	2,526,340	262,108	126,641	415,411	211,732	62,109	616,152	369,383	448,373	*14,431
Mortgage and real estate loans.....	1,686,786	184,671	7,532	188,023	57,174	38,374	200,957	683,715	314,691	*11,649
Other investments.....	6,870,387	313,841	246,553	426,917	753,147	231,247	1,196,857	2,507,645	1,184,838	*9,343
Depreciable assets.....	56,502,614	6,172,754	2,448,935	4,304,748	7,801,618	5,541,149	13,554,081	2,231,955	14,299,206	148,171
Less: Accumulated depreciation.....	26,427,554	3,078,077	1,082,511	2,367,529	4,158,180	2,351,882	6,480,408	692,154	6,145,364	71,449
Depletable assets.....	440,132	77,445	209,697	*961	*23,256	1	46,010	33,236	49,503	*23
Less: Accumulated depletion.....	105,149	*21,354	34,607	*270	*2,045	1	15,434	*7,680	23,752	*5
Land.....	7,172,755	2,698,430	54,502	465,123	258,799	150,700	797,500	1,701,241	1,043,802	*2,657
Intangible assets (amortizable).....	1,773,196	27,732	18,538	20,341	187,296	216,949	670,588	141,739	488,138	*1,874
Less: Accumulated amortization.....	670,538	7,854	6,194	8,702	69,243	54,653	234,982	56,254	231,619	*1,038
Other assets.....	4,215,982	462,237	125,308	239,330	342,151	276,955	1,021,449	774,234	955,458	18,861
Total liabilities.....	110,512,890	9,073,941	3,585,628	10,698,389	14,315,686	5,817,109	33,600,055	12,789,784	20,390,470	241,827
Accounts payable.....	15,932,722	321,167	606,641	1,825,097	2,268,332	620,404	6,554,421	1,463,824	2,237,689	35,148
Mortgages, notes, and bonds payable in less than one year.....	16,389,593	1,643,999	512,139	2,048,369	1,314,249	703,126	5,464,459	2,513,256	2,147,396	42,600
Other current liabilities.....	11,482,996	271,304	314,457	1,602,859	1,449,504	341,737	2,565,319	1,193,147	3,729,293	15,377
Loans from stockholders.....	18,072,324	1,662,759	683,929	1,297,808	1,499,473	1,326,082	5,267,541	2,408,900	3,861,806	64,026
Mortgages, notes, and bonds payable in one year or more.....	26,216,431	3,382,728	902,809	1,704,420	2,170,554	2,156,312	5,765,067	3,405,655	6,639,205	89,682
Other liabilities.....	3,976,060	304,706	158,144	562,216	308,978	230,151	823,645	786,900	776,470	24,850
Capital stock.....	10,402,125	1,921,805	174,438	564,537	1,147,682	508,348	3,314,701	910,112	1,825,908	34,594
Paid-in or capital surplus.....	6,953,583	943,243	451,734	502,199	671,047	830,521	1,449,791	935,244	1,149,505	20,298
Retained earnings, appropriated.....	659,843	31,177	81,539	81,171	131,944	27,125	212,938	37,544	54,150	*2,254
Retained earnings, unappropriated.....	7,519,196	-61,926	381,504	556,568	3,381,937	146,041	2,736,633	194,439	199,490	-15,490
Stockholders' undistributed taxable income previously taxed <sup>1</sup> .....	-5,268,386	-1,272,824	-648,474	111,094	257,015	-964,374	3,657	-899,767	-1,783,202	-71,511
Less: Cost of treasury stock.....	1,823,595	74,196	33,232	157,949	285,028	108,363	558,118	159,469	447,241	—
Total receipts.....	243,056,569	11,090,205	4,680,484	24,625,841	33,298,795	9,986,924	118,252,835	7,096,159	33,557,573	467,754
Business receipts.....	235,010,755	10,090,417	4,287,364	23,874,108	32,730,923	9,655,020	116,361,485	5,736,730	31,806,561	448,146
Interest.....	1,663,502	104,586	69,502	164,617	227,713	65,559	425,595	282,546	319,020	*4,364
Tax exempt interest.....	19,014	*95	*515	2,678	6,397	*1,595	6,041	*1,219	*475	—
Rents.....	983,915	48,563	26,760	67,999	39,213	22,872	280,410	155,350	342,711	*37
Royalties.....	96,255	2,571	17,556	*621	3,320	*170	16,746	*18,795	36,477	—
Net short-term capital gain reduced by net long-term capital loss.....	60,522	714	*24,237	*102	2,340	*330	5,131	12,227	15,373	*67
Net long-term capital gain reduced by net short-term capital loss.....	973,899	215,560	71,396	37,865	89,515	65,370	158,323	143,906	191,848	*115
Net gain, noncapital assets.....	959,922	49,496	26,238	190,690	27,254	49,375	96,884	433,355	86,488	*142
Dividends received from domestic corporations.....	90,857	8,231	982	7,681	30,683	1,379	24,940	6,196	10,758	*5
Dividends received from foreign corporations.....	6,773	*140	—	*2,000	*871	*1,803	*1,551	—	*408	—
Other receipts.....	3,191,156	569,833	155,933	277,480	140,565	123,451	855,728	305,835	747,454	14,877
Total deductions.....	239,989,612	11,302,725	4,829,662	24,142,894	32,029,412	10,245,900	116,944,097	/,063,659	32,949,742	481,521
Cost of sales and operations.....	157,797,391	7,402,466	2,324,226	17,738,897	22,681,059	5,458,131	87,148,219	1,502,364	13,259,909	282,120
Compensation of officers.....	9,436,035	189,266	124,035	1,042,087	1,513,111	383,199	3,161,576	702,915	2,304,678	*16,068
Repairs.....	1,905,391	230,874	102,436	160,183	188,737	202,241	533,552	49,832	433,845	3,691
Bad debts.....	584,567	20,811	20,973	47,421	97,190	25,464	235,821	44,210	90,337	*2,340
Rent paid on business property.....	5,489,463	320,799	59,133	196,803	396,886	241,765	240,487	234,421	1,589,040	10,128
Taxes paid.....	5,320,249	193,768	167,926	537,767	754,934	268,209	1,945,431	222,465	1,218,281	11,469
Interest paid.....	5,212,068	610,428	236,769	418,279	447,105	397,062	1,475,224	579,698	1,038,882	8,621
Contributions or gifts.....	102,030	2,033	1,660	9,731	23,433	6,030	30,337	10,279	15,338	*3,189
Amortization.....	78,984	223	110	1,733	3,233	4,369	34,334	12,128	22,854	—
Depreciation.....	6,479,363	619,886	339,732	553,431	864,308	689,509	1,579,700	205,196	1,612,348	15,253
Depletion.....	101,361	1,664	70,314	*613	15,694	*5,682	3,620	*1,598	1,765	*411
Advertising.....	2,234,814	27,653	5,003	90,766	228,181	64,982	1,181,275	169,311	462,023	5,620
Pension, profit-sharing, stock bonus, and annuity plans.....	468,545	8,530	7,611	49,403	133,353	25,417	137,474	27,551	79,076	*130
Employee benefit programs.....	980,352	44,376	20,852	112,363	199,907	47,917	282,697	47,450	223,103	*1,687
Net loss, noncapital assets.....	297,270	33,448	6,749	20,635	21,531	19,679	65,347	66,025	63,858	—
Other deductions.....	43,500,828	1,596,500	1,342,133	3,162,781	4,460,750	2,406,244	16,689,002	3,188,217	10,534,405	120,795
Total receipts less total deductions.....	3,066,957	-212,520	-149,178	482,948	1,269,383	-258,977	1,308,738	32,500	607,831	-13,768
Net income (less deficit).....	3,047,943	-212,614	-149,693	480,269	1,262,986	-260,571	1,302,696	31,281	607,356	-13,768
Net income.....	10,992,022	555,558	376,463	1,080,262	2,030,838	468,260	3,352,009	900,258	2,213,358	15,016
Distributions to stockholders:										
Cash and property except in own stock.....	4,484,018	194,098	170,873	317,682	797,066	366,041	1,361,265	384,580	881,225	*11,188
Corporation's own stock.....	*12,314	—	—	—	*2,140	28	*6,736	—	*3,410	—

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

NOTE: Active Small Business Corporations filing Form 1120S returns reported "Income subject to tax" of \$18,006,000 and "Income tax" of \$2,785,000, including "Additional tax for tax preferences" of \$265,000. 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."

## Corporation Returns/1982

## 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.....	9,663	9,261	8,759	432	53	246	
With net income.....	8,472	8,136	7,773	293	**	205	
Total assets.....	34,866,790	33,924,103	33,657,738	206,018	427,052	473,978	
Notes and accounts receivable, net.....	19,100,200	18,712,564	18,553,813	123,902	138,319	238,694	
Inventories.....	1,652,877	1,633,620	1,617,606	7,512	—	*14,661	
Cash, Government obligations, and other current assets.....	874,754	837,351	827,887	8,627	16,821	20,404	
Other investments and loans.....	10,112,409	9,717,059	9,668,105	45,253	235,966	156,073	
Depreciable assets.....	81,047	72,758	67,959	*1,885	6,974	*1,314	
Less: Accumulated depreciation.....	23,546	22,268	20,703	*1,067	523	*755	
Accounts and notes payable.....	2,071,786	2,045,601	2,016,699	26,601	4	26,183	
Other current liabilities.....	915,124	900,171	887,546	12,349	*683	11,178	
Mortgages, notes, and bonds payable in one year or more.....	150,183	120,119	96,298	*20,105	30,063	—	
Net worth.....	31,279,481	30,414,783	30,216,198	145,335	395,391	430,821	
Total receipts.....	43,081,607	42,703,028	42,286,148	361,444	36,914	326,146	
Business receipts.....	40,448,905	40,132,270	39,737,603	350,975	*1,355	301,763	
Total deductions.....	32,984,135	32,808,412	32,464,443	305,511	5,638	159,957	
Cost of sales and operations.....	30,439,723	30,340,468	30,041,156	265,682	25	89,280	
Taxes paid.....	47,523	45,088	43,208	1,548	1,957	441	
Interest paid.....	86,294	84,221	81,260	*2,492	1,845	*228	
Depreciation.....	11,554	11,261	10,716	*402	—	*294	
Pension, profit-sharing, stock bonus, and annuity plans.....	14,410	14,218	14,183	—	—	*192	
Employee benefit programs.....	9,874	9,736	9,436	*245	—	*138	
Net income (less deficit).....	10,141,506	9,904,859	9,831,947	55,933	65,067	166,189	
Net income.....	10,168,970	9,927,805	9,850,455	60,372	**	170,584	
Total statutory special deductions.....	13,260	13,260	13,260	—	—	—	
Taxable income.....	10,155,697	9,914,533	9,837,182	60,372	65,077	170,584	
Distributions to stockholders in cash.....	4,990,989	4,888,124	4,870,386	17,665	31,635	58,241	

<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>Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.<sup>3</sup>Includes "Transportation and public utilities" and "Nature of business not allocable" which are not shown separately.<sup>4</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									
		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		
(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 .....	338,022	6,943	6,120	27,468	40,576	17,538	88,946	39,304	49,533	83,841	65,442
Total assets .....	7,600,830,017	13,866,437	169,041,198	81,155,923	1,905,405,882	.848,999,057	466,884,919	233,229,583	233,195,397	3,977,569,227	137,119,330
Total receipts .....	5,074,291,818	20,787,590	180,122,375	122,063,675	2,175,165,782	562,713,158	1,112,462,131	593,060,768	518,292,769	745,354,647	154,457,387
Intragroup domestic dividends received qualifying for 100 percent deduction under Code section 1561:											
Number of returns .....	1,573	13	7	41	337	35	369	171	198	673	98
Amount .....	1,035,987	3,595	8,424	3,157	367,543	7,747	119,187	85,136	34,051	354,697	171,637
Net income (less deficit) .....	102,123,188	168,538	2,189,117	1,413,164	70,462,276	18,951,356	12,453,199	3,298,179	9,126,052	-7,881,832	4,368,534
Net income .....	176,784,293	719,555	6,974,300	3,491,260	24,456,348	20,184,171	8,896,530	11,257,497	18,284,186	7,144,489	
Income tax, total .....	73,598,928	230,462	2,968,551	1,241,795	41,833,116	10,728,618	8,118,924	3,519,722	4,587,102	5,910,927	2,554,879
Distributions to stockholders except in own stock .....	84,244,208	126,292	3,208,075	433,430	41,841,647	19,949,722	4,834,144	1,952,681	2,880,332	11,968,051	1,877,781
<b>Consolidated returns:</b>											
Number of returns .....	73,029	860	1,698	5,432	12,827	3,676	19,289	9,356	9,895	17,525	11,639
Total assets .....	6,899,028,134	9,246,685	160,105,816	61,391,740	1,818,725,956	825,593,405	386,299,769	188,758,649	197,274,425	3,523,741,434	113,518,326
Total receipts .....	4,423,685,514	14,167,492	172,797,869	84,866,474	2,037,729,040	536,242,345	854,191,866	453,708,055	399,995,767	605,111,407	118,239,567
Net income (less deficit) .....	84,324,328	173,304	2,117,070	881,462	62,087,704	18,425,564	7,872,755	923,183	6,932,772	-10,494,904	3,272,990
Net income .....	149,109,280	446,236	6,238,947	2,374,659	85,316,665	23,453,783	13,935,179	5,447,436	8,470,476	12,158,904	5,174,268
Income tax, total .....	64,058,211	165,940	2,682,068	910,945	37,709,761	10,357,916	5,885,936	2,289,141	3,590,232	4,294,681	2,047,973
Distributions to stockholders except in own stock .....	76,447,089	97,543	3,041,497	349,286	38,212,159	19,459,257	3,860,058	1,260,131	2,598,796	9,949,087	1,478,150

<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									
		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		
(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>2,916,270</b>	<b>91,320</b>	<b>36,676</b>	<b>282,345</b>	<b>259,106</b>	<b>115,469</b>	<b>830,286</b>	<b>276,856</b>	<b>548,696</b>	<b>461,577</b>	<b>819,460</b>
Returns with investment credit items, other than Forms 1120-DISC:											
Number of returns .....	1,486,410	57,465	22,142	149,589	168,232	61,823	456,928	161,644	293,318	129,859	436,756
Cost of property used for investment credit:											
Number of returns .....	1,342,054	52,856	20,703	135,046	156,838	56,598	414,864	148,174	264,734	110,281	391,800
Amount .....	264,500,876	2,735,665	9,422,660	5,931,461	111,395,875	74,115,762	26,206,566	10,796,761	15,377,338	16,175,810	18,370,162
Investment qualified for credit:											
Number of returns .....	1,179,161	40,544	18,494	120,542	141,221	48,258	360,381	135,362	223,627	100,308	346,699
Amount .....	249,875,227	2,164,354	8,938,956	4,885,514	106,724,401	73,059,045	22,823,664	9,456,514	13,342,393	15,404,003	15,764,869
Total qualified investment in 10% property:											
Number of returns .....	1,179,611	40,583	18,494	120,542	141,221	48,258	360,464	135,437	223,635	100,636	346,699
Amount .....	250,862,087	2,169,636	8,949,343	4,919,221	107,014,764	73,200,021	22,950,372	9,491,151	13,434,455	15,724,920	15,823,390
Additional tentative credit for Employee Stock Ownership Plans:											
1 percent additional tentative investment credit for qualifying stock ownership plans:											
Number of returns .....	1,203	*16	38	17	445	259	293	36	257	100	34
Amount .....	1,173,453	*198	19,618	2,119	533,669	543,660	38,409	4,073	34,337	20,441	15,338
.5 percent additional tentative investment credit for qualifying stock ownership plans:											
Number of returns .....	302	—	15	..	92	146	18	7	11	23	..
Amount .....	297,761	—	2,775	..	144,815	132,552	5,171	989	4,182	2,907	..
Patron's regular investment credit:											
Number of returns .....	14,092	7,454	18	290	417	190	5,303	1,987	3,316	254	165
Amount .....	22,036	4,444	26	597	2,296	604	13,008	9,734	3,274	160	97
Tentative investment credit:											
Number of returns .....	1,175,681	41,327	18,494	119,856	140,668	47,776	359,161	135,585	222,183	100,538	345,150
Amount .....	26,659,306	222,030	918,244	498,151	11,408,724	8,004,715	2,363,846	967,448	1,393,921	1,618,755	1,613,797
Carryover of unused credit:											
Number of returns .....	484,830	22,125	9,397	48,478	53,238	24,739	132,113	42,619	89,187	44,578	149,002
Amount .....	19,382,782	348,801	1,333,361	509,949	5,348,713	7,887,296	1,155,413	618,611	535,491	1,329,164	1,465,034
Total tentative regular investment credit:											
Number of returns .....	1,305,453	44,526	19,698	133,387	151,369	52,503	397,188	147,619	248,167	117,878	385,665
Amount .....	46,034,328	570,888	2,251,599	1,008,040	16,757,483	15,892,148	3,519,539	1,586,100	1,929,650	2,939,177	3,079,359
Allowed regular investment credit:											
Number of returns .....	743,026	23,225	8,463	67,327	87,218	28,164	230,001	90,348	138,796	59,139	238,129
Amount .....	16,939,402	117,867	421,984	318,989	6,427,193	6,267,523	1,545,337	551,350	991,841	811,694	1,023,126
Investment credit:											
Number of returns .....	761,013	24,055	8,373	69,410	88,324	29,081	235,608	91,643	143,097	61,233	243,560
Amount .....	17,312,702	118,494	425,824	322,782	6,724,483	6,287,196	1,574,988	558,731	1,014,101	811,911	1,041,329

<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>Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

<sup>3</sup>Includes "Nature of business not allocable" which is not shown separately.

<sup>4</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 Small Business 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		
<b>Number of Returns With Income Tax</b>											
Number of returns with—	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Income tax, total	1,187,962	32,284	13,062	98,567	115,518	42,665	338,316	129,262	207,952	191,857	351,760
Form 1120S	496	*173	*110	*29	*45		*114		*114	*101	*24
Regular and alternative tax before credits	1,136,598	30,463	11,776	91,276	107,807	40,890	323,763	122,178	200,519	184,817	341,912
Tax from recomputing prior-year investment credit	185,705	7,547	4,051	23,199	27,861	7,153	59,087	28,367	30,605	18,505	38,239
Total income tax after—											
Investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits	971,643	23,464	11,305	80,620	94,775	30,972	281,339	110,865	169,620	178,999	266,887
Foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits	970,907	23,464	11,288	80,615	94,336	30,951	281,237	110,773	169,611	178,964	266,770
<b>Returns With and Without Net Income</b>											
Number of returns received	2,925,933	91,320	36,676	282,345	259,106	115,470	839,547	285,615	549,127	461,630	819,706
Dividends received from domestic corporations, total	18,155,559	77,042	392,367	135,018	9,002,620	452,860	1,195,416	793,254	400,279	6,397,542	495,837
Amount qualifying for 85 percent deduction	9,871,095	37,549	302,892	104,154	2,275,437	405,543	545,756	205,096	339,649	5,959,589	233,385
Amount on certain public utility stock qualifying for 60.208 percent deduction	44,684	—	—	*362	829	*802	744	389	*355	41,017	930
Intragroup dividends qualifying for 100 percent deduction	1,036,347	*3,595	*8,424	3,157	367,543	7,747	119,187	85,136	34,051	355,057	171,637
Amounts received from DISCS or former DISCS	7,112,576	27,668	80,068	19,663	6,328,128	37,390	504,789	486,597	17,320	35,683	79,127
Domestic dividends received (1120S)	90,857	8,231	982	7,681	30,683	1,379	24,940	16,036	8,904	6,196	10,758
Dividends received from foreign corporations, total	13,950,906	9,296	663,053	187,235	11,169,520	229,053	675,957	249,140	426,817	842,231	174,507
Amount qualifying for 85 percent deduction	23,402	*8	*1,774	1,057	1,003	*3,608	541	423	*118	13,689	—
Intragroup dividends qualifying for 100 percent deduction	152,076	—	97	*2,928	115,443	*3,096	7,502	*1,745	*5,757	12,978	*10,033
Other foreign dividends	13,768,656	9,147	661,182	181,251	11,052,204	220,547	666,363	245,603	420,760	815,564	162,344
Foreign dividends received (1120S)	6,773	*140	—	*2,000	*871	*1,803	*1,551	*1,369	*182	—	*408
Constructive business income from related foreign corporations, total	13,628,716	*4,523	515,087	178,845	11,258,158	474,951	575,756	280,298	295,458	414,370	207,028
Includable income of Controlled Foreign Corporations	3,732,771	1,798	173,516	76,515	2,690,027	352,224	208,519	110,722	97,797	160,211	69,961
Foreign dividend income resulting from foreign taxes deemed paid	9,895,946	*2,725	341,570	102,330	8,568,131	122,726	367,237	169,576	197,661	254,159	137,067
Net income (less deficit)	154,334,143	-86,418	543,578	2,323,952	75,791,264	18,335,959	28,442,678	16,619,769	11,784,654	21,804,088	7,199,258
Statutory special deductions, total	19,527,353	376,934	848,266	1,069,968	4,574,121	1,091,202	2,474,514	1,172,448	1,296,432	7,289,447	1,779,257
Net operation loss deduction	11,385,921	341,412	580,779	974,279	2,155,723	696,330	1,883,104	910,672	967,656	3,338,872	1,397,551
Dividends received deduction	8,105,493	35,522	267,485	95,690	2,418,262	359,080	591,410	261,776	328,775	3,950,567	381,705
Deduction for dividends paid on certain public utility stock	35,939	—	—	*136	35,792	—	—	—	—	9	—
Income subject to tax	205,175,407	1,604,445	7,319,683	5,973,416	102,157,505	25,955,886	30,107,072	13,978,182	16,051,477	19,973,233	11,941,166
Income tax, total	86,766,154	502,671	3,330,610	2,114,820	45,760,800	11,638,542	11,584,691	5,455,600	6,105,061	7,809,420	3,982,538
Regular and alternative tax	85,077,493	490,228	3,203,406	2,069,718	45,015,096	11,356,073	11,372,087	5,348,274	6,000,091	7,643,631	3,885,618
Personal holding company tax	6,802	*611	*255	*24	191	5	650	*266	383	3,849	1,218
Tax from recomputing prior-year investment credit	1,181,074	10,547	45,429	37,030	535,415	227,910	171,659	92,572	78,779	72,924	79,788
Additional tax for tax preferences	478,457	1,266	81,151	8,040	209,959	46,619	39,389	13,583	25,805	79,059	12,924
Foreign tax credit	19,137,201	1,905	1,848,192	174,516	14,791,200	254,502	393,077	155,681	237,396	1,458,076	215,733
U.S. possessions tax credit	2,026,980	—	—	1,079	1,852	1,890,760	33,814	91,928	89,866	2,062	3,578
Investment credit	17,312,702	*118,494	425,824	322,782	6,724,483	6,287,196	1,574,988	558,731	1,014,101	811,911	1,041,329
Work incentive (WIN) credit	29,020	556	99	4,103	9,705	684	8,016	2,462	5,525	1,587	4,271
Jobs credit	327,285	*4,316	*2,406	28,461	90,387	10,328	107,419	13,616	93,753	18,388	65,087
Nonconventional source fuel credit	6,787	—	3	—	6,740	(*)	*41	32	*9	4	—
Alcohol fuel credit	600	—	—	—	*99	175	*325	—	324	—	—
Research activities credit	839,220	1,971	8,437	4,114	623,263	125,062	25,755	15,184	10,505	17,189	33,313
Employee stock ownership credit	14,450	7	14	—	7,633	844	3,815	394	3,421	691	*1,446
Total income tax after—											
Investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits	68,236,090	377,327	2,893,827	1,755,360	38,298,489	5,214,252	9,864,333	4,865,180	4,977,422	6,959,651	2,837,092
Estimated tax payments:											
1981 overpayments claimed as a credit	3,460,302	34,148	143,383	160,753	1,381,864	337,566	745,284	392,935	352,109	387,240	268,760
1982 estimated tax payments	39,804,289	291,126	847,136	1,245,549	19,221,982	4,031,826	7,451,917	4,008,210	3,423,730	4,583,339	2,117,103
Less: Refund of estimated tax payments	3,004,449	12,800	134,255	84,220	1,587,538	251,019	312,720	229,326	82,842	487,194	134,578
Payments with applications for—											
First extension of filing time	5,934,719	22,001	225,427	209,866	2,528,696	712,888	1,170,990	452,474	716,966	712,391	347,288
Second extension of filing time	2,995,938	4,688	102,675	55,907	1,257,467	460,729	597,894	165,732	431,989	381,873	133,521
Credit for tax paid by regulated investment companies	9,272	*103	3,028	*66	835	454	*1,170	*879	290	3,591	26
Credit for tax on special fuels, nonhighway gasoline, and lubricating oil	88,551	5,765	6,893	3,471	12,848	10,683	3,803	2,523	1,280	40,100	4,762
Overpaid windfall profit tax	313,980	944	51,130	194	231,422	24,105	2,944	2,789	155	2,718	524
Tax due at time of filing	4,528,862	121,564	118,365	399,099	1,243,073	162,136	1,099,635	575,649	519,623	861,105	505,719
Tax overpayment	7,090,354	92,119	319,622	411,693	2,674,129	571,366	1,382,430	753,068	625,341	1,005,972	628,542
Tax from Section 1 (1120 F)	22,118	18	*369	4	130	*7,935	*906	—	9,912	2,841	—
U.S. tax paid or withheld at source (1120 F)	15,607	1	*397	—	8	*7,935	*836	*836	—	3,636	*2,795
Returns of Small Business Corporations, Form 1120S	564,219	27,648	6,735	57,289	41,721	29,940	177,063	43,735	131,877	59,346	160,865
Number of returns	260,558	12,344	2,255	27,117	19,853	11,423	83,437	23,058	59,835	26,980	76,337
Number of returns	10,992,022	555,558	376,463	1,080,262	2,030,828	468,260	3,352,009	1,675,820	1,671,890	900,258	2,123,358
Amount	7,944,079	768,172	526,155	598,993	767,652	728,832	2,049,313	509,428	1,525,933	868,977	1,606,001
Deficit	18,006	*359	*3,739	*360	*4,219	—	*8,441	—	*8,441	—	*887
Income subject to corporation tax	2,527	*105	*1,148	*83	*581	—	*215	—	*215	*45	*348
Income tax, total	2,051	*101	*1,047	*79	*572	—	*99	—	*99	—	*153

\*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."

## Corporation Returns/1982

## 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									
		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		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>Total returns of active corporations:</b>											
Number of returns	2,925,933	91,320	36,676	282,345	259,106	115,470	839,547	285,615	549,127	461,630	819,706
Net income (less deficit)	154,334,143	-86,418	543,578	2,323,952	75,791,264	18,335,959	28,442,678	16,619,769	11,784,654	21,804,088	7,199,258
<b>Returns with book net income or deficit:</b>											
Number of returns, total	2,631,633	83,370	34,229	254,832	238,101	100,862	778,851	267,549	507,331	415,466	712,073
With book net income	1,489,954	44,587	15,988	129,972	139,229	54,267	448,295	162,815	284,219	233,974	419,492
Amount	300,461,434	2,321,968	8,136,418	6,972,052	102,270,869	40,892,472	40,524,679	24,064,546	16,391,121	82,158,869	17,029,688
With book deficit	1,141,679	38,782	18,241	124,860	98,872	46,595	330,556	104,735	223,112	181,492	292,581
Book net income (less deficit)	217,597,716	-219,789	2,237,782	2,241,396	79,018,031	35,982,994	24,762,002	15,078,733	9,668,565	64,499,007	9,104,630
Net income (less deficit)	152,957,725	-58,980	799,421	2,349,563	74,366,158	18,102,473	27,969,177	16,012,551	11,931,493	22,084,191	7,376,403
Provision for Federal income tax, net:											
Number of returns	863,048	20,645	9,572	77,190	93,260	26,964	264,194	108,478	155,032	159,624	209,662
Amount	62,016,628	339,196	1,614,657	1,636,495	27,545,258	13,525,344	9,939,001	4,398,479	5,524,706	4,224,144	3,170,165
Provision for Federal income tax (+):											
Number of returns	799,432	19,055	8,769	69,065	81,491	24,602	246,651	98,562	147,419	149,303	198,575
Amount	74,827,176	384,281	1,985,051	1,948,019	34,127,526	14,232,559	11,004,782	5,252,058	5,735,482	7,673,717	3,447,865
Provision for Federal income tax (-):											
Number of returns	63,615	1,591	803	8,125	11,769	2,361	17,543	9,916	7,613	10,322	11,087
Amount	12,810,548	45,085	370,394	311,524	6,582,268	707,215	1,065,781	853,578	210,776	3,449,573	277,700
Total income tax after investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits	66,737,310	370,094	2,768,428	1,717,276	37,564,819	5,107,133	9,734,443	4,803,017	4,912,159	6,700,615	2,750,373

<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 \$18,970,294 and an amount of U.S. possessions tax credit of \$2,023,031. 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									
		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		
	(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>2,352,051</b>	<b>63,672</b>	<b>29,940</b>	<b>225,055</b>	<b>217,385</b>	<b>85,528</b>	<b>653,223</b>	<b>233,121</b>	<b>416,819</b>	<b>402,230</b>	<b>658,595</b>
Returns with tax preference items:											
Number of returns.....	23,448	607	2,903	1,425	3,724	816	2,885	1,618	1,236	9,433	1,641
Total assets.....	5,682,785,236	4,500,842	124,969,683	37,196,291	1,637,348,790	754,195,194	255,472,834	111,816,521	143,520,575	2,810,125,441	58,878,187
Business receipts.....	2,905,254,380	4,988,947	69,926,204	40,297,793	1,664,793,715	431,312,361	478,618,688	228,084,536	250,067,528	166,225,616	48,877,188
Bad debts .....	13,917,039	9,165	244,221	48,836	4,114,252	1,802,287	1,024,195	364,816	658,430	6,416,106	257,699
Depreciation.....	133,506,348	185,268	3,916,256	853,636	70,019,787	39,558,850	7,256,446	2,202,120	5,047,434	8,113,357	3,599,160
Amortization.....	2,160,207	374	19,110	8,986	863,703	271,449	158,722	33,904	124,818	197,806	639,982
Depletion.....	5,812,879	12,434	1,222,958	53,002	3,774,596	502,625	72,204	58,567	13,637	158,665	16,346
Net income.....	130,321,841	396,697	4,682,242	1,518,282	77,009,601	21,663,142	8,961,882	3,187,538	5,767,463	12,763,685	3,314,444
Regular and alternative tax before credits <sup>3</sup> .....	55,052,890	150,866	1,964,024	593,700	33,475,517	9,419,018	3,785,579	1,357,994	2,425,190	4,367,673	1,292,537
Tax from recomputing prior-year investment credit.....	756,669	1,068	22,833	6,385	408,446	196,371	60,478	29,351	31,112	37,156	23,631
Additional tax for tax preferences .....	478,191	1,263	81,050	8,040	209,959	46,619	39,274	13,583	25,690	79,059	12,878
Additional tax for tax preferences deferred from prior years.....	9,689	*140	*1,398	129	2,176	541	2,616	*1,638	979	2,251	438
Income tax after credits <sup>3</sup> .....	25,022,873	130,203	663,634	347,570	14,232,630	3,589,004	2,812,967	1,121,938	1,689,507	2,526,056	716,909
Tax preference items:											
Accelerated depreciation on -											
Low income rental housing.....	55,887	*4,417	1,075	3,792	36,654	151	2,571	1,017	1,554	4,412	*2,815
Other real property.....	1,529,491	2,728	14,715	19,318	817,921	157,820	216,470	43,837	172,615	183,565	116,872
Leased personal property.....	26,236	29	*25	*1,149	7,860	*2,621	*4,690	*4,408	*282	5,020	*4,843
Amortization.....	96,638	*205	*1,011	*385	26,203	65,999	1,061	944	*117	1,414	*361
Reserves for losses on bad debts of financial institutions.....	274,877	—	45	*164	979	—	*51	*1	50	273,547	*91
Depletion.....	2,407,951	11,520	869,252	37,484	1,157,377	182,956	56,329	44,322	12,007	80,371	12,633
Capital gains.....	3,709,226	21,340	93,785	61,955	1,604,879	593,556	315,255	112,778	202,045	834,244	181,717
Intangible drilling costs.....	38,409	*111	14,568	797	16,375	—	*583	*66	517	5,868	*108
Total items of tax preference .....	8,140,304	40,349	994,482	125,045	3,668,250	1,003,103	597,014	207,374	389,190	1,390,016	319,439

<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.

<sup>3</sup>Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits.

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."

## Corporation Returns/1982

## 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 corporations, other than Forms 1120S and 1120-DISC	Total income subject to tax	Income tax before credits <sup>1</sup>		Foreign tax credit	U.S. possessions 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)	(10)
<b>Total</b>	<b>2,352,051</b>	<b>205,157,402</b>	<b>86,763,370</b>	<b>85,075,184</b>	<b>19,137,201</b>	<b>2,026,980</b>	<b>17,312,702</b>	<b>327,285</b>	<b>839,220</b>	<b>47,069,124</b>
Returns with net income	1,339,327	205,065,528	86,414,657	85,038,430	19,134,464	2,026,980	17,305,896	327,211	839,220	46,730,030
Returns without net income	1,012,725	91,873	348,712	36,754	2,737	—	6,806	74	—	339,094
Returns with regular and alternative tax before credits <sup>1</sup>	1,187,466	205,157,402	86,763,370	85,075,184	19,137,201	2,026,980	17,312,702	327,285	839,220	47,069,124
Returns with total income tax after credits <sup>1</sup>	970,411	199,370,403	84,802,517	83,114,332	18,161,464	1,505,732	16,870,730	320,919	824,831	47,069,124
Under \$6,000	729,093	10,462,024	2,166,974	2,080,391	30,831	239,549	705,878	95,493	11,270	1,074,859
\$6,000 under \$10,000	74,130	3,740,497	802,612	773,488	9,569	34,028	*175,535	10,928	2,373	569,405
\$10,000 under \$15,000	39,311	2,736,489	676,828	649,812	18,044	32,529	*128,815	14,295	2,400	479,624
\$15,000 under \$20,000	21,948	1,868,783	505,868	484,019	15,832	7,535	*93,451	6,945	2,240	377,673
\$20,000 under \$25,000	16,023	1,653,566	490,606	475,796	8,296	12,140	*99,030	6,643	4,605	359,255
\$25,000 under \$50,000	32,111	5,926,440	2,172,219	2,123,614	637,063	129,917	260,333	18,456	7,741	1,117,335
\$50,000 under \$75,000	13,867	4,428,190	1,799,679	1,770,041	665,123	68,596	191,458	12,146	6,004	855,417
\$75,000 under \$100,000	9,192	2,671,393	1,056,378	1,036,015	68,876	48,234	*132,416	5,463	6,635	793,300
\$100,000 under \$250,000	18,261	8,928,015	3,789,426	3,703,064	178,836	249,632	449,759	18,177	20,475	2,869,809
\$250,000 under \$500,000	7,807	9,120,163	4,040,202	3,957,626	461,400	342,726	474,792	11,273	25,540	2,721,711
\$500,000 under \$1,000,000	4,172	9,725,649	4,357,957	4,256,945	648,557	146,348	600,706	12,880	34,023	2,913,173
\$1,000,000 under \$10,000,000	3,992	49,202,705	22,434,268	21,856,124	7,103,456	194,499	4,501,474	50,840	194,812	10,379,856
\$10,000,000 under \$50,000,000	407	31,768,789	14,400,075	14,136,954	2,308,221	—	3,599,019	37,941	137,012	8,306,495
\$50,000,000 under \$100,000,000	60	14,949,947	6,732,737	6,663,540	1,191,220	—	1,196,461	10,477	47,492	4,284,360
\$100,000,000 or more	37	42,187,753	19,376,687	19,146,903	4,815,139	—	4,261,603	8,963	322,208	9,966,852

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

Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits.

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>2,352,051</b>	<b>63,672</b>	<b>29,940</b>	<b>225,055</b>	<b>217,385</b>	<b>85,528</b>	<b>653,223</b>	<b>233,121</b>	<b>416,819</b>	<b>402,230</b>	<b>658,595</b>			
<b>Returns with Increasing research activities credit items, other than Forms 1120S and 1120-DISC</b>														
Number of returns.....	16,370	81	106	301	10,426	310	2,049	1,462	582	448	2,630			
Qualified research expenses, total.....	26,433,065	59,875	283,485	64,164	22,443,013	1,966,059	396,146	257,518	137,910	540,370	665,150			
Wages for qualified services.....	18,774,850	38,350	226,685	39,936	16,100,361	1,213,066	274,303	172,937	100,850	394,000	480,392			
Cost of supplies used.....	5,063,829	18,902	40,262	12,317	4,507,299	296,005	53,653	41,811	11,680	33,854	94,924			
Rental or lease costs to personal property.....	655,663	1,293	2,017	3,647	418,995	115,362	22,254	11,795	10,424	46,919	45,155			
65 percent of contract expenses for qualified research.....	1,645,816	1,234	12,895	7,620	1,234,758	254,509	37,221	25,987	11,230	61,030	35,937			
65 percent of amounts paid to qualified research organizations.....	288,684	97	1,625	645	177,116	87,116	8,775	5,050	3,726	4,568	8,742			
Base period research expenses, total.....	19,999,313	47,481	182,021	30,790	17,504,610	1,386,258	217,344	143,235	73,730	331,632	295,452			
Wages for qualified services.....	14,424,871	29,253	149,328	18,965	12,739,188	860,931	164,238	105,130	58,882	237,787	222,880			
Cost of supplies used.....	3,870,157	16,011	23,706	5,979	3,526,106	209,602	22,114	18,221	3,804	31,346	33,884			
Rental or lease costs to personal property.....	410,221	1,609	1,225	1,094	278,402	69,101	12,923	7,026	5,838	22,395	23,457			
65 percent of contract expenses for qualified research.....	1,065,191	547	7,533	4,726	809,430	178,332	16,060	11,474	4,581	38,414	10,148			
65 percent of amounts paid to qualified research organizations.....	224,957	60	230	*26	147,253	68,292	2,064	1,386	678	1,950	5,082			
Tentative credit.....	1,523,797	2,997	24,245	6,349	1,188,933	142,030	36,903	23,381	13,456	48,494	72,072			
Carryover of unused credit.....	117,941	*75	1,409	657	91,730	2,242	7,764	7,469	*295	3,767	8,783			
Allowable credit.....	1,641,061	3,975	25,653	7,006	1,280,358	144,271	44,667	30,850	13,750	51,909	80,856			
Research credit.....	839,220	1,971	8,437	4,114	623,263	125,062	25,755	15,184	10,505	17,189	33,313			

\*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."

## 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."

### 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, work incentive (WIN) credit, jobs credit, nonconventional source fuel credit, alcohol fuel credit, employee stock ownership plan credit and credit for increasing research activities.

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 (special rapid write-offs in excess of what otherwise would have been a depreciation deduction under Code section 167 for certified pollution control facilities, railroad rolling stock, on-the-job training facilities, child care facilities and certified historic structures); (3) 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); (4) depletion (depletion deduction in excess of the cost or other basis of the property, reduced by depletion taken in prior years); (5) 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, and the preference items equaled the alternative tax on taxable income minus the tax on taxable income figured under Code section 11 or similar section, with the result divided by 0.46); and (6) intangible drilling costs. Tax preferences for "accelerated depreciation subject to a lease" and "intangible drilling costs" were not applicable to corporations other than Small Business Corporations electing to be taxed through their stockholders 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. Small Business Corporations electing to be taxed through their stockholders were liable for the additional tax only on certain capital gains, on accelerated depreciation subject to a lease, and on intangible drilling costs. All other items of tax preference for these corporations were passed on to the stockholders for taxation.

In addition, 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.

### Additional Tentative Credit for Employee Stock Ownership Plan

See "Investment Credit."

### 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, if identifiable, advertising expenses incurred in the preparation of customer's advertising; those amounts were moved to 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, 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 with the exception 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.

#### 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 (Code section 178)
- motion picture film, videotape, sound recording and books (Code section 280)
- on-the-job training facilities (Code section 188)
- 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).

Of these, amortization of leasehold improvements was frequently reported as depreciation and amortization of bond premiums (as well as of such other financial items as loan or mortgage costs) was often reported as part of "other deductions." Write-offs of patents, copyrights, and other intangibles were usually included in depreciation. None of these amounts involved rapid write-offs of the assets concerned. Therefore, in order to confine the statistics insofar as possible to rapid write-offs, identifiable amounts reported as amortization that related to leasehold improvements, bond premiums (or other financial items), and intangible assets, and, in addition, to depreciable assets other than those eligible for rapid amortization, were transferred to "depreciation" or "other deductions," as appropriate. (See also "Depreciation" and "Other Deductions.")

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

Also, on Forms 1120 prior to 1982, amortization was shown on a separate line of the income statement on page 1; however, for 1982, 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."

#### Annual Returns

Annual or 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.

#### 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) accounting 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.

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.) 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.

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, excessive net passive income tax (Form 1120S) and tax from Section 1 (Form 1120F), reduced by the current year's investment, WIN, jobs, nonconventional source fuel, alcohol fuel, research and employee stock ownership 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.

The user of the statistics can derive another estimate of tax net income (or deficit) by taking into account only the income tax payable to the United States. Under this approach, the before-tax net income (or deficit) shown in the statistics should be reduced by income tax after the possessions tax, foreign tax, investment, WIN, jobs, nonconventional source fuel, alcohol fuel, research and employee stock ownership credits.

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, Small Business 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 noncapital 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., "nonqualified" 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."

#### 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 consolidated 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 of whose insurance business was on U.S. risks (as determined in 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 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 (line 29(b), page 1, Form 1120);

- (3) deductions allowed under Code sections 249 and 250;
- (4) any net operating loss carryback to the tax year under Code section 172; and
- (5) any capital loss carryback to the tax year under Code section 1212(a)(1).

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 stockholders of Small Business Corporations electing to be taxed through those stockholders.

#### 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, 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);
- (3) lubricating oil used for nonhighway purposes (Code section 6424); and
- (4) 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 "Depreciable 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 net 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 50,000 barrels of crude oil in any day and provided they did not sell oil or natural gas through a retail outlet. The depletion deduction for these "small producers" was limited to 65 percent of their net income before the depletion deduction. If the 65

percent limit caused an amount to be disallowed for a taxable year, the corporation could carry the disallowed portion to the next year for inclusion in the depletion deduction. The depletion rate for small producers was 22 percent 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 Class Life Asset Depreciation Range (CLADR) system was replaced with the Accelerated Cost Recovery System (ACRS), for most property placed in service after December 31, 1980. CLADR depreciation could continue to be claimed on assets acquired before 1981 for which an ADR election had been made. For a detailed description of the CLADR system, see Statistics of Income - 1976, Corporation Income Tax Returns.

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 ADR property class lives. 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) such as automobiles and light duty trucks (that had an ADR class life of 4 years or less), machinery and equipment used for research and experimentation, other machinery and equipment (such as special tools) with an ADR midpoint life of 4 years or less as of January 1, 1981, and race horses that were more than 2-years old when placed in service or other horses that were more than 12-years old when placed in service. In general, 5-year property included all section 1245 depreciable personal property that was not 3-year, 10-year, or 15-year, including most machinery and equipment, heavy duty trucks, ships, aircraft, horses and, in addition, single-purpose agricultural and horticultural structures, facilities used for the storage of petroleum and its primary products, as well as public utility property with an ADR class life of 5 years or more, but not more than 18 years. 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, theme and amusement parks and railroad tank cars, as well as residential manufactured homes covered under section 1250, and coal utilization property not included in some other class. 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 and included, for example, electric utility steam production plants, gas utility manufactured gas production plants, water utility property, and telephone distribution plants. 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 property placed in service in 1985, the recovery deduction also included the half-year convention for the year of acquisition. In addition, the recovery deduction was accelerated to approximate the effect of the 175-percent declining-balance method for the earlier years and the sum-of-the-years digits method for the later years. For property placed in service in 1986 and thereafter, the effect was the same as the 200-percent declining-balance method for the earlier years and the sum-of-the-years digits method later on. No recovery deduction was generally allowed for the year in which a property was sold or disposed of.

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.

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. Property placed in service in 1985 or subsequent years was treated the same as other 5-year recovery property. 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 Small Business 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.

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 Small Business 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.

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 Small Business 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.

The profits of DISC's were not taxed to the DISC's, but were instead taxed to the stockholders (mainly parent corporations) when distributed or deemed to be distributed to them. A stockholder of a DISC was treated as having received a distribution taxable as a dividend equal to the stockholder's pro rata share of the sum of: (1) the gross interest derived during the taxable year from producer's loans; (2) the gain recognized by the DISC during the taxable year on the sale or exchange of property, other than property which in the hands of the DISC is a qualified export asset, previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized; (3) the gain (other than the gain described in (2)) recognized by the DISC during the taxable year on the sale or exchange of property (other than property which in the hands of the DISC is stock in trade or other property described in Code section 1221(1)) previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized and would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the DISC; (4) 50 percent of the taxable income of the DISC for the year attributable to "military property" (i.e., property which is an arm, ammunition, or implement of war designated pursuant to the Military Security Act of 1954); (5) the taxable income for the taxable year attributable to "base period export gross receipts".

(For taxable years beginning in 1981 the base period years were 1974 through 1977. For taxable years that began in 1982 the base period years were 1975 through 1978.) (6) the sum of: (a) one half of the excess of the taxable income of the DISC for the taxable year, before reduction for any distributions during the year, over the sum of the amounts deemed distributed for the year under Code section 995; (b) an amount equal to (a) multiplied by the "international boycott factor;" and (c) any illegal bribe, kickback, or other payment paid by or for the DISC to a representative of a foreign government; and (7) the amount of foreign investment attributable to producer's loans of a DISC for the taxable year. For this purpose, taxable income was the DISC's net income minus statutory special deductions.

The amount deemed distributed was fully taxable to the stockholders. Income taxation was deferred on the remainder of the DISC's taxable income which was not deemed distributed until one of the following events occurred: (1) the income was actually distributed to the DISC's stockholders; (2) a stockholder disposed of the DISC stock; (3) the DISC was liquidated; or (4) the election to be treated as a DISC was terminated or revoked.

Corporate stockholders receiving DISC dividends were not permitted the intercorporate dividends received deduction. The dividends received deduction was designed to prevent multiple taxation of corporate earnings; consequently, as a DISC itself was not subject to taxation the dividends received deduction was not applicable.

Dividends (deemed or actual) paid by a DISC were treated as dividends from a foreign corporation to the extent the dividends were attributable to certain export receipts of the DISC. Thus, all stockholders could claim a foreign tax credit for any foreign taxes imposed on a DISC dividend. Stockholders that were corporations could also claim an indirect credit for foreign taxes paid by a DISC.

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) Small Business 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.

#### 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

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(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, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research and employee stock ownership 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 1981 overpayments claimed as a credit, 1982 estimated tax payments, and refund of estimated tax payments.

Excessive Net Passive Income Tax (#)

In general, under prior law (Code section 1372), a Small Business 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 small business corporations that did not have subchapter C earnings and profits. Subchapter C earnings were earnings with respect to which an election under Code section 1362 was not in effect. In general, this means that the corporation was not a subchapter S corporation. Also, the law increased the limit on passive income to 25 percent for small business corporations that had earnings or profits from prior subchapter C status and provided for a 46 percent tax on excess 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 Small Business 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 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 Small Business 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 Small Business Corporations electing to be taxed through their stockholders, 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 Small Business Corporations electing to be taxed through their stockholders 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 Small Business Corporation electing to be taxed through its stockholders). No net operating loss or "special deductions" were available. In addition, effective for tax years beginning in 1982, Small Business 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, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research and employee stock ownership credits. (This item did not apply to DISC's, which are taxable through their stockholders; see "Domestic International Sales Corporation Returns" in this section.)

Effective for taxable years beginning after December 31, 1978, and before January 1, 1982, the corporate tax rates were:

<u>Taxable income</u>	<u>Tax rate</u>
Under \$25,000 .....	17 percent
\$25,000 to \$50,000 .....	20 percent
\$50,000 to \$75,000 .....	30 percent
\$75,000 to \$100,000 .....	40 percent
Over \$100,000 .....	46 percent

For taxable years beginning on January 1, 1982, 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

For fiscal year taxpayers, the benefit of the lower corporate rates applied to the part of the fiscal year 1981-1982 that fell after December 31, 1981.

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 normal 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 Small Business 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 Small Business 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 normal tax and surtax on the balance of undistributed

## Corporation Returns/1982 • Explanation of Terms

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 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, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research and employee stock ownership 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 are 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, subdivider 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.")

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 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 and 11 percent for corporations (with accounting periods ending in 1982) that contributed 1 percent of their qualified investment to an "employee stock ownership plan" (ESOP). As described below, the credit could be as much as 11.5 percent of the qualified investment if it were derived in connection with an ESOP. "Qualified investment" in used property was limited to \$100,000 per taxable year.

Corporations claiming the 1 percent ESOP credit could also claim up to a maximum of 0.5 percent additional credit if their employees matched the amount the corporation contributed to a qualified ESOP. Thus, the investment credit for these corporations could be up to 11.5 percent. The additional 0.5 percent credit was not allowed for public utilities which were required to pass through benefits of the investment credit to their consumers in the form of lower rates, instead of using the credit to offset the cost of capital investment. The investment-related ESOP credit was terminated at the end of 1982 and replaced by a payroll-related credit. The new credit is described in the Changes in Law section of this report.

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 Small Business 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 work incentive (WIN) credit, the jobs credit, the nonconventional source fuel credit, the alcohol fuel credit, research credit, and employee stock ownership credit.

Originally 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.

The Revenue Act of 1978 provided that for taxable years ending after December 31, 1978, the 50-percent limitation be increased over a transitional period to 90 percent, to be phased in at 10 additional percentage points a year. Thus for taxable years ending in 1979 the percentage was 60, for taxable years ending in 1980 the percentage was 70, for taxable years ending in 1981 the percentage was 80, and for taxable years ending in 1982 and thereafter the percentage was 90.

#### 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 (#)

In place of the general jobs tax credit, which expired at the end of 1978, the Revenue Act of 1978 provided a new targeted jobs credit to encourage the hiring of needy youths and others who often had difficulty finding jobs even when the economy was prosperous. 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. The limit was, originally, 30 percent of the total FUTA wages paid by the employer during the calendar year ending within the taxable year. The 30 percent limit applied only to qualified first-year wages. Qualified second-year wages were not subject to that limitation. The 1978 Act did not provide for any carryover of amounts in excess of that limitation. This 30 percent limit was eliminated for first year wages paid in 1982 and thereafter.

FUTA wages were defined as the first \$6,000 of wages per employee during the calendar year. 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 WIN tax credits 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.

The discussion under Changes in Law in Section 2 explains the effects of the Economic Recovery Tax Act of 1981 and the Tax Equity and Fiscal Responsibility Act of 1982.

#### 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." Some corporations may have included land as part of depreciable assets; if so, the amount was reclassified as land.

#### Loans from Stockholders

This balance sheet liability item was regarded as long-term in duration and may have included loans from affiliated corporations as well as from other stockholders.

#### Loans to Stockholders

This balance sheet asset item was regarded as long-term in duration and included loans to affiliated corporations as well as to other stockholders.

#### 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 surtax exemption to one per group, 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 Small Business Corporations electing to be taxed through their stockholders. 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, 1250, 1251, 1252, and 1254, and in the case of certain mining property, by section 617.

Code section 1245 provided that eligible gain for most depreciable property, except certain kinds of real property, be based on the amount of depreciation allowed on it prior to 1962. Code section 1250 provided that eligible gain for certain depreciable realty be based on a percentage of the excess of accelerated depreciation over straight-line depreciation allowed prior to 1963 and on the length of time the property was held. However, with certain exceptions for sales of housing, no gain based on excess depreciation taken after 1969 was eligible for capital gains treatment.

Code section 1251 further limited the eligible gain for certain types of real or depreciable property to the amount in excess of farm net losses accumulated after 1969 or, in the case of farmland, to an amount in excess of certain agricultural

deductions accumulated during the most recent 5-year period. Code section 1252 went further, by then limiting the gain treatment of farmland depending on the length of time the property was held. Code section 1254 limited the gain treatment on sales of residential real property and on the disposal or sale of productive oil and gas wells.

Code section 617 limited eligible gain on certain mining property to an amount in excess of the sum of current and recent-prior year deductions for exploration and development expenditures.

None of these Code provisions had any effect on the treatment under Code section 1231 of losses resulting from the disposition of such property. For a description of the property to which Code sections 1245, 1250, 1251, 1252, 1254, and 617 applied, see the explanation of "Net Gain (or Loss), Noncapital Assets."

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 Small Business 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 is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Code, and reflects 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 Small Business 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; and
- (6) shareholders' undistributed taxable income (Form 1120S only).

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 uncontrolled 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.

#### 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 Small Business 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."

#### 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 "nonqualified 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 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, 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 consisted 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

nonqualified 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 1981 overpayment the corporation specifically requested to be credited to the 1982 year's estimated tax, in lieu of requesting a refund in 1981. 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 I 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 (Forms 7004 and 7005)

These statistics were derived from the income tax returns rather than from the application for extension of time to file, Form 7004, and the application for additional extension of time to file, Form 7005, or their equivalents. Corporations which filed Form 7004 on time and paid the required amount of tax liability (tentatively determined) were granted an automatic extension of 3 months in which to file returns. A second extension (requested on Form 7005) of 3 months could be granted under certain conditions.

Requesting the extension of time to file the return did not postpone the payment of tax. When an extension was requested on Form 7004, 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. If the option of paying the tentatively determined tax liability on an installment basis (with the balance due on or before 3 months after the regular filing date) was not used, the entire amount was due with the application. If a second extension of time to file was applied for, the balance of any unpaid tax liability was due at the time of the application.

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 (70 percent for corporations with accounting periods beginning before 1982) 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.

When corporations identified the amount of Federal income tax which was current and the amount which was deferred, only the amount reported as current was used for the statistics. Deferred Federal income tax as shown on the books of account represented the tax consequence resulting from differences between book and tax accounting in the recognition of various items of income and expenses. (See "Book Net Income (or Deficit).")

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. If the refund (or credit against another tax owed, in lieu of a refund) was subsequently determined to be excessive, the tax on the excess included a penalty amount determined at a rate of 90 percent of the adjusted prime rate (as determined under section 6621) per year of the excess.

### 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 and Experimentation 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. Small business 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 and experimentation 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 Small Business Corporations electing to be taxed through their stockholders, 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 stockholders. (See "Stockholders' 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. 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."

#### 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, work incentive (WIN), nonconventional source fuel, alcohol fuel, research and employee stock ownership credits. It included the regular tax and alternative tax. As such, it excluded the tax from recomputing prior-year investment credit and additional tax for tax preferences.

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."

Small Business 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 small business corporations with tax years beginning after December 31, 1982. The provisions of that act will be covered in Statistics of Income for 1983.

To qualify as a Small Business 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 25 shareholders (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) have more than 80 percent of the corporation's gross receipts from sources outside the United States (this provision was repealed for tax years beginning after 1982); or
- (6) have more than 20 percent (25 percent for taxable years beginning in 1982) of the corporation's gross receipts from passive investment income for 3 consecutive tax years (see discussion of "Excessive Net Passive Income Tax" and "Income Tax" in this section).

Net income of Small Business 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 Small Business Corporation was generally not taxed. However, an existing corporation that elected (under Code section 1372) to become a Small Business 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 Small Business 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 Small Business Corporation); or (3) the tax rates applied to net income. Foreign tax credit, investment credit, U.S. possessions tax credit, work incentive (WIN) 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 and WIN program salaries and wages were allocated to stockholders for their use in computing the credits). Also, see "Excessive Net Passive Income Tax."

Generally, the income of the Small Business Corporation was taxable to its stockholders as ordinary income. Net long-term capital gains (reduced by any tax paid on them by the corporation) were not taxable as ordinary income, but instead retained their character in the hands of the stockholders. Also, stockholders were allowed to deduct their share of the corporation's deficit from other forms of individual (or fiduciary) income as part of their net operating loss deduction. Undistributed income earned in previous years was taxable to stockholders in the year it was earned, and could be distributed during the current year without any further tax.

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 Small Business Corporations for which an election was made to be taxed through stockholders, 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.

## Corporation Returns/1982 • Explanation of Terms

(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, a single surtax exemption 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

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

#### 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, work incentive (WIN),

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).

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."

#### 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 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 Income Tax

See "Income Tax."

#### 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.

Before the U.S. possessions tax credit could be claimed, a domestic corporation had to make an

possessions tax, jobs, nonconventional source fuel, alcohol fuel, research, employee stock ownership credits, and overpaid windfall profit tax. 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; and (e) U.S. income tax paid or withheld at source (for Form 1120F returns).

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 Section 1 (#)

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."

#### 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, Small Business Corporations electing to be taxed through their stockholders 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 stockholders 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.

#### 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.

ERTA 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 "two-percent" recapture rule applied. 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 is 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. Also see "Investment Credit" in the Changes in Law Section for the effects of Tax Equity and Fiscal Responsibility Act of 1982.

#### 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, Tax from Section 1 (tax on income from U.S. sources not effectively connected with a U.S. trade or business), and overpaid windfall profit tax. Tax overpayment was also after reduction by the foreign tax, possessions tax, investment, work incentive (WIN), jobs, nonconventional source fuel, alcohol fuel, research and employee stock ownership 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

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.

#### Work Incentive (WIN) Credit (#)

This credit was intended to expand job opportunities for Aid to Families with Dependent Children (AFDC) program recipients. Taxpayers were allowed a credit against their income tax liability if they were engaged in a trade or business and hired AFDC recipients under the Work Incentive (WIN) program of the Social Security Act (as authorized by the Revenue Act of 1971) or if they hired AFDC recipients under the Social Security Act, regardless of whether or not they were covered by the WIN program (as authorized by the Tax Reduction Act of 1975).

The Economic Recovery Tax Act of 1981 terminated the separate WIN credit for wages paid in tax years beginning after December 31, 1981. For tax years beginning in 1982 and later there was a new targeted group for certified WIN employees. Therefore, those corporations with accounting periods ending before 1982 could still claim a WIN credit. Those corporations with accounting periods beginning in 1982 could claim a WIN credit carryover, however, those statistics would be included in Jobs Credit.

Unused WIN credits were eligible to be carried back three years or carried forward fifteen years.

#### 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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Form 1120 Department of the Treasury Internal Revenue Service		U.S. Corporation Income Tax Return For calendar year 1982 or other tax year beginning ..... 1982, ending ..... 19..... ► For paperwork Reduction Act Notice, see page 1 of the instructions		OMB No. 1545-0123
		1982		
<b>Check if a—</b> <input type="checkbox"/> <b>A. Consolidated return</b> <input type="checkbox"/> <b>B. Parental Holding Co.</b> <input type="checkbox"/> <b>C. Business Code No. (See page 9 of Instructions)</b>		<b>D. Employer identification number</b>  <b>E. Date incorporated</b>  <b>F. Total assets (see Specific Instructions)</b> \$ _____		
<b>Gross Income</b>  1 (a) Gross receipts or sales \$ ..... (b) Less returns and allowances \$ ..... Balance ► 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 11(a), Part II (attach Form 4797) . . . . . 10 Other income (see instructions—attach schedule) . . . . . 11 TOTAL income—Add lines 3 through 10 . . . . .		<b>1(c)</b> 1 2 3 4 5 6 7 8 9 10 11 12 13(b) 14 15 16 17 18 19 20 21(a) <b>21(b)</b> 22 23 24 25 26 27 28 29 30 <b>31</b> <b>32</b> 33 34 35		
<b>Deductions</b>  12 Compensation of officers (Schedule E) . . . . . 13 (a) Salaries and wages ..... (b) Less jobs credit ..... Balance ► 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 . . . . . 22 Depletion . . . . . 23 Advertising . . . . . 24 Pension, profit-sharing, etc. plans (see instructions) . . . . . 25 Employee benefit programs (see instructions) . . . . . 26 Other deductions (attach schedule) . . . . . 27 TOTAL deductions—Add lines 12 through 26 . . . . .				
<b>Tax</b>  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) . . . . .		<b>31</b> <b>32</b> 33 34 35		
<b>TAX</b>  31 TOTAL TAX (Schedule J) . . . . . 32 Credits: (a) Overpayment from 1981 allowed as a credit . . . . . (b) 1982 estimated tax payments . . . . . (c) Less refund of 1982 estimated tax applied for on Form 4466 . . . . . (d) Tax deposited: Form 7004 ..... Form 7005 (attach) ..... Total ► (e) Credit from regulated investment companies (attach Form 2439) . . . . . (f) Federal tax on special fuel and oils (attach Form 4136) . . . . .		<b>31</b> <b>32</b> <b>33</b> <b>34</b> <b>35</b>		
<b>Please Sign Here</b>  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		
<b>Paid Preparer's Use Only</b>  Preparer's signature Firm's name (or yours, if self-employed) and address		Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no. _____  E.I. No. _____ ZIP code _____

Form 1120 (1982)	Schedule A Cost of Goods Sold (See instructions for Schedule A)	Page 2			
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 . . . . .					
<b>(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"/> Written down 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 (If checked, attach Form 970) . . . . .</b>					
<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>(d) If you are engaged in manufacturing, did you value your inventory using the full absorption method (Regulations section 1.471-11)? . . . . .</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? If "Yes," attach explanation.</b> . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> No				
<b>Schedule C Dividends and Special Deductions (See instructions for Schedule C)</b>					
	(A) Dividends received	(B) %	(C) Special deduction: 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(a)(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					
<b>Schedule E Compensation of Officers (See instruction for line 12) Complete Schedule E only if your total receipts (line 1(a), plus lines 4 through 10, of page 1, Form 1120) are \$15,000 or more.</b>					
1. Name of officer	2. Social security number	3. Time devoted to business	Percent of corporation stock owned	6. Amount of compensation	7. Expense account allowances
		4. Common	5. Preferred		
Total compensation of officers—Enter here and on line 12, page 1 . . . . .					
<b>Schedule F Bad Debts—Reserve Method (See instruction for line 15)</b>					
Amount added to reserve					
1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	4. Current year's provision	5. Recoveries	6. Amount charged against reserve
1977					
1978					
1979					
1980					
1981					
1982					

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**Schedule J Tax Computation** (See instructions for Schedule J on page 7)

Note: **Fiscal year corporations**, see instructions on page 10. If you are not a member of a controlled group of corporations (sections 1561 and 1563), omit lines 1 and 2, and enter on line 3, the amount from line 44, Part III, of the fiscal year worksheet provided on page 11 of the instructions.

**Calendar year corporations**, see instructions for Schedule J on page 7. If you are not a member of a controlled group of corporations (sections 1561 and 1563), omit lines 1 and 2, and start with line 3.

- 1 Check if you are a member of a controlled group (see sections 1561 and 1563).
- 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
- 4 (a) Foreign tax credit (attach Form 1118). . . . .
- (b) Investment credit (attach Form 3468). . . . .
- (c) Jobs credit (attach Form 5884). . . . .
- (d) Employee stock ownership credit (applies only to fiscal year 1982-83 corporations—see instructions). . . . .
- (e) Research credit (attach Form 6765). . . . .
- (f) Possessions tax credit (attach Form 5735). . . . .
- (g) Alcohol fuel credit (attach Form 6478). . . . .
- (h) Credit for fuel produced from a nonconventional source (see instructions). . . . .

- 5 Total—Add lines 4(a) through 4(h) . . . . .
- 6 Subtract line 5 from line 3 . . . . .
- 7 Personal holding company tax (attach Schedule PH (Form 1120)) . . . . .
- 8 Tax from recomputing prior-year investment credit (attach Form 4255). . . . .
- 9 Minimum tax on tax preference items (see instructions—attach Form 4626). . . . .

**10 Total tax**—Add lines 6 through 9. Enter here and on line 31, page 1.

**Additional Information** (See page 8 of instructions)

Did you claim a deduction for expense 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?

H (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 257(c).)

If "Yes," attach a schedule showing: (a) name, address, and identifying number; (b) percentage owned; (c) taxable income or (loss) (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 257(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

Yes

No

(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 

(Note: For purposes of H(1) and H(2), "highest amount owed" includes loans and accounts receivable/payable.)

I Refer to page 9 of instructions and state the principal:

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 such 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 instructions)?

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 pay dividends (other than stock dividends and distributions in exchange for stock) in excess of your current and accumulated earnings and profits? (See sections 301 and 316.)

If "Yes," file Form 5452. If this is a consolidated return, answer here for parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

N During this tax year was any part of your tax accounting records maintained on a computerized system?

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**Schedule L Balance Sheets**

	Beginning of tax year		End of tax year	
	(A)	(B)	(C)	(D)
ASSETS				
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 . . . . .				
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable . . . . .				
16 Mites, notes, bonds payable in less than 1 year . . . . .				
17 Other current liabilities (attach schedule) . . . . .				
18 Loans from stockholders . . . . .				
19 Mites, 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 sch.) . . . . .				
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 . . . . .		7 Income recorded on books this year not included in this return (itemize)
2 Federal income tax . . . . .		(a) Tax-exempt interest \$.....
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)		8 Deductions in this tax return not charged against book income this year (itemize)
(a) Depreciation . . . . .		(a) Depreciation . . . . . \$.....
(b) Contributions carryover . . . . .		(b) Contributions carryover . . . . . \$.....
6 Total of lines 1 through 5 . . . . .		
9 Total of lines 7 and 8 . . . . .		
10 Income (line 28, page 1)—line 6 less 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 . . . . .		5 Distributions: (a) Cash . . . . .
2 Net income per books . . . . .		(b) Stock . . . . .
3 Other increases (itemize) . . . . .		(c) Property . . . . .
4 Other decreases (itemize) . . . . .		
6 Total of lines 1, 2, and 3 . . . . .		7 Total of lines 5 and 6 . . . . .
8 Balance at end of year (line 4 less 7) . . . . .		8 Balance at end of year (line 4 less 7) . . . . .

E1 NO 22-158-1666

U.S. GOVERNMENT PRINTING OFFICE: 1982-O-363-351

# 1982

**Department of the Treasury  
Internal Revenue Service  
Instructions for Form 1120  
U.S. Corporation Income Tax Return**

(References are to the Internal Revenue Code.)

## Tax Highlights

Please note these important changes that have been made due to various tax laws. Changes A through C are based on the Economic Recovery Tax Act of 1981. Changes D through I are based on the Tax Equity and Fiscal Responsibility Act of 1982 enacted into law September 3, 1982.

### A. Reduction in Corporate Tax Rates

Effective for tax years beginning after 1981, 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 1982, from 17% to 16%, and for 1983, to 15%. For the taxable income bracket over \$25,000 but not over \$50,000, the tax rate decreases for 1982, from 20% to 19%, and for 1983, to 18%. The remaining tax rates of 30%, 40%, and 45% did not change.

Because of changes in these tax rates, fiscal year 1982-83 corporations must prorate their tax under section 21. Use the worksheet on page 11 of the instructions to make this computation.

### B. Depreciation Changes

For tax years beginning after December 31, 1981, you may elect to expense part of the cost (up to \$5,000) of certain depreciable property that you bought during the year. See Form 4562, Depreciation and Amortization, for more information.

### C. Charitable Contributions

Effective for tax years beginning after 1981, a corporation's maximum charitable contribution deduction will increase from 5% to 10% of its taxable income. See section 170(b)(2).

### D. Reduction in Tax Preference Items

Fiscal year corporations (other than subchapter S corporations) may be required to reduce the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

### E. 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.

### F. Leasing

Changes have been made to the safe harbor leasing rules that reduce the tax benefits on leases entered into or property placed in service after July 1, 1982, subject to certain transitional rules and rules for figuring the depreciation for qualified leased property (see sections 168(f) and (i)). The rules for figuring depreciation for property financed by tax-exempt obligations have also changed (see section 168(f)(12)).

### G. Targeted Jobs Credit Changes

This credit has been extended to include wages paid to a qualified individual who begins work on or before December 31, 1984. Changes have been made in the certification rules and in the definition of certain targeted groups. For more information, see Form 5884, Jobs Credit (and WIN Credit Carryover).

### H. Withholding on Interest and Dividends

Effective July 1, 1983, a corporation that is a payor of interest, dividends, or patronage dividends to certain recipients is required to withhold a tax of 10% on the amounts paid. See the 1983 Instructions for Form 1096.

As recipients, however, most corporations are exempt from withholding on their income from these sources. Some withholding may have occurred: if for example, the corporation was a member of a partnership. If the corporation had withholding on its interest, dividend, or patronage dividend income after June 30, 1983, the corporation should include the withheld amount as a credit in the total for line 32(f). In the margin next to the entry on line 32(f), write the amount of the credit and identify it as "section 31(b) credit".

### I. 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 33 within 2½ months after the end of the tax year. The election to pay in two equal installments will no longer be available.

### 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

The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue Laws of the United States. We need it to ensure that you 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.

### A. Purpose

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.

- Exempt farmers' cooperatives (section 1381): File Form 990-C.

- Exempt organizations with unrelated trade or business income: File Form 990-T.

- Small business corporations (section 1372(e)): 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 3rd 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.

**Extensions.**—File Form 7004 to request an automatic 3-month extension of time to file Form 1120.

File Form 7005 to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

**Period covered.**—File the 1982 return for calendar year 1982 and fiscal years that begin in 1982 and end in 1983. 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.

### 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, Sullivan, and Westchester	Holtsville, NY 11541
Connecticut, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 01840
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 78730
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, 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

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Corporations having their principal place of business outside the United States or claiming a partnership tax credit (section 936) must file with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a group of corporations located in Internal Revenue Service Centers must be filed separately for the area in which the principal office of the managing corporation that keeps all the books and records is located.

### Change in accounting period.

Before you can change an accounting period, you must get the Commissioner's approval (Regulation section 1.442-1) by filing Form 1128, Application for Change in Accounting Period. Also see Publication 538, Accounting Periods and Methods.

### 2. 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.

### 3. Depositary Method of Tax Payment

The corporation must pay the tax due either in full when the return is filed, or in two equal installments of the amount on line 33 determined without regard to any Form 2220 penalty. 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. The installments are due by the 15th day of the 3d month and the 15th day of the 6th month after the end of the tax year.

Deposit corporation income tax payments (and estimated tax payments) with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a depositary 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 on the back of Form 503 for more information and exceptions.

Preinscribed FTD Form 503 will be mailed to the corporation on a regular basis depending on the corporation's tax year. You may apply for these forms from the Internal Revenue Service Center where the corporation files its return. If you do not have these forms when a deposit is due, mail your payment to the Internal Revenue Service Center where the corporation files its return. When applying for FTD Form 503 (and also when making a deposit without FTD Form 503), include the corporation's name, employer identification number, address, and the tax year to which the deposits relate.

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.

You may use Form 1120-W, Corporation Estimated Tax, as a worksheet to compute estimated tax.

If the corporation overpaid estimated tax, you 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, you must 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, 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 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 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. For tax years beginning after December 31, 1982, section 6655(i) modifies the exceptions to the penalty in sections 6655(d)(1) and (2), by requiring certain large corporations to make a minimum payment of estimated tax equal to 75% or more of their current year's tax liability to avoid this underpayment penalty.

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, Form 1120. 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 you overstate your deposits, you may be subject to a penalty. See section 6656(b).

## E. Other Forms, Returns, Schedules, and Statements That May Be Required

### a. Forms.

The corporation may have to file any of the following:

Form 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.

Forms 1087-DIV, INT, MED, MISC, and OID. Nominees' information returns for reporting dividends, interest, medical and health care payments, miscellaneous income, and original issue discounts that

were received as a nominee on behalf of another person.

Form 1096, Annual Summary and Transmittal of U.S. Information Returns.

Form 5452, Corporate Report of Nontaxable Dividends.

Forms 966 and 1099-L. Information returns for reporting interest on bearer certificates of deposit, certain dividends and distributions, payments for certain fishing boats, and members' fees, costs, medical and health care payments, miscellaneous income payments, nonemployee compensation, original issue discounts, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements.

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 or similar statements if your total assets at the end of the tax year (line 14, column (D) of Schedule L) are less than \$25,000.

You may use either Schedule L or copies of other balance sheets required by Federal, State, or other authorities. The balance sheets must agree with your books and records. You must reconcile any differences. On line 1 of whatever balance sheet you use, include as cash any certificates of deposit and other cash equivalents.

Banks, insurance companies, and other corporations required to file substantially similar statements of income and expense to any Federal, State, or other authority may file copies of such statements instead of the information required on lines 1 through 30 of Form 1120.

Railroads may substitute Form 1090, Statement of Income, and Profit and Loss Accounts. In these cases, use Schedule M-1 to reconcile taxable income with the net profit that is shown on the statement and that would be entered as line 30.

Statements filed under this procedure must contain sufficient information to enable IRS to reconstruct an income and expense statement and a balance sheet similar to that contained on Form 1120, without contacting the taxpayer during processing.

### g. Attachments.

If you need more space on forms or schedules, attach separate sheets to the back of Form 1120. Attach schedules in alphabetical order and forms in numerical order.

Be sure to 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. You can get this form at most Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which you send Form 1120. If you have not received the EIN 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, Information for Business Taxpayers.

**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, 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 11(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.

### Line 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 page 1, Form 1120) are \$150,000 or more.

Complete Schedule E, columns 1 through 6, for all officers. The corporation determines who is an officer under the laws of the State where incorporated. Complete Schedule E, column 7 for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means 1. amounts, other than compensation, received as advances or reimbursements and 2. amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer whose combined amount is less than \$50,000.

In a consolidated return, each member of an affiliated group must furnish this information.

### Line 13

#### 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 your 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 MN 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.

**Expenditures to remove architectural and transportation barriers to handicapped and elderly.** For rules for expenses in tax years beginning before January 1, 1983, to remove architectural and transportation barriers to handicapped and elderly persons, see section 190 and related regulations.

### Line 15

#### Bad debts

Bad debts may be treated in either of two ways: 1. as a deduction for debts that become worthless in whole or in part, or 2. as a deduction for a reasonable addition to a reserve for bad debts. (See section 166.)

Use Form 3115 if you want to apply for a change in the method of computing bad debts.

### 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 1982 prepaid interest allocable to any period after 1982, can deduct only the amount allocable to 1982. Please see Publication 545, Interest Expense.

Generally, for positions established after June 23, 1981, the interest and carrying charges on straddles can not be deducted and must be capitalized. See section 263(g).

### Line 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 prior years.

The total amount claimed may not be more than 10% of taxable income (line 30) computed without regard to the

following: 1. any deduction for contributions; 2. the special deductions in line 29(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 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(e)(3) and Regulation section 1.170A-4.

**Charitable Contributions of Scientific Property Used for Research.** Effective August 14, 1981, 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 of the cost (up to \$5,000) you elect to expense of certain recovery property placed in service during tax year 1982. 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. The Employee Retirement Income Security Act of 1974 imposes 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.

Note: Only one return is required to be filed for a multiemployer-collectively-bargained plan. Contributing employers are not required to file separately.

#### 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. See Form 4562.

Generally, you may not take a deduction for the amount of any item or part of it allocable to a class of exempt income. (See section 265(2) for exceptions.)

If patronage dividends are included in line 26, show this deduction and any other deduction not listed above on an attached schedule.

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: you 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-NEC for an independent contractor.)

See Publication 463, Travel, Entertainment, and Gift Expenses, for more details. Note: You cannot 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), 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, you 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. You may carry back 10 years the part of the net operating loss attributable to a product liability loss. (See section 172(b)(1)(H).) 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. You may make the election by attaching a statement to a return that is filed on time (including exten-

sions.) 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 work incentive (WIN) credit, or unused jobs 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.

#### Lines 32(e) and 32(f)

##### 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."

##### Credit for withholding on interest and dividends

A fiscal year corporation, whose tax year ends after June 30, 1983, can take a credit for the amount of tax withheld under section 3451 from interest, dividend, or patronage dividend income paid or credited after June 30, 1983, by a payor. Include the amount of the credit in the total for line 32(f). In the margin, next to the entry on line 32(f), write the amount of the credit and identify it as "section 31(b) credit".

#### Schedule A

##### Cost of Goods Sold

**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 change should be made by filing Form 3115. For more information about the change, see Regulation section 1.446-2(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 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 during 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. unusable 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 you can establish such a price. See Regulation section 1.471-2(c) for more requirements.

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 Methods, or a statement with the information required by Form 970. Also check the LIFO box in line 8(c). Enter the amount or percent of total closing inventories covered under section 472 in line 8(c). Estimates are acceptable.

**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, it must change to it. Under this method both direct and certain indirect production costs are included for inventory valuation purposes.

You may change to full absorption by filing Form 3115. For more details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and Regulation section 1.471-11.

**Cost of operations (where 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 1. salaries and wages and 2. other costs in detail.

For certain cooperatives, if per unit retain allocations (defined under section 1388(f)) are included on line 4, Schedule A, show this cost and any other costs not included in lines 1 through 3 on an attached schedule to Form 1120.

#### Schedule C

##### Dividends and Special Deductions

**Line 1, Column (A)**  
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.

**Small business investment companies** must enter dividends received from domestic corporations subject to income tax even though a deduction is allowed for the entire amount of such dividends in line 1 of column (C). For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

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(e).

#### 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)

Enter dividends that are received from domestic corporations subject to income tax and that are subject to the 85% deduction under section 243(a)(1). Include on this line taxable distributions from a DISC or former DISC that are designated as being eligible for the 85% deduction.

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:

1. 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.

2. Dividends from tax-exempt organizations.

3. 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.

4. 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.

5. Any other taxable dividend income not properly reported above. 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

Fiscal year 1982-83 corporations must use the worksheet on page 11 of the instructions to compute their tax.

A 1982 calendar year 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, Schedule J, Line 3:

Page 1 is:

	But not over—	Of the amount over—
Over—	\$25,000	18%
0	50,000	\$4,000 + 19%
\$25,000	50,000	\$25,000
50,000	75,000	8,750 + 30%
75,000	100,000	50,000
100,000	.....	16,250 + 40%
		75,000
		26,250 + 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 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 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, 1982 calendar year 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.

1. Enter taxable income (line 30, page 1)
2. Enter line 1 or your portion of the first \$25,000 taxable income bracket, whichever is less
3. Subtract line 2 from line 1
4. Enter line 3 or your portion of the second \$25,000 taxable income bracket, whichever is less
5. Subtract line 4 from line 3
6. Enter line 5 or your portion of the third \$25,000 taxable income bracket, whichever is less
7. Subtract line 6 from line 5
8. Enter line 7 or your portion of the fourth \$25,000 taxable income bracket, whichever is less
9. Subtract line 8 from line 7
10. 16% of line 2
11. 19% of line 4
12. 30% of line 6
13. 40% of line 8
14. 46% of line 9
15. Total of lines 10 through 14. Enter this amount on line 3 of Schedule J.

#### Line 3

**Bank Holding Companies.**—Section 6158 provides that a bank holding company may elect to pay in installments the tax attributable to the sale of certain assets whose divestiture is certified by the Board of Governors of the Federal Reserve System. If the bank holding company chooses this election, attach a statement showing the tax computation and the amount of the installment paid with this return. Also, in the right-hand margin next to line 3, Schedule J, enter the amount of the installment payment followed by the words "computed under section 6158." If an election under section 1103(g) or (h) applies, enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be.

**Mutual savings banks conducting life insurance business.** The tax under section 594 consists of the sum of 1. a partial tax computed on Form 1120 on the taxable income of the bank determined without regard to income or deductions allocable to the life insurance department, and 2. a partial tax on the taxable income computed on Form 1120L of the life insurance department. Enter the combined tax on line 3 of Schedule J, Form 1120, Attach Form 1120L as a schedule and identify it as such.

**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

#### Line 4(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, 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 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 Credit 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.** 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 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 be Treated 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 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

#### Line 4(g)

**Alcohol fuel credit.** You may be able to take a credit for alcohol used as fuel. This applies to straight alcohol you sell at retail or use as fuel in your trade or business. It also applies to an alcohol mixture you sell or use as fuel in your 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 non-conventional 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 your return showing the computation of the credit.

#### Line 8

**Tax from recomputing prior-year investment credit.** If property is disposed of or ceases to be qualified property before the end of life-years used in computing the regular or energy investment credit, you may have to recapture the credit. (See Form 4255, Recapture of Investment.)

- 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 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 \$1,000 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 owns one or more foreign bank accounts.
- 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 K, file Form 90-22.1 by June 30, 1983, 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.**

**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).**

### 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.

#### Agriculture, Forestry, and Fishing

**Code**  
0400 Agricultural production.  
0500 Forestry services (except veterinarian), forestry, fishing, hunting, and trapping.

#### Mining

**Metal mining:**  
1010 Iron ores.  
1070 Copper, lead and zinc, gold and silver ores.  
1098 Other metal mining.  
1150 Coal mining.  
**Oil and gas extraction:**  
1350 Oil and gas wells, natural gas, and natural gas liquids.  
1380 Oil and gas field services.  
**Nonmetallic minerals, except fuels:**  
1430 Dimension, crushed and broken stone, sand and gravel.  
1498 Other nonmetallic minerals, except fuels.

#### Construction

**General building contractors and operative builders:**  
1510 General building contractors.  
1515 Residential building.  
1600 Heavy construction contractors.  
**Special trade contractors:**  
1711 Plumbing, heating, and air conditioning work.  
1731 Electrical work.  
1798 Other special trade contractors.

#### Manufacturing

**Food and kindred products:**  
2010 Meat products.  
2020 Dairy products.  
2030 Preserved fruits and vegetables.  
2040 Fats and oils products.  
2050 Bakery products.  
2060 Sugar and confectionery products.  
2081 Malt liquors and malt.  
2088 Alcoholic beverages, except beer, wine and malt.  
2089 Bottled soft drinks, and flavorings.  
2096 Other food and kindred products.  
**2100 Tobacco manufacturers:**  
**Textile mill products:**  
2228 Weaving mills and textile finishing.  
2250 Knitting mills.  
2298 Other textile mill products.  
**Apparel and other textile products:**  
2315 Men's and boys' clothing.  
2345 Women's and children's clothing.  
2388 Other apparel and accessories.  
2390 Miscellaneous fabricated textile products.  
**Lumber and wood products:**  
2415 Logging, sawmills, and planing mills.  
2430 Milling, planing, and related products.  
2498 Other wood products, including mobile homes and mobile homes.  
**2500 Furniture and fixtures.**  
**Paper and allied products:**  
2520 Paper, paperboard, and board mills.  
2599 Other paper products.  
**Printing and publishing:**  
2710 Newspapers.  
2720 Periodicals.  
2735 Book, greeting cards, and newspaper publishing.  
2799 Commercial and other printing, and printing trade services.

Using the list below, enter on page 1, under C, 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 1) plus all other income (lines 4 through 10, page 1).

On page 3, under 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 "Grain mill products," the principal product or service may be "Cereal preparations."

**Code**  
2815 Industrial chemicals, plastics materials and synthetics.

2830 Drugs.  
2840 Household cleaners, and toilet goods.

2850 Paints and allied products.  
2860 Cosmetics and other chemical products.

**Petroleum refining and related industries (including those integrated with extraction):**  
2910 Petroleum refining (including integrated).

2998 Other petroleum and coal products.

**Rubber and misc. plastics products:**

3050 Rubber products; plastics footwear, hoses, tubing.

3070 Household plastic products.

**Leather and leather products:**

3140 Footwear, except rubber.

3198 Other leather and leather products.

**Stoneware, glass, and glass products:**

3225 Glass products.

3240 Cement, hydraulic.

3270 Concrete, gypsum, and plaster.

3298 Other nonmetallic mineral products.

**Primary metal industries:**

3370 Ferrous metal industries.

3380 Nonferrous metal industries.

**Fabricated metal products:**

3410 Metal cans and shipping containers.

3428 Cutlery, hand tools, and hardware; screw machine products; bolts, and similar products.

3430 Plumbing and heating.

3440 Fabricated structural metal products.

3460 Metal forgings and stampings.

3470 Casting, engraving, and etching services.

3480 Optical and accessories, except vehicles and guided missiles.

3490 Other fabricated metal products.

**Machinery, except electrical:**

3520 Farm machinery.

3530 Construction and related machinery.

3540 Metallurgical machinery.

3550 Special industrial machinery.

3560 Industrial machinery.

3570 Office, computing, and accounting machines.

3580 Other machinery except electrical.

**Electrical and electronic equipment:**

3630 Household appliances.

3665 Radio, television, and communication equipment.

3670 Electronic components and accessories.

3798 Other electrical equipment.

3718 Motor vehicles and equipment.

**Transportation equipment, except motor vehicles:**

3725 Aircraft, guided missiles and parts.

3730 Ship and boat building and repairing.

3798 Other transportation equipment, except motor vehicles.

**Instruments and related articles:**

3815 Scientific instruments and measuring devices; watches.

3845 Optical, medical, and ophthalmic goods.

3860 Photographic equipment and supplies.

3995 Other retail stores.

**Code**  
3998 Other manufacturing products.

**Finance, Insurance, and Real Estate**

**Code**

**Banking:**

6050 Mutual savings banks.  
6060 Bank holding companies.

6090 Banks, except mutual and bank holding companies.

**Credit agencies other than banks:**  
6120 Savings and loan associations.

6140 Personal credit institutions.

6150 Business credit institutions.

6199 Credit bureaus; credit agencies; security, commodity brokers, and services.

6210 Security brokers, dealers, and exchanges; stockbrokers.

6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.

**Insurance:**  
6355 Marine insurance.

6356 Life insurance, except life or marine and certain fire or flood insurance companies.

6359 Health and accident insurance agents, brokers, and service.

**Real estate:**  
6511 Real estate operators and lessors of buildings.

6516 Lessors of mining, oil, and gas properties.

6518 Lessors of railroad property and other real property.

6530 Owners of management and cooperative housing associations.

6535 Subdividers and developers.

6539 Other real estate.

**Holding and other investment companies:**  
6512 Motor vehicle companies.

6742 Regulated investment companies.

6743 Real estate investment trusts.

6744 Small business investment companies.

6749 Mutual savings and investment companies except bank holding companies.

**Wholesale Trade**

**Durable goods:**

5008 Machinery, equipment, and supplies.

5010 Motor vehicles and other equipment.

5020 Furniture and home furnishings.

5030 Construction and construction materials.

5040 Sporting, recreation, and hobby goods; toys and supplies.

5050 Metals and minerals, except petroleum and scrap.

5060 Metal goods.

5070 Hardware, plumbing, heating equipment and supplies.

5099 Other durable goods.

**Nondurable:**

5110 Paper and paper products.

5129 Drug store proprietaries, and druggists' sundries.

5130 Apparel, piece goods, and notions.

5140 Groceries and related products.

5150 Manufactured raw materials.

5160 Chemicals and allied products.

5170 Petroleum and petroleum products.

5180 Alcoholic beverages.

5190 Misc. nondurable goods.

**Services**

7000 Hotels and other lodging places.

7200 Professional services.

7310 Advertising.

7389 Business services, except advertising.

**Auto repair; miscellaneous repair services:**

7500 Auto repair and services.

7600 Misc. repair services.

**Amusement and recreation services:**

7812 Motion picture, production, distribution, and services.

7830 Motion picture theaters.

7900 Other amusement and recreation services, except motion picture.

**Other services:**

8015 Offices of physicians, including osteopathic physicians.

8021 Dentists.

8040 Offices of other health practitioners.

8050 Beauty and personal care facilities.

8060 Hospitals.

8070 Medical laboratories.

8111 Legal services.

8200 Educational services.

8600 Membership organizations.

8911 Architectural and engineering services.

8930 Accounting, auditing, and bookkeeping.

8980 Miscellaneous services (including veterinarians).

8990 Other retail stores.

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### General Instructions for Fiscal Year

#### 1982-83 Corporations

##### Purpose of Worksheet on page 11

Effective for tax years beginning after 1982, the Economic Recovery Tax Act of 1981 reduced the corporate tax rates. This will result in a lower tax liability. The tax rates changed from 16% of the first \$25,000 of taxable income, 19% of the next \$25,000 of taxable income, 30% of the next \$25,000 of taxable income, 40% of the next \$25,000 of taxable income, and 46% of taxable income in excess of \$100,000; to 15% of the first \$25,000 of taxable income; 18% of the next \$25,000 of taxable income; 30% of the next \$25,000 of taxable income; 40% of the next \$25,000 of taxable income; and 46% of taxable income in excess of \$100,000.

Because of changes in the tax rates, the proration rules of section 21 apply. Fiscal year 1982-83 corporations must prorate their tax to reflect these changes. Thus, a fiscal year corporation will compute its tax for the year by prorating a tax for the period before 1983 and for the period after 1982, using the tax rates in effect for each period. The accompanying worksheet for fiscal year 1982-83 provides for such computation.

**Computation of Tax.**—In computing the tax, the corporation computes a regular tax (Part I) and an alternative tax (Part II) for each period and takes the lower tax for each period. The sum of the prorated tax for each period is the total on line 44, Part III.

### Specific Instructions

#### Parts I & II

**Lines 2, 4, 6, and 8, Part I (and Lines 22, 24, 26, and 28, Part II).**—These lines represent the four taxable income brackets used in computing the tax for the periods before 1983 and after 1982. Members of a controlled group should see the instructions for Schedule J, lines 1 and 2, on page 7, for amounts to be entered in lieu of \$25,000.

#### Part III

**Line 41, Portion of Tentative Tax.—Multiply line 40 by:**

(a) number of days in tax year before 1/1/83  
number of days in tax year

OR

(b) applicable decimal from table below (column (A)).

Taxpayers with a 52-53 week tax year must use (a) above.

**Line 43, Portion of Tentative Tax.—Multiply line 42 by:**

(a) number of days in tax year after 12/31/82  
number of days in tax year

OR

(b) applicable decimal from table below (column (B)).

Taxpayers with a 52-53 week tax year must use (a) above.

Page 10

Fiscal year	(A) Before 1983 Line 40 × applicable fraction or decimal listed below and enter result on line 41	(B) After 1982 Line 42 × applicable fraction or decimal listed below and enter result on line 43
2/1/82- 1/31/83	334/365 or .915068	31/365 or .084932
3/1/82- 2/28/83	306/365 or .838356	59/365 or .161644
4/1/82- 3/31/83	275/365 or .753425	90/365 or .246557
5/1/82- 4/30/83	245/365 or .671233	120/365 or .328767
6/1/82- 5/31/83	214/365 or .586301	151/365 or .413699
7/1/82- 6/30/83	184/365 or .504110	181/365 or .495890
8/1/82- 7/31/83	153/365 or .419178	212/365 or .580822
9/1/82- 8/31/83	122/365 or .334247	243/365 or .665753
10/1/82- 9/30/83	92/365 or .252055	273/365 or .747945
11/1/82- 10/31/83	61/365 or .167123	304/365 or .832877
12/1/82-11/30/83	31/365 or .084932	334/365 or .915068

**Worksheet for Fiscal Year 1982-83 Corporations—  
Tax Computation Schedule (Do Not File—Keep for your Records)**

**Part I Computation of Regular Tax**

**Computation at Tax Rates Applicable Before 1/1/83**

1 Enter taxable income from Form 1120, line 30, page 1 . . . . .	
2 Enter line 1 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
3 Subtract line 2 from line 1 . . . . .	
4 Enter line 3 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
5 Subtract line 4 from line 3 . . . . .	
6 Enter line 5 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
7 Subtract line 6 from line 5 . . . . .	
8 Enter line 7 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
9 Subtract line 8 from line 7 . . . . .	
10 15% of line 2 . . . . .	
11 19% of line 4 . . . . .	
12 30% of line 6 . . . . .	
13 40% of line 8 . . . . .	
14 46% of line 9 . . . . .	
15 Total of lines 10 through 14. If applicable, enter here and on line 40, Part III . . . . .	

**Computation at Tax Rates Applicable After 12/31/82**

16 15% of line 2 . . . . .	
17 18% of line 4 . . . . .	
18 Total of lines 12, 13, 14, 16, and 17. If applicable, enter here and on line 42, Part III . . . . .	

**Part II Computation of Alternative Tax**

**Computation at Tax Rates Applicable Before 1/1/83**

19 Taxable income (line 1, Part I) . . . . .	
20 Enter net capital gain from Schedule D (Form 1120), line 10 . . . . .	
21 Subtract line 20 from line 19 . . . . .	
22 Enter line 21 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
23 Subtract line 22 from line 21 . . . . .	
24 Enter line 23 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
25 Subtract line 24 from line 23 . . . . .	
26 Enter line 25 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
27 Subtract line 26 from line 25 . . . . .	
28 Enter line 27 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
29 Subtract line 28 from line 27 . . . . .	
30 15% of line 22 . . . . .	
31 19% of line 24 . . . . .	
32 30% of line 26 . . . . .	
33 40% of line 28 . . . . .	
34 46% of line 29 . . . . .	
35 28% of line 20 . . . . .	
36 Alternative tax—total of lines 30 through 35. If this amount is less than the regular tax on line 15, Part I, enter here and on line 40, Part III . . . . .	

**Computation at Tax Rates Applicable After 12/31/82**

37 15% of line 22 . . . . .	
38 18% of line 24 . . . . .	
39 Alternative tax—total of lines 32, 33, 34, 35, 37, and 38. If this amount is less than the regular tax on line 18, Part I, enter here and on line 42, Part III . . . . .	

**Part III Proration of Tentative Taxes**

40 Tentative tax (regular tax from line 15, or alternative tax from line 36, whichever is less) . . . . .	
41 Portion of tentative tax before 1/1/83—See instructions for computation . . . . .	
42 Tentative tax (regular tax from line 18, or alternative tax from line 39, whichever is less) . . . . .	
43 Portion of tentative tax after 12/31/82—See instructions for computation . . . . .	
44 Income tax—Add lines 41 and 43. Enter here and on Form 1120, line 3, Schedule J, page 3 . . . . .	

**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

1982

Employer identification number

### 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 less expense of sale	e. Cost or other basis	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 5(e)(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; Form 1120-H, line 5, page 1; Form 1120-POL, line 5, 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)

(Fiscal year filers, do not complete Part IV, but instead see the instructions for the applicable return to figure the tax for fiscal year 1982-83)

12. Taxable income. Enter the amount from	(a) Form 1120, line 30, page 1 . . . . .	12
	(b) Form 1120-POL, line 19, page 1 . . . . .	
	(c) Others—Enter amount from the proper line of other returns . . . . .	13
13. Net capital gain from line 10 . . . . .		14
14. Subtract line 13 from line 12 . . . . .		
	(a) Form 1120—In accordance with the instructions for Form 1120, Schedule J . . . . .	15
	(b) In accordance with the instructions for Form 1120-POL, General Instruction B . . . . .	
	(c) Others—in accordance with the tax computation instructions for applicable return . . . . .	16
16. 28% of line 13 . . . . .		17
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; Form 1120-POL, page 1, line 21; or the proper line on other returns. Also check box for Schedule D . . . . .		

For Paperwork Reduction Act Notice, see page 1 of Form 1120 Instructions.

### Instructions

(References are to the Internal Revenue Code.)

#### Part I

Schedule D should be used by a taxpayer who files either Forms 1120, 1120-DISC, 1120F, 1120-H, 1120L, 1120M, 1120-POL, 990-C, and 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, including reversions (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 Thefts.

#### Parts I and II

Generally, you should report the sales and exchanges, including "like-kind" exchanges, even though there is no gain or loss. No loss is allowed for a wash sale of stock or securities or from a transaction between related persons. (Sections 1091 and 267.)

In Part I report the sale or exchange of capital assets held one year or less. In Part II report the sale or exchange of capital assets held more than one year.

What are Capital Assets.—Each item of property you hold (whether or not connected with your trade or business) is a capital asset except:

1. Assets that can be inventoried or property held mainly for sale to customers.
2. Depreciable or real property used in the trade or business.
3. Certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property.
4. Accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in 1 above.
5. Certain short-term Federal, State, and municipal obligations acquired on or before June 23, 1981.
6. A U.S. Government publication (including the Congressional Record), received from the Government or any of its agencies in a manner other than by buying it at the price offered for public sale, which is held by a taxpayer who received the publication or by a second taxpayer in whose hands the basis of the publication is determined for purposes of determining gain from a sale or exchange, by reference to its basis in the hands of the first taxpayer.

Gain or loss from 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.

Gain and loss of foreign corporations from the disposition of investment in United States real property.—Foreign corporations are 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 1120L filers with gains on property held on December 31, 1958, and certain substituted property acquired after 1958 should see section 817(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.

If you use Schedule D, identify in column a, the property you disposed of. 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

Note: For more information, get Publication 544, Sales and Other Dispositions of Assets.

- Loss from securities that are capital assets that become worthless during the year. Except for securities held by a bank, treat the loss as a capital loss for the last day of the 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 subchapters C, K, O, and P of the Code. For example, if you acquire the 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 may not be more than capital gains. 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 capital loss in the tax year to which you carry it. You may not carry back foreign expropriation 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 to which the at 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 this 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 special 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. For 1120L, line 3; Form 1120-POL, page 1, line 21; 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 and Fiduciaries, for more information.

Form 1120F

Department of the Treasury  
Internal Revenue Service**U.S. Income Tax Return  
of a Foreign Corporation**

OMB No. 1545-0126

1982

For calendar year 1982 or other tax year beginning  
..... 19....., and ending ..... 19.....

Phone type or point	Name	Employer identification number
Number and street		
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 .....	B Foreign country under whose laws the income reported on this return is subject to tax .....	C Date incorporated .....	D The corporation's books are in care of, located at .....	E Were you at any time during the tax year engaged in a trade or business in the U.S.? .....	F At any time during the tax year, did you have a permanent establishment in the U.S. within the meaning of section 894(b) and any applicable tax treaty between the U.S. and a foreign country? .....	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).) .....	H Have you filed a U.S. income tax return for the preceding tax year? .....	I If you had an agent in the U.S. at any time during the year, enter: Kind of agent .....	J Are you a foreign personal holding company under Section 552? .....	K Are you a personal holding company? (See Instruction B7(a).) .....	L Are you a controlled foreign corporation? (Sec. 957.) .....
<p>stock? (For rules of attribution, see section 267(c).) <input type="checkbox"/> Yes <input type="checkbox"/> No          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 ►          (d) Enter highest amount owed to you by that owner during the year ►</p> <p>Note: For purposes of G(1) and G(2), "highest amount owed" includes loans and accounts receivable/payable.</p> <p>If "Yes," name the foreign country .....</p> <p>If "Yes," attach a schedule showing: (a) name, address and identifying number, (b) percentage owned, (c) taxable income or (loss) 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.</p> <p>(2) Did any corporation, individual, partnership, trust, or association at the end of the tax year own, directly or indirectly, 50% or more of your voting</p>											
1 Tax from Section I (line 10, page 2) .....	2 Tax from Section II (line 8, Schedule J—Tax Computation, page 5) .....	3 Personal holding company tax (attach Schedule PH (Form 1120)) .....	4 Minimum tax (see instructions) .....	5 TOTAL tax—Add lines 1 through 4 .....	6 Credits: (a) Overpayment from 1981 allowed as a credit .....	(b) 1982 estimated tax payments .....	(c) Less refund of 1982 estimated tax applied for on Form 4466 .....	(d) Tax deposited: Form 7004 .....	Form 7005 (attach) .....	Total ►	7
(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) .....	8 TAX DUE (subtract line 7 from line 5). See instruction C3 for method of payment .....	9 OVERPAYMENT (subtract line 5 from line 7) .....	10 Enter amount of line 9 you want: Credited to 1983 estimated tax ►	Refunded ►	8	9	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.

Date ►	Title ►			
Paid Preparer's Use Only	Preparer's signature ►	Date	Check if self-employed ►	Preparer's social security no. _____
Firm's name, (or yours, if self-employed) and address ►	E.I. No. ►	ZIP code ►		

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

Form 1120F (1982)

**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 .....	.....	.....	.....	.....

**SECTION II** Income Effectively Connected With the Conduct of a Trade or Business in the U.S.—See instructions

**IMPORTANT**—Fill in all applicable lines and schedules. If you need more space, see instruction B7(e).

<b>GROSS INCOME</b>	1 (a) Gross receipts or sales \$ .....	1(b) Less returns and allowances \$ .....	1(c) Balance ►	1c
	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 11(a), Part II, Form 4797 (attach Form 4797) . . . . .			9
	10 Other income (see instructions—attach schedule) . . . . .			10
	11 . . . . . TOTAL income—Add lines 3 through 10 . . . . .			11
	12 Compensation of officers (Schedule E) . . . . .			12
	13 (a) Salaries and wages . . . . .	13(b) Less jobs credit . . . . .	13(c) Balance ►	13c
	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		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
	28 . . . . . TOTAL deductions—Add lines 12 through 27 . . . . .			28
	29 Taxable income before net operating loss deduction and special deductions (subtract line 28 from line 11) . . . . .			29
	30 Less: (a) Net operating loss deduction (see instructions—attach schedule) . . . . .	30a		30a
	(b) Special deductions (Schedule C, line 11) . . . . .	30b		30b
	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 . . . . .   |  |
| 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, Section II . . . . .   |  |
| (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"/> 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) 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? . . . . .             |  |
| If "Yes," attach explanation.  |  |
| ► Yes <input type="checkbox"/> No <input type="checkbox"/>   |  |

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**Schedule IC      Dividends and Special Deductions (See instructions)**

	(A) Dividends Received	(B) %	(C) Special Deductions (Multiply (A) by (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 a 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),			

**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 3

**Schedule E. Bad Debts—Reserve Method (See instructions)**

Bad debts		Reserve method (see instructions)				
1. Year	2. Trade notes and accounts receivable outstanding at end of year	Amount added to reserve			6. Amount charged against reserve	7. Reserve for bad debts at end of year
		3. Sales on account	4. Current year's provision	5. Recoveries		
1977						
1978						
1979						
1980						
1981						
1982						

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**Schedule J Tax Computation (See instructions for Schedule J.)**

**Note:** Fiscal year corporations, see instructions on pages 9 and 10. If you are not a member of a controlled group of corporations (sections 1561 and 1563), omit lines 1 and 2, and enter on line 3, the amount from line 44, Part III, of the fiscal year worksheet provided on page 9 of the instructions.

Calendar year corporations, see instructions for Schedule J. If you are not a member of a controlled group of corporations (sections 1561 and 1563), omit lines 1 and 2, and start with line 3.

1 Check if you are a member of a controlled group (see sections 1561 and 1563).  ►

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 ►

4 (a) Foreign tax credit (attach Form 1118) . . . . .

(b) Investment credit (attach Form 3468) . . . . .

(c) Jobs credit (attach Form 5884) . . . . .

(d) Employee stock ownership credit (applies only to fiscal year 1982-83 corporations—see instructions) . . . . .

(e) Research credit (attach Form 6765) . . . . .

(f) Alcohol fuel credit (attach Form 6478) . . . . .

(g) Credit for fuel produced from a nonconventional source (see instructions) . . . . .

5 Total—Add lines 4(a) through 4(g) . . . . .

6 Subtract line 5 from line 3 . . . . .

7 Tax from recomputing prior-year investment credit (attach Form 4255) . . . . .

8 Total tax—Add lines 6 and 7. Enter here and on line 2, page 1.

**Other Deductions**

Explanation	Amount	Explanation	Amount
TOTAL—Enter here and on line 27, page 3			

**Additional Information Required**

M Business description (see page 11 of instructions)

(1) Business code number.....

(2) Principal business activity.....

(3) Principal product or service.....

N Did you claim a deduction for expenses connected with:

- (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? . . . . .
- During the tax year was any part of your tax accounting records maintained on a computerized system? . . . . .

Yes  No 

Schedule L	Balance Sheets	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)	.....	.....	.....	.....	.....
14 Total assets	.....	.....	.....	.....	.....
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
15 Accounts payable	.....	.....	.....	.....	.....
16 Mtg., notes, bonds payable in less than 1 year	.....	.....	.....	.....	.....
17 Other current liabilities (attach schedule)	.....	.....	.....	.....	.....
18 Loans from stockholders	.....	.....	.....	.....	.....
19 Mtg., 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)
2 Federal income tax	.....	(a) Tax-exempt interest \$.....
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)	.....	8 Deductions in this tax return not charged against book income this year (itemize)
(a) Depreciation . . . \$.....	.....	(a) Depreciation . . . \$.....
(b) Contributions carryover . \$.....	.....	(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	.....	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.**

1 Balance at beginning of year	.....	5 Distributions: (a) Cash . . . . .
2 Net income on books	.....	(b) Stock . . . . .
3 Other increases (itemize)	.....	(c) Property . . . . .
4 Total of lines 1, 2, and 3	.....	6 Other decreases (itemize)
7 Total of lines 5 and 6	.....	7 Balance at end of year (line 4 less line 7) . . . . .
8 Balance at end of year (line 4 less line 7)	.....	8 Balance at end of year (line 4 less line 7) . . . . .

# 1982 Department of the Treasury Internal Revenue Service

## Instructions for Form 1120F U.S. Income Tax Return of a Foreign Corporation

(References are to the Internal Revenue Code)

### Tax Highlights

Please note these important changes that have been made due to revisions in various tax laws. The first three highlights are based on the Economic Recovery Tax Act of 1981. The rest of the highlights are based on the Tax Equity and Fiscal Responsibility Act of 1982 enacted into law September 3, 1982.

### Reduction in Corporate Tax Rates

Effective for tax years beginning after 1981, 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 1982, from 17% to 16%, and for 1983, to 15%. For the taxable income bracket between \$25,000 and \$50,000, the tax rate decreases for 1982, from 20% to 19%, and for 1983, to 18%. The remaining tax rates of 30%, 40%, and 46% did not change!

Because of changes in these tax rates, fiscal year 1982-83 corporations must prorate their tax under section 21. Use the worksheet on page 9 of the instructions to make this computation.

### Depreciation Changes

For tax years beginning after December 31, 1981, you may elect to expense part of the cost (up to \$5,000) of certain depreciable property that you bought during the year. See Form 4562, Depreciation and Amortization, for more information.

### Charitable Contributions

Effective for tax years beginning after 1981, a corporation's maximum charitable contribution deduction increases from 5% to 10% of its taxable income. See section 170(b)(2).

### Reduction in Tax Preference Items

Fiscal year corporations (other than subchapter S corporations) may be required to reduce the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities, 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 percent of the regular, energy, or certified historic structure investment tax credits taken for the property. See the instructions for Form 3468, Computation of Investment Credit.

### Leasing

Changes have been made to the safe harbor leasing rules that reduce the tax benefits on leases entered into or property placed in service after July 1, 1982, subject to certain transitional rules and the rules for figuring the depreciation for qualified leased property (see sections 168(f) and (i)). The rules for property financed by tax-exempt obligations have also changed (see section 168(f)(12)).

### 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 within 2½ months after the end of the tax year. The election to pay in two equal installments will no longer be available.

### Withholding on Interest and Dividends

Effective July 1, 1983, a corporation that is a payor of interest, dividends, or patronage dividends to certain recipients is required to withhold a tax of 10% on the amount paid. See the 1983 Instructions for Form 1096.

As recipients, however, most corporations are exempt from withholding on their income from these sources. Some withholding may have occurred, if for example, the corporation was a member of a partnership. If the corporation had withholding on its interest, dividend, or patronage dividend income after June 30, 1983, the corporation should include the withheld amount as a credit

in the total for line 6(f). In the margin next to the entry on line 6(f), write the amount of the credit and identify it as "section 31(b) credit".

### Paperwork Reduction Act Notice

The Paperwork Reduction Act of 1980 says that we must tell you why we are collecting this information, how it is to be used, and whether your response is voluntary, required to obtain a benefit, or mandatory. We ask for the information to carry out the Internal Revenue laws of the United States. The information is used to ensure that you are complying with these laws and so that we can figure and collect the correct amount of tax. Your response is mandatory.

### General Instructions

#### A. Purpose of Form 1120F

Form 1120F is used to report a foreign corporation's income, deductions, credits, and tax in the United States. If a refund 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.

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 a foreign corporation's property or business. The form 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

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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 as a foreign life insurance company or Form 1120M 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).

**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 dispositions of U.S. real property interests.

**5. When to File.**—File Form 1120F by the 15th day of the 3rd month after the end of the tax year if the corporation has an office or place of business in the U.S. Also, see regulations section 1.6081-2(a) for rules concerning an automatic 3-month extension of time to file for foreign corporations that maintain an office or place of business in the United States.

If the corporation does not have an office or place of business in the U.S., file the return by the 15th day of the 6th month after the end of the tax year.

**Extensions.**—File Form 7004 to request an automatic 3-month extension of time to file Form 1120F. After you obtain that extension (or the automatic extension explained above) file Form 7005 if

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you need an additional 3-month extension.

**Period covered.**—File the 1982 return for calendar year 1982 and fiscal years that began in 1982 and end in 1983. If the return is for a fiscal year, fill in the tax year space at the top of the form.

**Change in accounting period.**—To change your 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. Where to File.**—File Form 1120F with the Internal Revenue Service Center, Philadelphia, PA 19255.

**7. Other Forms, Schedules, and Statements That May Be Required.**—

**(a) Forms.** The corporation 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 1096.**—Annual summary and transmittal of Forms 1099, U.S. information returns.

**Forms 1099-BCD, DIV, INT, MISC.**

**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 instructions.

**Schedule PH (Form 1120).**—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.**—Minimum tax computation. 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 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 regulations 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 any 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 or similar statements if your total assets at the end of the tax year (line 14, column (D) of Schedule L) are less than \$25,000.

You may use either Schedule L or copies of other balance sheets required by Federal, State, or other authorities. The balance sheets must agree with your books and records. You must reconcile any differences. On line 1 of whatever balance sheet you use, include as cash any certificate of deposit and other cash equivalents.

You may limit the balance sheets and reconciliation to:

- The corporation's assets in the U.S. and its other assets used in the trade or business in the U.S., and
- Its income effectively connected with the conduct of a trade or business in the U.S. and its other income from sources in the U.S.

Corporations required to file substantially similar statements of income and expense to any Federal, State, or other authority may file copies of such statements instead of the information required on lines 1 through 31, Section II, but these statements must receive prior approval by IRS. Send requests for approval to: IRS Substitute Forms Program, D.R.R.I., 1111 Constitution Avenue, N.W., Washington, D.C. 20224. In these cases, use Schedule M-1 to reconcile taxable income with the net profit that is shown.

on the statement and that would be entered in line 31, Section II.

**(e) Attachments.**

If you need more space, attach separate sheets to the back of Form 1120F. Attach schedules in alphabetical order and forms in numerical order. Be sure to put the taxpayer's name and employer identification number (EIN) on each sheet.

**8. 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 filed 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. (This list is not all inclusive.)

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 on 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 cor-

poration is taxed 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 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 to report this income and figure the tax on it.

To determine the source of income, follow sections 861 through 864 and the related 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, as described in regulations section 1.882-2, concerning the property or the interest in the property.

**3. Paying the Tax.**—Any tax due must be paid either in full when the return is filed or in two equal installments. Write the corporation's employer identification number on all payments.

**Foreign corporation with no office or place of business in the U.S.**—If the corporation makes installment payments, they are due by the 15th day of the 6th month and the 15th day of the 9th 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.

**Foreign corporation with an office or place of business in the U.S.**—If the corporation makes installment payments, they are due by the 15th day of the 3d month and the 15th day of the 6th month after the end of the tax year. However, see regulations section 1.6081-1 for an automatic extension of time to pay.

Deposit corporation income tax payments (and estimated tax payments) with a preinscribed Federal Tax Deposit (FTD) Form 503. 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 on the back of Form 503 for more information and exceptions.

Preinscribed FTD Forms 503 will be mailed to the corporation on a regular basis depending on the corporation's tax year. You may apply for these forms from the Philadelphia Service Center. The application should give the corporation's name, employer identification number, and address. Show the tax year to which the deposits relate, and identify the corporation as a foreign corporation.

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.

You may use Form 1120-W, Corporation Estimated Tax, as a worksheet to compute estimated tax.

If the corporation overpaid estimated tax, you 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, you must 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 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 B7(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 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, 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 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 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.

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.

For tax years beginning after December 31, 1982, section 6655(i) modifies the exceptions to the penalty in sections 6655(d)(1) and (2), by requiring certain large corporations to make a minimum payment of estimated tax equal to 75% or more of their current year's tax liability to avoid this underpayment penalty.

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 you overstate your deposits, you may be subject to a penalty. See section 6655(b).

**F. Rounding Off**

You may show money items as whole-dollar amounts by dropping amounts under 50 cents and increasing amounts from 50 to 99 cents to the next higher dollar.

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 B7(b).

**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 or under the law of 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.

- 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. percentage 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.

- 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,

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 11(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.

**Transaction between related taxpayers.** See section 267 for limitation on deductions for unpaid expenses and interest.

**12. Compensation of officers.**—Enter on line 12 the total compensation of officers.

Complete Schedule E only if your total receipts (line 1a plus lines 4 through 10, Section II, page 3) are \$150,000 or more. Complete columns 1 through 6, Schedule E, for all officers. Complete column 7, Schedule E, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer for whom the combined amount is less than \$50,000.

**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 your 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.

**Expenditures to remove architectural and transportation barriers to handicapped and elderly.** For rules for expenses in tax years beginning before January 1, 1983, to remove architectural and transportation barriers to handicapped and elderly persons, see section 190 and related regulations.

**15. Bad debts.**—Bad debts may be treated in either of two ways—(1) as a deduction for 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.)

Use Form 3115 if you want to apply for a change in the method of computing bad debt's.

**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 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.)

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 1982 prepaid interest allocable to any period after 1982, can only deduct the amount allocable to 1982. Please see Publication 545, Interest Expense.

Generally, for positions established after June 23, 1981, 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 (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, you must reduce the contribution by the sum of:

- (1) the ordinary income, short-term capital gain
- (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 part of the cost

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(up to \$5,000) you elect to expense of certain recovery property placed in service during tax year 1982. See the instructions for Form 4562, Depreciation and Amortization.

**23. 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.

**25. Pension, profit-sharing, etc. plans.**—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan (other than a Simplified Employee Pension) 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. The Employee Retirement Income Security Act of 1974 imposes 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.

Only one return is required to be filed for a plan of a controlled group of corporations or a multiemployer collectively-bargained plan. Contributing employers are not required to file separately.

**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 spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

**27. Other deductions.**—You may not take a deduction 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 exempt income, and items directly attributable to any class of taxable income must be allocated to taxable income.

If an item is indirectly attributable both to taxable income and exempt income, allocate a reasonable proportion of the item to each class of income. Make the allocation in light of 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.

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Include in line 27 the deduction taken for amortization. See Form 4562.

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: you 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 NEC for an independent contractor.) See Publication 463, Travel, Entertainment, and Gift Expenses, for more details.

**Note: You cannot 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 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" 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 Schedule PH (Form 1120), Specific Instructions for line 1, regarding section 465 losses.

**30(e). Net operating loss deductions.**—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(e).)

Generally, you may carry a net operating loss back to each of 3 years before the year of the loss and carry it over to each of the 15 years after the year of the loss. You may carry back 10 years the part of the net operating loss attributable to a product liability loss. (See section 172(b)(1)(H).) 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. You make this election 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 incomes for each of the earlier tax years to which you may carry the loss. (Section 172(b).)

If there is a carryback of a net operating loss, a net capital loss, an unused investment credit, an unused work incentive credit, file Form 1139, Corporation Application For Tentative Refund, within 12 months after the end of the tax year for a "quick refund" of tax. (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.

**30(b). Special deductions.**—See instructions for Schedule C.

### Schedule A—Cost of Goods Sold

**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, 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 "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 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.

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 Methods, 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.

**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. You may 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.

**Cost of operations (where inventories are not an income-determining factor).**—If the amount entered on line 2, Schedule A, includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

For certain cooperatives, if per unit retain taxable amounts (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 sec-

tion 854 for the amount subject to the 85% deduction.

Include on this line taxable distributions received from a DISC or former DISC that are designated as being eligible for the 85% dividends-received deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest. Do not treat them as dividends.

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 that are received from foreign corporations and that qualify for the 85% deduction provided in section 245(a).

6. Enter all other dividends received from foreign corporations that do not qualify for a dividends-received deduction.

7. If the corporation claims the foreign tax credit, the tax that is deemed paid under section 902(a) (relating to credit for corporate stockholder in a foreign corporation) must be treated as a dividend received from the foreign corporation. (See section 906(b)(4).)

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.

#### 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.

No dividends-received 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 paid out of the corporation's accumulated DISC income, previously taxed

income, or is a deemed distribution under section 995(b)(1).

**4. Limitation on dividends-received deduction.**—Line 4 may not be more than 85% of line 29, page 3. For this purpose compute line 29, page 3, 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% limit does not apply even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

**5. Deductions 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

Fiscal year corporations should see the worksheet immediately following these instructions for the computation of their tax.

A 1982 calendar year 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 1120F is:	Enter on Schedule J, Line 3:	Of the amount
Over—	But not over—	over—
0	\$25,000	16%      0
\$25,000	50,000	\$4,000 + 19%      \$25,000
50,000	75,000	8,750 + 30%      50,000
75,000	100,000	16,250 + 40%      75,000
100,000	.....	26,250 + 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 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 part of the \$25,000 in each taxable income bracket apportioned to that member. There are other requirements as well. See regulations 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, 1982 calendar year 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 your portion of the first \$25,000 taxable income bracket, whichever is less .....
3. Subtract line 2 from line 1 .....
4. Enter line 3 or your portion of the second \$25,000 taxable income bracket, whichever is less .....
5. Subtract line 4 from line 3 .....
6. Enter line 5 or your portion of the third \$25,000 taxable income bracket, whichever is less .....

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 in-

7. Subtract line 6 from line 5 .....
8. Enter line 7 or your portion of the fourth \$25,000 taxable income bracket, whichever is less .....
9. Subtract line 8 from line 7 .....
10. 16% of line 2 .....
11. 19% of line 4 .....
12. 30% of line 6 .....
13. 40% of line 8 .....
14. 46% of line 9 .....
15. Total of lines 10 through 14. Enter this amount on line 3 of Schedule J.

**Line 4(a). Foreign tax credit.**—A foreign corporation engaged in a trade or business within the U.S. can take a credit for income, war profits, and excess profits taxes paid, accrued, or deemed paid to any foreign country or U.S. possession during the tax year. This credit applies to income effectively connected with the conduct of a trade or business within the U.S. In general, the per country limitation cannot be used in computing the foreign tax credit. For further details, see sections 901, 902, 906, and Form 1118.

**Line 4(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, 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 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 and Publication 906, Jobs and Research Credits, for definitions, special rules, and limits.

**Line 7. Tax from recomputing a prior year investment credit.**—If property is disposed of before the life-years category used in computing the regular or energy investment credit, you may have to recapture the investment credit. (See Form 4255, Recapture of Investment Credit.)

structions 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 or 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 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.**—You may be able to take a credit for alcohol used as fuel. This applies to straight alcohol you sell at retail or use as fuel in your trade or business. It also applies to an alcohol mixture you sell or use as fuel in your 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 your return showing the computation of the credit.

**Line 7. Tax from recomputing a prior year investment credit.**—If property is disposed of before the life-years category used in computing the regular or energy investment credit, you may have to recapture the investment credit. (See Form 4255, Recapture of Investment Credit.)

## Worksheet for Fiscal Year 1982-83 Foreign Corporations—Tax Computation Schedule

### Part I Computation of Regular Tax

#### Computation at Tax Rates Applicable Before 1/1/83

1 Enter taxable income from Form 1120F, line 31, page 3 . . . . .	
2 Enter line 1 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
3 Subtract line 2 from line 1 . . . . .	
4 Enter line 3 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
5 Subtract line 4 from line 3 . . . . .	
6 Enter line 5 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
7 Subtract line 6 from line 5 . . . . .	
8 Enter line 7 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
9 Subtract line 8 from line 7 . . . . .	
10 16% of line 2 . . . . .	
11 19% of line 4 . . . . .	
12 30% of line 6 . . . . .	
13 40% of line 8 . . . . .	
14 46% of line 9 . . . . .	
<b>15 Total of lines 10 through 14. If applicable, enter here and on line 40, Part III . . . . .</b>	

#### Computation at Tax Rates Applicable After 12/31/82

16 15% of line 2 . . . . .	
17 18% of line 4 . . . . .	
<b>18 Total of lines 12, 13, 14, 16, and 17. If applicable, enter here and on line 42, Part III . . . . .</b>	

### Part II Computation of Alternative Tax

#### Computation at Tax Rates Applicable Before 1/1/83

19 Taxable income (line 1, Part I) . . . . .	
20 Enter net capital gain from Schedule D (Form 1120), line 10 . . . . .	
21 Subtract line 20 from line 19 . . . . .	
22 Enter line 21 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
23 Subtract line 22 from line 21 . . . . .	
24 Enter line 23 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
25 Subtract line 24 from line 23 . . . . .	
26 Enter line 25 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
27 Subtract line 26 from line 25 . . . . .	
28 Enter line 27 or \$25,000, whichever is less. (Members of a controlled group, see instructions) . . . . .	
29 Subtract line 28 from line 27 . . . . .	
30 16% of line 22 . . . . .	
31 19% of line 24 . . . . .	
32 30% of line 26 . . . . .	
33 40% of line 28 . . . . .	
34 46% of line 29 . . . . .	
35 28% of line 20 . . . . .	
<b>36 Alternative tax—total of lines 30 through 35. If this amount is less than the regular tax on line 15, Part I, enter here and on line 40, Part III . . . . .</b>	

#### Computation at Tax Rates Applicable After 12/31/82

37 15% of line 22 . . . . .	
38 18% of line 24 . . . . .	
<b>39 Alternative tax—total of lines 32, 33, 34, 35, 37, and 38. If this amount is less than the regular tax on line 18, Part I, enter here and on line 42, Part III . . . . .</b>	

### Part III Proration of Tentative Taxes

40 Tentative tax (regular tax from line 15, or alternative tax from line 36, whichever is less) . . . . .	
41 Portion of tentative tax before 1/1/83—See instructions for computation . . . . .	
42 Tentative tax (regular tax from line 18, or alternative tax from line 39, whichever is less) . . . . .	
43 Portion of tentative tax after 12/31/82—See instructions for computation . . . . .	
<b>44 Income tax—Add lines 41 and 43. Enter here and on Form 1120F, line 3, Schedule J, page 5 . . . . .</b>	

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## General Instructions for Fiscal Year 1982-83 Foreign Corporations

### Purpose of Worksheet on page 9

Effective for tax years beginning after 1982, the Economic Recovery Tax Act of 1981 reduced the corporate tax rates. This will result in a lower tax liability. The tax rates changed from 16% of the first \$25,000 of taxable income, 19% of the next \$25,000 of taxable income, 30% of the next \$25,000 of taxable income, 40% of the next \$25,000 of taxable income, and 46% of taxable income in excess of \$100,000; to 15% of the first \$25,000 of taxable income, 18% of the next \$25,000 of taxable income, 30% of the next \$25,000 of taxable income, 40% of the next \$25,000 of taxable income, and 46% of taxable income in excess of \$100,000.

Because of changes in the tax rates, the proration rules of section 21 apply. Fiscal year 1982-83 corporations must

prorate their tax to reflect these changes. Thus, a fiscal year corporation will compute its tax for the year by prorating a tax for the period before 1983 and for the period after 1982, using the tax rates in effect for each period. The accompanying worksheet for fiscal year 1982-83 provides for such computation.

**Computation of Tax.**—In computing the tax, the corporation computes a regular tax (Part I) and an alternative tax (Part II) for each period and takes the lower tax for each period. The sum of the prorated tax for each period is the total on line 44, Part III.

### Specific Instructions

#### Parts I and II

**Lines 2, 4, 6, and 8, Part I (and Lines 22, 24, 26, and 28, Part II).**—These lines represent the four taxable income brackets used in computing the tax for the periods before 1983 and after 1982. Members of a controlled group should see the instructions for Schedule J, lines

1 and 2, on page 7, for amounts to be entered in lieu of \$25,000.

### Part III

**Line 41, Portion of Tentative Tax.**—Multiply line 40 by:

(a) number of days in tax year before 1/1/83	number of days in tax year
---	----------------------------

OR

(b) applicable decimal from table below (column (A)).	
--	--

Taxpayers with a 52-53 week tax year must use (a) above.

**Line 43, Portion of Tentative Tax.**—Multiply line 42 by:

(a) number of days in tax year after 12/31/82	number of days in tax year
--	----------------------------

OR

(b) applicable decimal from table below (column (B)).	
--	--

Taxpayers with a 52-53 week tax year must use (a) above.

### Table

Fiscal year	(A) Before 1983 Line 40 X applicable fraction or decimal listed below and enter result on line 41	(B) After 1982 Line 42 X applicable fraction or decimal listed below and enter result on line 43
2/1/82- 1/31/83	334/365 or .915068	31/365 or .084932
3/1/82- 2/28/83	306/365 or .838356	59/365 or .161644
4/1/82- 3/31/83	275/365 or .753425	90/365 or .246575
5/1/82- 4/30/83	245/365 or .671233	120/365 or .328767
6/1/82- 5/31/83	214/365 or .586301	151/365 or .413699
7/1/82- 6/30/83	184/365 or .504110	181/365 or .495890
8/1/82- 7/31/83	153/365 or .419178	212/365 or .580822
9/1/82- 8/31/83	122/365 or .334247	243/365 or .665753
10/1/82- 9/30/83	92/365 or .252055	273/365 or .747945
11/1/82- 10/31/83	61/365 or .167123	304/365 or .832877
12/1/82- 11/30/83	31/365 or .084932	334/365 or .915068

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**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 Division, Office of Management and Budget, and the Office of Management 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 re-

**AGRICULTURE, FORESTRY AND FISHING**

**Code**  
0400 Agricultural production.  
0600 Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.

**Mining**

1010 Iron ores.  
1070 Copper, lead and zinc, gold and silver ores.  
1098 Other metal mining.  
1150 Coal mining.  
**Oil and gas extraction:**  
1330 Crude petroleum, natural gas, and natural gas liquids.  
1380 Oil and gas field services.  
**Nonmetallic minerals (except fuels) mining:**  
1430 Dimension, crushed and broken stone;  
1498 Other nonmetallic minerals, except fuels.

**CONSTRUCTION**

**General building contractors and operative builders:**  
1510 General building contractors.  
1530 Operative builders.  
**Heavy construction contractors:**  
1600 Heavy construction contractors.  
**Specialty contractors:**  
1711 Plumbing, heating, and air-conditioning.  
1731 Electrical work.  
1791 Other special trade contractors.

**MANUFACTURING**

**Food and kindred products:**  
2010 Meat products.  
2020 Dairy products.  
2030 Processing fruits and vegetables.  
2040 Grain mill products.  
2050 Bakery products.  
2060 Canning and confectionery products.  
2081 Malt liquors and malt.  
2088 Alcoholic beverages, except malt liquors.  
2089 Bottled soft drinks, and flavorings.  
2096 Other food and kindred products.

**2100 Tobacco manufactures.**

**Textile mill products:**  
2220 Weaving mills and textile finishing.  
2250 Textile goods.  
2298 Other textile mill products.

**Apparel and other textile products:**

2315 Men's and boys' clothing.  
2320 Women's and girls' clothing.  
2388 Hats, caps, millinery, fur goods, and other apparel and accessories.  
2390 Misc. fabricated textile products.

**Lumber and wood products, except furniture:**

2415 Logging, camps and logging contractors, sawmills and planing mills.  
2430 Millwork, plywood, and related products.  
2498 Other lumber and wood products, including wood buildings and mobile homes.

**2500 Furniture and fixtures.****Paper and allied products:**

2625 Pulp, paper, and board mills.

2650 Other paper products.

**Printing, publishing, and allied industries:**

2710 Newspapers.

2720 Periodicals.

2735 Books, meeting cards, and misc.

2799 Commercial and other printing, and printing services.

**Chemicals and allied products:**

2815 Industrial chemicals, plastics materials, and synthetic resins.

2830 Drums.

2840 Soap, cleaners, and toilet goods.

2890 Paints and allied products.

2898 Agricultural and other chemical products.

**Petroleum refining and related industries (including those integrated with extraction):**

2910 Petroleum refining (including those integrated with extraction).

2998 Other petroleum and coal products.

**Rubber and misc. plastics products:**

3050 Rubber products; plastics footwear, hose and tubing.

3070 Misc. plastics products.

**Leather and leather products:**

3100 Footwear, except rubber.

3198 Other leather and leather products.

**Stone, clay, glass, and concrete products:**

3225 Glass products.

3240 Cement, hydraulic.

ceipts" 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 the code number for the activity that accounts 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."

**RETAIL TRADE**

**Code**  
3270 Concrete, gypsum, and plaster products.  
3280 Other nonmetallic mineral products.

**Primary metal industries:**  
3370 Ferrous metal industries; misc. primary metal products.

**Nonferrous metal industries:**  
3380 Nonferrous metal industries; fabricators, etc., except machinery and transportation equipment.

3410 Metal cans and shipping containers.  
3428 Cutlery, hand tools, and hardware; screw products, bolts, nuts, bolts, and similar products.

3430 Plumbing and heating, except electric and warm air.

3440 Fabricated structural metal products.  
3460 Metal forgings and stampings.

3470 Coating, engraving, and allied services.  
3480 Optical, medical, and scientific products, except vehicles and guided missiles.

3490 Misc. metal products.

**Machinery, except electrical:**

3520 Power machinery.

3530 Construction machinery, and materials handling machinery and equipment.

3540 Metalworking machinery.

3550 Chemical, petrochemical, and allied machinery, except metalworking machinery.

3560 General industrial machinery.

3570 Computing, accounting, and calculating machines.

3598 Engines and turbines, service industry machinery, and other machinery, except electrical.

**Electrical and electronic machinery, equipment, and supplies:**

3630 Household appliances.

3665 Radio, television, and communication equipment.

3670 Electronic components and accessories.

3698 Other electric equipment.

**Transportation equipment:**

3720 Motor vehicles and equipment.

3725 Aircraft, guided missiles and parts.

3730 Ship and boat building and repairing.

3798 Other transport equipment.

**Machinery and controlling instruments, photographic and medical goods, watches and clocks:**

3815 Scientific instruments and measuring devices; watches and clocks.

3845 Medical, dental, and orthodontic products.

3860 Photographic equipment and supplies.

3998 Other manufacturing products.

**TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES**

**4000 Railroads:**

4100 Local and interurban passenger transit.

4200 Trucking and warehousing.

4300 Water transportation.

4500 Transportation by air.

4600 Pipe lines, except natural gas.

4700 Other transportation services.

**Communication:**

4820 Telegraph, and other communications services.

4830 Radio and television broadcasting.

**Electric, gas, and sanitary services:**

4910 Electric services.

4920 Gas and steam and distribution.

4930 Combination utility services.

4998 Water supply and other sanitary services.

**WHOLESALE TRADE**

**Durables:**

5008 Machinery, equipment and automotive equipment.

5010 Motor vehicles and automotive equipment.

5015 Furniture and construction materials.

5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies.

5050 Tools and minerals, except petroleum and scrap.

5060 Electrical goods.

5070 Motor vehicles, plumbing and heating equipment.

5098 Other durable goods.

**Nondurables:**

5120 Paper and paper products.

5125 Drug and drug proprieetary, and druggists' supplies.

5130 Apparel, piece goods, and notions.

5150 Product raw materials.

5198 Chemicals and allied products.

5178 Petroleum and petroleum products.

5180 Alcoholic beverages.

5190 Misc. nondurable goods.

**FINANCE, INSURANCE, AND REAL ESTATE**

**Banking:**

6020 Mutual savings banks.

6030 Bank holding companies.

6090 Banks, except mutual savings banks and bank holding companies.

**Credit agencies other than banks:**

6120 Credit bureaus, associations.

6140 Personal credit institutions.

6150 Business credit institutions.

6199 Other credit agencies.

**Security commodity brokers, dealers, and flotation companies:**

6210 Security brokers, dealers, and flotation companies.

6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.

**Insurance:**

6355 Life insurance.

6356 Health insurance, except life or marine and certain fire or flood insurance companies.

6359 Auto insurance companies.

6411 Insurance agents, brokers, and services.

**Real estate:**

6511 Real estate operators (except developers) and lessors of buildings.

6516 Lessors of mining, oil, and similar property.

6518 Lessors of railroad property and other real property.

6530 Common management and cooperative housing associations.

6550 Subdividers and developers.

6599 Other real estate.

**Hedge and investment companies:**

6742 Regulated investment companies.

6743 Real estate investment trusts.

6744 Small business investment companies.

6749 Holding and other investment companies.

**SERVICES**

7000 Hotels and other lodging places.

7200 Personal services.

**Business services:**

7310 Advertising.

7389 Business services, except advertising.

7400 Repair and maintenance services.

7500 Auto repair and services.

7600 Misc. repair services.

**Amusement and recreational services:**

7812 Motion picture production, distribution, and service.

7830 Motion picture theaters.

7900 Amusement and recreation services, except motion pictures.

**Other services:**

8015 Offices of physicians, including osteopathic physicians.

8021 Offices of dentists.

8030 Offices of health practitioners.

8050 Nursing and personal care facilities.

8060 Hospitals.

8070 Medical laboratories.

8099 Other medical services.

8111 Legal services.

8200 Educational services.

8300 Accounting services.

8600 Membership organizations.

8911 Architectural and engineering services.

8920 Consulting services, including bookkeeping.

8980 Miscellaneous services (including veterinarians).

**Form 1120L U.S. Life Insurance Company Income Tax Return**

OMB No. 1545-0128

Department of the Treasury  
Internal Revenue Service

For calendar year 1982, or other tax year  
beginning ..... 1982 and ending ..... 19.....

**1982**

<b>Please type or print</b>	Name	A Employer identification number
	Number and street	B Date incorporated
	City or town, State, and ZIP code	For Paperwork Reduction Act Notice, see page 1 of the instructions
<b>Taxable Income</b>		
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) . . . . .	<input type="checkbox"/>	
If checked, see instructions and enter your share of the \$25,000 amount in each taxable income bracket:	(a) \$ . . . . . (b) \$ . . . . . (c) \$ . . . . . (d) \$ . . . . .	
6 Income tax (see page 11 of instructions to figure the tax.) If you use the alternative tax, check this box <input type="checkbox"/> 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 (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 refuting 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 1981 allowed as a credit . . . . .	14(a)	
(b) 1982 estimated tax payments . . . . .	14(b)	
(c) Less refund of 1982 estimated tax applied for on Form 4466 . . . . .	14(c) ( )	
(d) Tax deposited with Form 7004 . . . . .	14(d)	
(e) Tax deposited with Form 7005 (attach copy) . . . . .	14(e)	
(f) Credit from regulated investment companies (attach Form 2439) . . . . .	14(f)	
(g) Federal tax on special fuels, gasoline and lubricating oil (attach Form 4136) . . . . .	14(g)	
(h) U.S. income tax paid or withheld at source . . . . .	14(h)	
(i) Other payments (see instructions) . . . . .	14(i)	
(j) Total refundable credits (add lines 14(a) through (i)) . . . . .	14(j)	
15 TAX DUE (subtract line 14(j) from line 13). See instructions for special election and depositary method of payment . . . . .	15	
16 OVERPAYMENT (subtract line 13 from line 14(j)) . . . . .	16	
17 Enter amount of line 16 you want: Credited to 1983 estimated tax ► Refunded ►	17	
<b>Please Sign Here</b>	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 ►	Title ►
Paid Preparer's Use Only	Preparer's social security no. ►	
Firm's name (or yours, if self-employed) and address ►	E.I. No. ►	
	ZIP code ►	

Form 1120L (1982)

**Form 1120L (1982)**

**Schedule A INVESTMENT YIELD (See instructions)**

	1. Interest	2. Accrual of discount	3. Amortization of premium	4. Total (for line 1, add cols. 1 and 2, and subtract col. 3)
<b>Gross Investment Income</b>				
1 Interest:				
(a) Wholly exempt obligations . . . . .				
(b) U.S. obligations and U.S. instrumentalities . . . . .				
(c) Loan notes, mortgages, bank deposits, bonds, debentures, etc. . . . .				
(d) Totals . . . . .				
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) . . . . .				
3 Gross rents . . . . .				
4 Gross royalties . . . . .				
5 Leases, terminations, etc. . . . .				
6 Excess of net short-term capital gain over net long-term capital loss (from Schedule D (Form 1120), line 9) . . . . .				
7 Gross income from trade or business other than insurance business (attach schedule). Include amount from Form 4797, line 11(b)(1), for investment assets only (see instructions) . . . . .				
<b>8 GROSS INVESTMENT INCOME (add lines 1(d) through 7) . . . . .</b>				
<b>Deductions</b>				
9 (a) Total investment expenses (see instructions) . . . . .				
(b) Allowable deduction for investment expense (see instructions) . . . . .				
10 Real estate expenses . . . . .				
11 Depreciation (attach Form 4562) . . . . .				
12 Depletion . . . . .				
13 Trade or business deductions provided in section 804(c)(5) (attach schedule) . . . . .				
14 Total deductions (add lines 9(b) through 13) . . . . .				
<b>15 INVESTMENT YIELD (subtract line 14 from line 8). If less than zero, see instructions for Schedule E, line 15.</b>				
<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 (from Schedule K, Part I, line 10, column 3) . . . . .				
2 Statutory amount (multiply line 1 by .0025) . . . . .				
3 Mortgage service fees . . . . .				
4 (a) (i) Investment yield figured without investment expenses . . . . .				
(ii) 33 1/3% 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) . . . . .				
<b>5 Limit on deduction for investment expenses on line 9, Schedule A (add lines 2, 3, and 4(c)) . . . . .</b>				
<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) . . . . .				%
2 Earnings rate for first preceding year . . . . .				%
3 Earnings rate for second preceding year . . . . .				%
4 Earnings rate for third preceding year . . . . .				%
5 Earnings rate for fourth preceding year . . . . .				%
6 Total (add lines 1 through 5) . . . . .				%
7 Average earnings rate (see instructions) . . . . .				%

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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 (Illinois 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							

**6** Average interest rate assumed in figuring life insurance reserves (Divide line 5, column 8 by line 5, column 7) . . . . .

**\*\*See instructions for section 806(b) and section 818(c) adjustments.**      **\*\*Adjusted under section 806(a) (attach schedule)**

**PART III—PENSION PLAN RESERVES (Section 805(d))**

<b>1</b> Section 805(d)(1) reserves .						
<b>2</b> Section 805(d)(2) reserves .						
<b>3</b> Section 805(d)(3) reserves .						
<b>4</b> Section 805(d)(4) reserves .						
<b>5</b> Section 805(d)(5) reserves .						
<b>6</b> Section 805(d)(6) reserves .						
<b>7</b> Total (Enter amount from column 7 on Schedule B, Part VI, line 2)						

**7 Totals (Enter amount from column 7 on Schedule B, Part VI, line 3)** . . . . .

**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 reserve 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) . . . . .

4 Adjusted life insurance reserves (multiply line 1 by line 3). Enter here and on Schedule B, Part VI, line 1 . . . . .

**PART V—QUALIFIED GUARANTEED INTEREST (Section 805(f))**

**PARTNERSHIP FORM AND REVISED CONTRACT LANGUAGE REQUIREMENTS (Section 805(e))** (See instructions)

PART VI—POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Section 303(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) . . . . .		%
3 Pension plan reserves (from Part III, line 7, column 7) . . . . .		%
4 Multiplied by the current earnings rate (from Part I, line 1) . . . . .		%
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) . . . . .		
6 Policy and other contract liability requirements (add lines 2, 4 and 5(a) through (e)) . . . . .		

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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) . . . . .		%
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)**

Schedule E	100%
<b>1 Total . . . . .</b>	%
<b>2 Policyholders' share (section 809) (Divide Schedule E-1, line 7, by Schedule A, line 15), but not more than 100% . . . . .</b>	%
<b>3 Company's share (subtract line 2 from line 1) . . . . .</b>	%
<b>4 Investment yield from Schedule A, line 15 . . . . .</b>	. . . . .
<b>5 Company's share (multiply line 4 by line 3) . . . . .</b>	. . . . .
<b>6 Net capital gain (from Schedule D (Form 1120) line 10) . . . . .</b>	. . . . .
<b>7 (a) Gross premiums . . . . .</b>	. . . . .
<b>(b) Less: return premiums . . . . .</b>	. . . . .
<b>8 (a) Decrease in reserves (after adjustments under section 810(a)) . . . . .</b>	. . . . .
<b>(b) Decrease in section 811(b)(2) reserves. See Schedule E-2, Part I, line 3 . . . . .</b>	. . . . .
<b>(c) 10% of any net decrease in reserves required by section 810(d) . . . . .</b>	. . . . .
<b>9 Other (attach schedule). Include amount from Form 4797, line 11(b)(2) for other than investment assets (see instructions) . . . . .</b>	. . . . .
<b>10 Total (add lines 5 through 9) . . . . .</b>	. . . . .
<b>11 Death benefits . . . . .</b>	. . . . .
<b>12 (a) Increase in reserves after reduction for investment yield under section 810(b) . . . . .</b>	. . . . .
<b>(b) 10% of any net increase in reserves required by section 810(d) . . . . .</b>	. . . . .
<b>13 Assumption by another person of liabilities under insurance, etc., contracts . . . . .</b>	. . . . .
<b>14 (a) Interest wholly tax-exempt (from Schedule A, line 1(a), column 4) . . . . .</b>	. . . . .
<b>(b) Multiply line 14(a) by line 3 . . . . .</b>	. . . . .
<b>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 . . . . .</b>	. . . . .
<b>16 Small business deductions (from Schedule C, line 10) . . . . .</b>	. . . . .
<b>17 Other deductions not deducted on Schedule A (attach schedule) . . . . .</b>	. . . . .
<b>18 Dividends reimbursed (from Schedule E-2, Part V, line 3) . . . . .</b>	. . . . .
<b>19 Total (add lines 11 through 18) . . . . .</b>	. . . . .
<b>20 (a) Dividends-received deduction (from Schedule C, line 9(d)) . . . . .</b>	. . . . .
<b>(b) Multiply line 20(a) by line 3 . . . . .</b>	. . . . .
<b>(c) Enter the smaller of line 20(b) or 85% of the excess of line 10 over line 19 . . . . .</b>	. . . . .
<b>21 Operations loss deduction (attach schedule) . . . . .</b>	. . . . .
<b>22 Tentative deduction (add lines 19, 20(c), and 21) . . . . .</b>	. . . . .
<b>23 (a) Dividends to policyholders (from Schedule E-2, Part IV, line 8) . . . . .</b>	. . . . .
<b>(b) Certain nonparticipating contracts (from Schedule E-2, Part IV, line 10) . . . . .</b>	. . . . .
<b>(c) Accident and health, and group life insurance (from Schedule E-2, Part IV, line 12) . . . . .</b>	. . . . .
<b>24 Total deductions. Add lines 22 through 23(c) . . . . .</b>	. . . . .
<b>25 Gain or (loss) from operations. Subtract line 24 from line 10. Enter here and on page 1, line 1(b) . . . . .</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 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) . . . . .			x .10		
(d) 10% of line 1(c) . . . . .					
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) . . . . .			x .02		
2 (a) 50% of line 1(e) . . . . .					
(b) Deductions allowed or allowable in earlier years under section 809(d)(6) . . . . .					

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 . . . . .					
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 2(b) from 2(a)) . . . . .					

3 Combine lines 1 and 2(c). Enter here and in Schedule E, line 18 . . . . .

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 (from Schedule A, line 1(a), column 4) . . . . .					
6 Small business deduction (from Schedule C, line 10) . . . . .					
7 Total (add lines 1(c) through 6) . . . . .					
8 Tax liability for this 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 (e). (Enter the smaller of line 3 or line 5 on page 1, line 3) . . . . .					

6 Balance at the end of the 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 10 of instructions)****C Check if you are a:**(1)  Legal reserve company—if checked:Kind of company:  
 Stock  
 MutualPrincipal business:  
 Life insurance Health and accident insurance  
(2)  Fraternal or assessment association  
(3)  Burial or other insurance company**D 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.****E Do you have any variable annuity contracts outstanding?****F (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; and
- (c) Taxable income or (loss) from line 28, page 1, Form 1120 of that corporation for the tax year ending with or within your tax 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))?**

	Yes	No
If Yes, attach a schedule showing:		
(a) Name, address, and identifying number, and		
(b) Percentage owned.		
(c) If the owner of that voting stock was a person other than a U.S. person, check Yes and show owner's country ►		
G Did you claim a deduction for:		
(a) Entertainment facility (boat, resort, ranch, etc.)? .		
(b) Living accommodations (except for employees on business)? . . . . .		
(c) Employees attending conventions or meetings outside the North American area? (See section 274(h).) . . . . .		
(d) Employees' families at conventions or meetings? . . . . .		
If Yes, were any of these conventions or meetings outside the North American area? (See section 274(h).) . . . . .		
(e) Employee or family vacations not reported on Form W-2? . . . . .		
H Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957). . . . .		
If Yes, attach Form 5471 for each corporation.		
I 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? . . . . .		
J Were you ever the grantor of or transferor to a foreign trust that existed during the current tax year, whether or not you had any beneficial interest in it? . . . . .		
If Yes, you may be required to file Forms 926, 3520, or 3520A.		
K During the tax year were any of your tax accounting records maintained on a computerized system? . . . . .		

**Schedule J COMPENSATION OF OFFICERS (See page 10 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 . . . . . (b) Amounts held at interest under insurance, annuity or deposit administration contracts or pension trust side funds . . . . .		
9	810(c)(6)		(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 . . . . .		
	810(c)(3)		(e) Other insurance liability or adjustments: (i) Reserves for mortality fluctuations . . . . . (ii) Liability for insurance or annuity benefits for employees and agents . . . . .		
	801(c)(3)		(f) Other items (please describe): _____		
10			Totals . . . . .		

\*1982 Annual Statement Form approved by the National Association of Insurance Commissioners. References in column 2 apply to the general account only.

★ U.S. GOVERNMENT PRINTING OFFICE : 1982-O-363-134 23-6616794

# 1982 Department of the Treasury Internal Revenue Service

## Instructions for Form 1120L U.S. Life Insurance Company Income Tax Return

(Section references are to the Internal Revenue Code, unless otherwise specified.)

### Tax Highlights

The following important changes have been made due to various tax laws. Changes A and B are based on the Economic Recovery Tax Act (ERTA) of 1981. Changes C through I are based on the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 enacted into law September 3, 1982.

**A. Reduction in corporate tax rates.**—Effective for tax years beginning after 1981, 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 1982, from 17% to 16%, and for 1983, to 15%. For the taxable income bracket over \$25,000 but not over \$50,000, the tax rate decreases for 1982, from 20% to 19%, and for 1983 to 18%. The remaining tax rates of 30%, 40%, and 46% did not change.

Because of changes in these tax rates, fiscal year 1982-83 corporations must prorate their tax under section 21.

**B. Depreciation changes.**—For tax years beginning after December 31, 1981, you may elect to expense part of the cost (up to \$5,000 for 1982 and 1983) of certain depreciable property that you bought during the year. See Form 4562, Depreciation and Amortization, for more information.

**C. Modified coinsurance.**—TEFRA made a number of changes to the tax law as it relates to life insurance companies, including the repeal of section 820, Optional Treatment of Policies Reinsured Under Modified Coinsurance Contracts. For more information on this change and the effective dates, see sections 255 through 268 of TEFRA.

**D. Reduction in tax preference items.**—Fiscal year corporations may be required to reduce the following tax preference items by 15%: section

1250 capital gain, amortizable basis of pollution control facilities, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

**E. 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.

**F. Leasing.**—Changes have been made to the safe harbor leasing rules that reduce the tax benefits on leases entered into or property placed in service after July 1, 1982, subject to certain transitional rules and rules for figuring the depreciation for qualified leased property (see sections 168(f) and (i)). The rules for figuring depreciation for property financed by tax-exempt obligations have also changed (see section 168(f)(12)).

**G. Targeted jobs credit.**—This credit has been extended to include wages paid to a qualified individual who begins work on or before December 31, 1984. Changes have been made in the certification rules and in the definition of certain targeted groups. For more information, see Form 5884, Jobs Credit (and WIN Credit Carryover).

**H. Withholding on interest and dividends.**—Effective July 1, 1983, a corporation that is a payer of interest, dividends, or patronage dividends to certain recipients is required to withhold a tax of 10% on the amount paid. See the 1983 Instructions for Form 1096. However, this is true only for companies:

As recipients, however, most corporations are exempt from withholding on their income from these sources. Some withholding may have occurred if for example, the corporation was a member of a partnership.

If the corporation had withholding on its interest, dividend, or patronage dividend income after June 30, 1983, see the instructions for line 14(i) on page 12.

**I. 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 will no longer be available.

### 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 you 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 1120L.**—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 \_\_\_\_\_ Use the following Internal Revenue Service Center address \_\_\_\_\_

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtsville, NY 11741
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 01810
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45299
Arkansas, Kansas, Louisiana, Missouri, Nebraska, Nevada, North Dakota, Oklahoma, Texas, Utah, Washington, Wyoming	Austin, TX 78731
Oklahoma, UT 84201	Ogden, UT 84201

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### Where to file.

If the corporation's principal business office, or agency is located in \_\_\_\_\_ Use the following Internal Revenue Service Center address \_\_\_\_\_

▼

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 19235

▼

If all the books and records are kept in the managing corporation's principal office, the separate returns of a group of corporations may be filed with the service center where the managing corporation files its return.

**When to file.**—In general, a corporation must file Form 1120L by the 15th day of the 3rd month after its tax year ends. A new corporation filing a short period return must generally file by the 15th day of the 3rd month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3rd month after the date it dissolved.

**Extensions of time for filing.**—Use Form 7084, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 3-month extension if you need more time to file Form 1120L. If you need more time file Form 7005, Application for Additional Extension of Time to File Corporation Income Tax Return, to request more time after you have gotten an automatic 3-month extension by filing Form 7004.

**Period covered.**—File the 1982 return for calendar year 1982 and fiscal years that begin in 1982. If the corporation ceased to exist in 1982, 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 described below. Section 6652(f) of the Code 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.

**Note:** Only one return is required to be filed for a plan of a controlled group of corporations or a multiemployer-collectively-bargained plan. Individual participating or contributing employers are not required to file separately.

**Transfers 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.

Every corporation must file information returns if it makes payments of rents, commissions, or other fixed or determinable income totaling \$600 or more to any one person in the course of its trade or business during the calendar year. It must report interest and dividend payments if they total \$10 or more.

For example, if the corporation pays an individual \$600 or more in

any calendar year to perform services under a subcontract type of arrangement in which no employment taxes are withheld, the corporation must file Form 1099-NEC, Statement for Recipients of Nonemployee Compensation.

Use Form 1096, Annual Summary and Transmittal of U.S. Information Returns, to summarize and send information returns to the Internal Revenue Service Center. For more information about filing information returns and exceptions, see the Instructions for Form 1096.

**Note:** Life insurance companies that do not include the NAIC annual statement with their income tax returns may be subject to a penalty. See Penalties, below.

**Consolidated returns.**—If an affiliated group of corporations includes one or more domestic insurance companies taxed under section 802 or 821, the common parent may elect to treat those companies as includable corporations. The insurance companies must have been members of the group for the 5 tax years immediately preceding the tax year for which the election is made. See section 1504(c)(2).

**Note:** 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, 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 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 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 under section 6655, at a rate determined under section 6621.

If the corporation underpaid estimated tax, attach Form 2220, Underpayment of Estimated Income Tax by Corporations, to show how you figured the penalty or which exceptions you believe the corporation meets.

**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.

**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 preparer's 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) according to its instructions. Enter the net short-term capital gain minus 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, 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, Supplemental 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 11(a) according to its instructions. Enter ordinary income from investment assets (from line 25, Part III, Form 4797), on line 11(b)(1), Form 4797 (write "investment assets" in right hand margin), and on line 7, Schedule A, Form 1120L. Subtract line 11(b)(1) from line 11, Form 4797, and enter the result on line 11(b)(2), Form 4797, and on line 9, Schedule E, Form 1120L. Attach Form 4797 to Form 1120L.

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**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.

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 85% 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).

- Enter dividends that qualify for the 100% dividends-received deduction under section 243(a)(3) that are subject to the elective provisions of section 243(b).

- 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.

**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 11(b)(1). See instructions on page 3 under Assets used in a trade or business and involuntary conversions.

### Deductions

**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 any 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.

**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.

The deduction for net operating losses (section 172) and the special deductions (sections 241 through 250) are not allowed.

## SCHEDULE B

**Purpose.**—This schedule is used to determine policy and other contract liability requirements. This computation furnishes the numerator, with the total investment yield as the denominator, to determine the policyholders' share of investment yield on Schedule C.

**Definition.**—Policy and other contract liability requirements means the total of:

- The adjusted life insurance reserves (from Part IV), multiplied by the adjusted reserves rate (the smaller of line 1 or line 7, Part I);

- The mean of the pension plan reserves at the beginning and end of the tax year (from Part III), multiplied by the current earnings rate (from Part I); and

- The interest paid.

### Part I—Earnings Rates (Section 805(b))

**Definitions.**—Current earnings rate is the percentage determined by dividing the investment yield for the tax year from Schedule A by the mean of the assets at the beginning and end of the tax year from Schedule K, Part I, line 10, column 3:

Average earnings rate is the total of the current earnings rate for the current tax year and the earnings rate for each of the 4 tax years immediately preceding the current tax year, divided by 5. If the company was an insurance company (but not a life insurance company) in any of the 4 years preceding the current tax year, make the computation as if the company were a life insurance company for that year. If the company was not in existence or was not an insurance company for one or more of the 4 preceding years, make no entry for that year or years. Determine the average earnings rate (line 7) by adding the percentages and dividing this total by the number of years for which entries are made. For example, if entries are made on three lines, divide the total by 3.

### Part II—Average Interest Rate Assumed (Section 805(c)(2))

Exclude pension plan reserves and reserves on any qualified guaranteed contract from life insurance reserves for determining the taxpayer's assumed rate under this part. See Parts III and V.

**Columns 5 and 6. Adjustments under section 806(b).**—If the basis for determining the amount of any item referred to in section 810(c) (life insurance reserves, etc.) at the end of the tax year differs from the basis for the determination at the beginning of the tax year, you must figure the amount at the end of the tax year on the old basis, and the amount at the beginning of the next tax year on the new basis.

**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. (Note: for reserves 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.

The exception to this is if the company has an election in effect for the tax year beginning in 1981 to use Method 2, then it may change to using Method 1 for its first tax year beginning after 1981 without the Commissioner's approval.

**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 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.

### 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.

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### Part V—Qualified Guaranteed Interest (Section 805(f))

For tax years beginning after December 31, 1981, 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.

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### 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. However, if 20% or more of the liabilities are paid in cash, see the special transitional rule in section 257(b) of TEFRA.

(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.

In general, no dividends-received deduction will be allowed on any share

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(a) by the amount on line 3. Then enter the result on line 8(b).

**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.

of stock if the corporation disposes of it after holding it 15 days or less; or to the extent 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). Subtract this amount from the sum of the items at the beginning of the tax year. Enter the excess on line 8(a).

**Note:** For modified coinsurance contracts, except those in which the same company is the reinsurer and reinsured, the reinsured's section 810(c) amount at the end of 1982 is reduced (but not for figuring next year's beginning amount) by the excess of:

1. The reserves on contracts as of January 1, 1982 (figured by using the reinsured's method of computing reserves for tax purposes), over
2. The termination amount (defined in the instruction for line 9, below).

**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 11(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.

Also, the reinsured, under a modified coinsurance contract, will include the total of all other deductions not included in figuring investment yield and not included in lines 20 through 23(c). A reinsurer, under a modified coinsurance contract, will include as a deduction the amount under the contract (termination amount) that would have to be returned to the reinsured if the contract terminated as of January 1, 1982. Attach a schedule showing the kind and amount of items included and group the minor items into one amount.

**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). Enter the excess on line 12(a).

**Note:** The Note in the instructions for Line 8(a), above, also applies to figuring increases in the reserves for 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). A reinsurer, under a modified coinsurance contract, will include as a deduction the amount under the contract (termination amount) that would have to be returned to the reinsured if the contract terminated as of January 1, 1982. 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 for 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 elect to deduct contributions paid by the 15th day of the 3rd 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 prop-

erty 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 172.

The operations loss deduction is the total of the operations loss carryover and carrybacks to the tax year.

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's 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(d)(8)(B).

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 sections 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 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 would 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 insur-

ance 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 reinsured 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. You must increase the balance in this account at the beginning of the tax year by the net additions under section 815(b)(2) (lines 2 through 8 of Schedule F). 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).

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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(d)(1) and 815(d)(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 would be 146%.

(3) Divide the result of step (1) by the result of step (2). Enter on line 4(c). You must also add the amount on line 4(c) to the shareholder's surplus account at the beginning of the next tax year.

Line 4(d).—Subtract the result of step (3) from the result of step (1). Enter 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.

If you checked Yes, file Form 90-22.1 by June 30, 1983, 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.

J. 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 H—Additional Information Required

(The letters in these instructions correspond with questions on Form 1120L, Schedule H.)

F. 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.

H. 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).

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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. Check the Yes box if:

1. Foreign financial accounts.—Check the Yes box if:

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 \$1,000 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 owns one or more foreign bank accounts.

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, 1983, 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.

K. 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 using the following columns: 1. Name of officer. 2. Social security number. 3. Time devoted to business. 4. Amount of compensation. 5. Expense account allowance.

Complete columns 1 through 4 for all officers. Complete column 5 for your six highest paid officers.

To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means amounts, other than compensation, received as advances or reimbursements, and amounts paid by or for the corporation, for expenses incurred by or on behalf of an officer. Column 5 does not have to be completed for any officer for whom the combined amount is less than \$50,000.

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.

Each member of an affiliated group included in a consolidated return must furnish this information.

#### 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 non-admitted assets) and all moneys 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).

**Section 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.

**Note:** If you are filing this return for a fiscal year 82–83 corporation, see section 21 and section 11(b) as amended by the Economic Recovery Tax Act of 1981 before figuring your tax.

**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 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 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 5(a), (b), (c), and (d) and figure your tax using the schedule below, instead of the instructions for line 6.

1. Enter 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. 16% of line 2.....	
11. 15% of line 4.....	
12. 30% of line 6.....	
13. 40% of line 8.....	
14. 46% 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—	But not over—	
0	\$25,000	16%
\$25,000	50,000	\$4,000 + 19%
50,000	75,000	8,750 + 29%
75,000	100,000	16,250 + 40%
100,000		26,250 + 46%
		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.

See Form 3468, Computation of Investment Credit, to figure this credit.

**Line 7(c). Jobs credit.**—The credit, if elected, is allowed for hiring members of certain targeted groups during the tax year. See Form 5884, Jobs Credit (and WIN Credit Carryover), for definitions, special rules, and limitations. Also see Publication 906, Jobs and Research Credits.

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 to your return.

**Alcohol fuel credit and production of nonconventional source fuel credit.**—If the corporation can claim a credit for alcohol fuels or production of nonconventional source fuels, include it on this line. See the instructions for Form 6478, Credit for Alcohol Used as Fuel, and sections 44D, 44E and 86. Attach Form 6478 or a separate schedule to the return.

**Credit for increasing research activities.**—If the corporation is engaged in qualified research activities, see Form 6765, Credit for Increasing Research Activities, for how to claim the credit. Write the amount of the credit on the dotted line next to the entry on line 7(d) and identify it as a section 44F credit. Attach Form 6765 to your return.

**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). See Form 8007, Credit for Employee Stock Ownership Plan, for definitions, limitations, and the computation of the credit. Write the amount of the credit on the dotted line and identify it as the ESOP credit. Attach Form 8007 to your return.

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**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.

Any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a business within 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.

When the surplus a foreign life insurance company holds in the U.S. is less than a specified minimum, section 819 requires an adjustment. When this minimum surplus adjustment applies, the tax imposed by section 881 is reduced under section 819(a)(3). Attach a statement showing how you figured the reduction of section 881 tax. Enter the net tax imposed by section 881 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 and Fiduciaries, 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 prop-

erty (including the ACRS deduction on 15-year real property); amortization of certified pollution control facilities, on-the-job training facilities and child care 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 as a worksheet to figure estimated tax.

**Line 14(c). Refund of Estimated Tax.**—You may file Form 4466 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(d). Other payments.**—Overpaid crude oil windfall profit tax.—Enter on line 14(i) the overpayment from Form 6249, Computation of Overpaid Windfall Profit Tax. See the instructions for that form for more information.

**Credit for withholding on interest and dividends.**—A fiscal year corporation can take a credit for the tax withheld by a payer under section 3451 from interest, dividend, or patronage dividend income paid or credited after June 30, 1983. Include the amount of the credit in the total for line 14(i). In the margin, next to the entry on line 14(i), write the amount of the credit and identify it as "section 31(b) credit".

**Line 15. Tax due.**—You must pay the tax due in full or in two installments: 50% by the 15th day of the 3d month after the tax year ends and 50% by the 15th day of the 6th month after the tax year ends.

**Special election.**—Taxes owed by a reinsurer that result from the repeal of section 820, may at the election of the reinsurer be paid in three equal annual installments. See section 256(e) of TEFRA.

The tax eligible for the election is that part of any tax imposed under chapter 1 of the Code (reduced by the credits allowable under subparagraph A of part IV of chapter 1) on a reinsurer for the 1982 tax year which is from the excess (if any) of:

1. Any decrease in the reserves because of section 256(b) of TEFRA, over
2. The termination amount.

The three installment dates for payment of the tax are March 15 of 1983,

1984, and 1985. However, the first installment may be made in two payments. The reinsurer may elect to pay one-half of the installment due March 15, 1983, on March 15, 1983, and the other half on June 15, 1983. Also, no interest will be charged on the deferred payments.

To make the election attach a schedule showing the total tax, the credits used to reduce it, the part of the remainder that is not subject to the election, the part that is subject to the election. In addition, the schedule should contain the name, address and taxpayer identification number of the reinsurer, and state that the election is being made under section 256(e) of TEFRA. If the first payment will be made in two installments, indicate that an election is also being made under section 256(e)(2)(B) of TEFRA. If you are a calendar year taxpayer, you must file your return, or Form 7004, with the statement attached, by March 15, 1983, to make the election.

Then on page 1, line 15, TAX-DUE, enter the total amount that is due based on your election. In the margin, next to the entry on line 15, write in "special election, schedule attached".

**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, 1983, must include not only 50% of your regular tax, but also the amount of the tax due to the repeal of section 820.

**Depository tax payment.**—Deposit corporation income tax payments and estimated tax payments with a pre-inscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualifying as a depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the area where the corporation is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for additional information and exceptions.

Preinscribed FTD Forms 503 will be mailed to corporations regularly, based on the tax year of the corporation. If you need deposit forms you may request them from the Internal Revenue Service Center where you file your returns. The request must include the corporation's name, employer identification number, address, and the tax year for which the deposits are made.

**Form 1120M**  
Department of the Treasury  
Internal Revenue Service

**U.S. Mutual Insurance Company  
Income Tax Return**

For calendar year 1982, or other tax year beginning \_\_\_\_\_, 1982, and ending \_\_\_\_\_.

OMB No. 1545-0566

**1982**

Name	A Employer identification number
Number and street	B Date Incorporated
City or town, State, and ZIP code	

**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. . . . .
- 3 Amounts subtracted from the Protection Against Loss Account—Schedule E, line 4(f) . . . . .
- 4 Total (combine lines 1, 2, and 3). . . . .
- 5 Unused loss deduction (attach schedule) . . . . .
- 6 Mutual insurance company taxable income (subtract line 5 from line 4). If less than \$12,000, see instructions for line 8. . . . .
- 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) \$\_\_\_\_\_ (II) \$\_\_\_\_\_ (III) \$\_\_\_\_\_ (IV) \$\_\_\_\_\_
- (b) Income tax—see instructions to figure the tax. . . . .
- 8 Special computation (see instructions) . . . . .
- 9 Enter amount reciprocal must include (see instructions) . . . . .
- 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  if tax is from Schedule D (Form 1120). . . . . **12**
- 13 Tax credits—(a) Foreign tax credit (attach Form 1118) . . . . . **13(a)**  
(b) Investment credit (attach Form 3468) . . . . . **13(b)**  
(c) Jobs credit (attach Form 5884) . . . . . **13(c)**  
(d) Other credits (see instructions) . . . . . **13(d)**
- 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 refunding 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 1981 allowed as a credit. **19(a)**  
(b) 1982 estimated tax payments . . . . . **19(b)**  
(c) Less refund of 1982 estimated tax applied for on Form 4466 . . . . . **19(c)**  
(d) Tax deposited with Form 7004 . . . . . **19(d)**  
(e) Tax deposited with Form 7005 (attach copy) . . . . . **19(e)**  
(f) Credit by reciprocal for tax paid by attorney-in-fact under section 826(e) . . . . . **19(f)**  
(g) Other refundable credits and payments (see instructions) . . . . . **19(g)**
- 20 TAX DUE (subtract line 19(h) from line 18). See instructions for depository method of payment. . . . . **20**
- 21 OVERPAYMENT (subtract line 18 from line 19(h)). . . . . **21**
- 22 Enter amount of line 21 you want: Credited to 1983 estimated tax ► **Refunded ► 22**

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 signature ►	Date	Preparer's social security no.
Preparer's Use Only Firm's name (or yours, if self-employed) and address ►	E.I. No. ►	ZIP code ►

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

Form 1120M (1982)

**Part II—Taxable Investment Income or (Loss)—Section 822**

	1. Interest received	2. Amortization of premium	3. Balance (Column 1 minus column 2)
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. gains 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) . . . . .			
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(e), 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 II) . . . . .		
15 3 3/4% 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 IB: 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) . . . . .

Form 1120M (1982)	Part III—Statutory Underwriting Income or (Loss) Section 823	Page 3
Gross Income	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 accounts—Section 823(b)(2)(B) . . . . .		
<b>6 Gross income (add lines 1 through 5) . . . . .</b>		
Deductions	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, col. g) . . . . .	
	13 Worthless agency balances and bills receivable—Section 832(c)(5) . . . . .	
	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) . . . . .	
	30 (a) Limitation . . . . .	<b>\$1,100,000.00</b>
	(b) Amount from Part II, line 7 . . . . .	
(c) Premiums (see instructions) . . . . .		
(d) Total (add lines 30(a) and (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 . . . . .		
<b>31 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)–(e) and enter a zero on line 34(f) . . . . .		
34 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 (b) by line (a) . . . . .	%	
(d) Limitation . . . . .	40%	
(e) Premium percentage that exceeds 40% (subtract (d) from (c)) . . . . .	%	
(f) Multiply line 31 (if a gain) by line 34(e) . . . . .		
<b>35 Protection against loss deduction (add lines 32, 33, and 34(f)). Enter here and in Schedule E, line 2 . . . . .</b>		
<b>36 Statutory underwriting income or (loss) (combine lines 35 and 31). Enter here and in Part I, line 2 . . . . .</b>		

**Form 1120M (1982)**

<b>Section 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)</b>					
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) . . . . .					
<b>10 Limitation on gross receipts from sales of capital assets (subtract line 9 from line 4, but not less than zero).</b>					
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)
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) . . .					
<b>Schedule E Protection Against Loss Account</b>					
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 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 (a) through (e)). Enter here and on page 1, line 3 . . . . .					
5 Balance at end of year (subtract line 4(f) from line 3) . . . . .					
<b>Schedule F Compensation of Officers (See Instructions for information to be attached)</b>					
<b>Schedule G Additional Information Required</b>					
C Did you at the end of this 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	(c) Employees attending conventions or meetings outside the North American area? (See section 274(h)). . . . .	Yes	No
If Yes, attach a schedule showing: (1) name, address, and identifying number; and (2) percentage owned.			(d) Employee's families at conventions or meetings? . . . . .		
D Were you a U.S. shareholder of any controlled foreign corporation (see sections 951 and 957)? (If Yes, attach Form 5471). . .			If Yes, were any of those conventions or meetings outside the North American area? (See section 274(h)). . . . .		
E Did you claim a deduction for expenses connected with:			(e) Employee or family vacations not reported on Form W-2? . . . . .		
(a) Entertainment facility (boat, resort, ranch, etc.)? . . .			F 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, page 8)? . . . . .		
(b) Living accommodations (except employees on business)? . . .			G 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, may you be required to file Forms 3520, 3520A, or 926? . . . . .		
			H During the tax year did you maintain any part of your tax accounting records on a computerized system? . . . . .		

**1982 Department of the Treasury  
Internal Revenue Service  
Instructions for Form 1120M  
U.S. Mutual Insurance Company  
Income Tax Return**

(References are to the Internal Revenue Code.)

**Highlights**

Please note these important changes that have been made due to various tax laws. Changes A through C are based on the Economic Recovery Tax Act of 1981. Changes D through G are based on the Tax Equity and Fiscal Responsibility Act of 1982.

**A. Reduction in corporate tax rates.**—For tax years beginning after December 31, 1981, 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 1982, from 17% to 16%, and for 1983 from 16% to 15%. For the taxable income bracket over \$25,000 but not over \$50,000, the tax rate decreases for 1982, from 20% to 19%, and 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. Depreciation changes.**—For tax years beginning after December 31, 1981, you may elect to expense part of the cost (up to \$5,000) of certain depreciable property bought during the year. See Form 4562, Depreciation and Amortization, for more information.

**C. Charitable contributions.**—Effective for tax years beginning after 1981, a corporation's maximum charitable contribution deduction will increase from 5% to 10% of its taxable income. See section 170(b)(2).

**D. Reduction in tax preference items.**—Fiscal year corporations (other than subchapter S corporations) may be required to reduce the following tax preference items by 15%: section 1250 capital gain, amortizable basis of pollution control facilities, intangible drilling costs, and mineral exploration and development costs. For more information and effective dates, see section 291.

**E. 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.

**F. Withholding on interest and dividends.**—Effective July 1, 1983, payers (including corporations) of interest, div-

idends, or patronage dividends to certain recipients generally are required to withhold a tax of 10% on the amount paid. See the 1983 Instructions for Form 1096.

As recipients, however, most corporations are exempt from withholding on their income from these sources. Some withholding may have occurred if, for example, the corporation was a member of a partnership. If there is withholding on interest, dividend, or patronage dividend income after June 30, 1983, the recipient should include the withheld amount as a credit in the total for line 19(g). In the margin next to the entry on line 19(g), write the amount of the credit and identify it as "section 31 (b) credit."

**G. 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 within 2½ months after the end of the tax year. The election to pay in two equal installments will no longer be available.

**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 you 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.**—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 a 3-month extension of time to file Form 1120M.

File Form 7005, Application for Additional Extension of Time to File Corporation Income Tax Return, to request more time if you need it after you have gotten an automatic 3-month extension by filing Form 7004.

**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 11050
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Auditor, MA 05501
Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Wisconsin	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 78701
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64199
California, Hawaii	Fresno, CA 93388
Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania, Puerto Rico, 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, up to a maximum of 25%, for each month the return is not filed. The penalty is charged 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 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 under section 6651(a)(2) on the net amount due.**

These penalties will not be charged if the corporation can show that not filing or not 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, under section 6655 at a rate determined under section 6621.**

If estimated tax was underpaid, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how you figured the penalty or which exception you believe you meet.

**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 as whole-dollar amounts. To do so, drop

on the return and accompanying schedules 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 put 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.

**4. Form 1096.**—Annual Summary and Transmittal of U.S. Information Returns.

**5. Form 5452.**—Corporate Report of Nontaxable Dividends.

**6. Forms 966 and 1099L.**—Information returns for dissolution or liquidation and distributions in liquidation.

**7. Forms 1099-BCD, DIV, INT, MED, MISC, NEC, OID, PATR and R.**—Information returns for reporting bearer certificates of deposit, dividends, interest income, medical and health care payments, miscellaneous income payments, non-employee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing and individual retirement arrangements.

**8. Form 5713.**—International Boycott Report. 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 figure loss of the following items: foreign tax credit, deferral of earnings of controlled foreign corporations, and DISC benefits.

**Note:** Mutual insurance companies should include the NAIC annual statement with their income tax returns. Those that do not may be subject to a penalty. See Penalties above.

**Consolidated returns.**—If an affiliated group of corporations includes one or more domestic insurance companies taxed under section 802 or 821, the common parent may elect to treat those companies as includible corporations. The insurance companies must have been members of the group for the 5 tax years immediately preceding the tax year for which the election is made. See section 1504(c)(2).

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.

**1. Forms W-2 and W-3.**—Wage and Tax Statement; and Transmittal of Income and Tax Statement.

**2. Form W-2P.**—Statement for Re-

Page 2

- 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 or 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 1982. 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 1982, 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—

(1) The sum of the statutory underwriting loss and the investment loss is more than

(2) The sum of—

(a) The taxable investment income, and

(b) The statutory underwriting income, and

(c) 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.

**Limitations.**—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)

**Fiscal year corporations.**—If you are filing this return for a 1982–83 fiscal year, see section 21, section 11(b), section 821(a)(2) and section 821(c)(1)(B) as amended by the Economic Recovery Tax Act of 1981, for how to figure your tax.

**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 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 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); (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 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. 16% of line 2 . . . . .	
11. 19% of line 4 . . . . .	
12. 30% of line 6 . . . . .	
13. 40% of line 8 . . . . .	
14. 46% 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:

Over—	But not over—	Enter on line 7(b)—	Or the amount over—
0	\$25,000	16%	0
\$25,000	50,000	\$4,000+19%	\$25,000
50,000	75,000	8,750+30%	50,000
75,000	100,000	16,250+40%	75,000
100,000	-----	26,250+46%	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 32%.

#### 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 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) (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 high-

est rate specified in section 11(b). Therefore, multiply the \$5,000 by 16% (46% minus 30%) and multiply the \$25,000 by 6% (46% 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 32%. Enter the limitation on line 4 of the alternative tax schedule on page 4 of these instructions.

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(a) Amount from Part II, line 7 . . . . .	
(b) Premiums . . . . .	
(c) Total (add (a) and (b)). If \$250,000 or more, enter \$250, 000 . . . . .	\$150,000.00
(d) Subtract limitation . . . . .	
(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 II, line 1, instead of Part I, line 6 . . . . .	
4 Enter the limitation if the section 821(c)(1) (B) special computa- tion applies. Otherwise enter the amount from line 3, above . . . . .	
5 Multiply the smaller of line 3 or line 4 by line 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.

Line 13(c)

**Jobs credit.**—Employers may elect to take a jobs credit for hiring members of certain targeted groups. See Form 5884, Jobs Credit (and WIN Credit Carryover), for definitions, special rules, and limitations. Also see Publication 906, Jobs and Research Credits.

Do not deduct the part of the wages or salaries paid or incurred that is equal to the jobs credit on Form 5884. See the instructions for Form 5884 for more information.

Attack 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.

Any WIN credit carryover should be claimed with the jobs credit. See the instructions for Form 5884 for more information.

#### 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 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.

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.

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.

**Minimum tax on tax preference items.**—Attach Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries, 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 total items of tax preference exceed 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 cer-

ified pollution control facilities, on-the-job training facilities and child care 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 may be used as a worksheet to figure estimated tax.

#### Line 19(c)

**Refund of estimated tax.**—If there was an overpayment of estimated tax, you may file Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be at least 10% of your expected income tax liability AND at least \$500. This application must be made within 2½ months after the end of the tax year and before Form 1120M is filed.

#### Line 19(f)

**Credit by reciprocal for tax paid by attorney-in-fact.**—See section 826(e) and the related regulations.

#### Line 19(g)

**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(g) 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(g) 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(g) 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.

Also, a fiscal year corporation, can take a credit for the tax withheld by a payor under section 3451 from interest, dividend, or patronage dividend income paid or credited after June 30, 1983. Include the credit in the total for line 19(g). In the margin next to the entry on line 19(g), write the amount of the credit and identify it as "section 31(b) credit".

#### Line 20

**Tax due.**—The balance of tax due must be paid in full when the return is filed or in two installments, 50% by the 15th day of the 3d month after the end of the tax year and 50% by the 15th day of the 6th month after the end of the tax year.

Deposit corporation income tax payments and estimated tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. 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 the Internal Revenue Service for crediting to the corporation's account. See the instruction on the back of Form 503 for additional information and exceptions.

Prescribed FTD Forms 503 will be mailed to corporations on a regular basis depending on the tax year of the corporation. Corporations needing deposit forms may apply for them to the Internal Revenue Service Center where they will file their returns. The application should include the corporation's name, employer identification number, address, and the tax year for which the deposits will be made.

**Note:** If you overstate your deposits, you may be subject to a penalty. See section 6556(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, and other gains from Form 4797, Supplemental Schedule of Gains and Losses, on 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.

Page 5

**Limitation on deductions relating to real estate owned and occupied.**—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)(1)) 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 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 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 part of the cost (up to \$5,000) you elect to expense of certain recovery property placed in service during tax year 1982. 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

**Interest paid or accrued.**—Enter interest paid or accrued during the tax year, except on indebtedness incurred or continued to purchase or carry obligations on which the interest income is wholly tax-exempt.

See section 267 for the limitation on deductions for unpaid expenses and in-

#### Page 6

terest in transactions between related taxpayers.

Generally, for positions acquired after June 23, 1981, 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

**Taxes.**—Enter taxes paid or accrued during the tax year. Do not include Federal income tax, foreign or U.S. possession income taxes if you are claiming a foreign tax credit; or taxes not imposed upon the corporation.

See section 164(d) for how to divide real estate taxes between seller and buyer.

#### Line 21

**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 12

**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.

#### Line 15

**Depreciation.**—See instructions for Part II, line 12.

#### Line 16

**Depletion.**—See instructions for Part II, line 13.

#### Line 17

**Contributions.**—Enter contributions or gifts paid within the tax year to or for the use of charitable and government 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.

savings credited to subscriber accounts of an interinsurer or reciprocal underwriter. See the instructions for Part III, line 19, for savings credited to subscriber accounts.

#### Declarations (Lines 7-30)

#### Line 8

**Rents.**—Enter rent paid or accrued for business property in which the company has no equity.

#### Line 9

See instructions for Part II, line 15.

#### Line 10

**Taxes.**—Enter taxes paid or accrued during the tax year. Do not include Federal income tax, foreign or U.S. possession income taxes if you are claiming a foreign tax credit; or taxes not imposed upon the corporation.

See section 164(d) for how to divide real estate taxes between seller and buyer.

#### Line 11

**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.

#### Line 12

**Dividends-received deduction.**—See instructions for Schedule B on page 7.

#### Line 13

**Depreciation.**—Enter the 85% limitation on the dividends-received deduction does not apply for any year in which there is a loss from taxable investment income.

#### Line 14

**Other capital losses.**—See instructions for Schedule C on page 8.

#### Line 15

**Worthless agency balances and bills receivable.**—Enter agency balances and bills receivable that became worthless during the tax year.

#### Line 16

**Depletion.**—See instructions for Part II, line 13.

#### Line 17

**Contributions.**—Enter contributions or gifts paid within the tax year to or for the use of charitable and government 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.

You cannot deduct charitable contributions over the 10% limitation for the tax year but you can carry the excess over to the next 5 tax years.

Attach a schedule showing the name of each organization and the amount for a contribution of property other than money. Describe the kind of property contributed and the method used in determining its fair market value. If you include a contribution carryover, show the amount and how it was determined.

If you made a qualified conservation contribution under section 170(h), include the fair market value of the underlying property before and after the deduction. Describe the conservation purpose furthered by your donation and type of legal interest contributed.

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 (a) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (b) 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 contributions 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.

**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, 1983. 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. The Employee Retirement Income Security Act of 1974 provides penalties 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.

You are required to file only one return for a plan of a controlled group of corporations or a multiemployer collectively bargained plan. Individual participating or contributing employers do not have to file separately.

#### 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, discounts 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.

See also 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, money market certificates, etc., are really interest and should not be treated as dividends.

See section 854 for the amount of 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.

#### Dividends-received Deduction (Lines 7-12)

#### 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 part 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.)

(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.

#### 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(b) 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(b) for qualifications and restrictions on this deduction.

#### 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.

Total gross receipts from sales of capital assets (line 12, column c) must not be more than line 10. If necessary you may report part of the gross receipts from a particular sale of a capital asset in this schedule and the rest on Schedule D (Form 1120). Otherwise, do not show on Schedule D (Form 1120) sales reported in this schedule.

Enter total other capital losses (line 12, column g) on Part II, line 16, and Part III, line 12.

#### SCHEDULE E

##### Protection Against Loss Account

Section 824(b) requires each insurance company subject to tax under section 621(a) to establish and maintain a protection against loss account.

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.

#### SCHEDULE F

##### Compensation of Officers

Attach a schedule using the following columns: 1. Name of officer. 2. Social security number. 3. Time devoted to business. 4. Amount of compensation. 5. Expense account allowance.

Complete columns 1 through 4 for all officers. Complete column 5 for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means amounts, other than compensation, received as advances or reimbursements, and amounts paid by or for the corporation, for expenses incurred by or on behalf of an officer. Column 5 does not have to be completed for any officer for whom the combined amount is less than \$50,000.

This information must be submitted by each member of an affiliated group included in a consolidated return.

#### SCHEDULE G

##### Additional Information Required

Question F.—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 \$1,000 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 owns one or more foreign bank accounts.

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 F, file Form 90-22.1 by June 30, 1983, 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 any IRS offices.

Question G.—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.

Form 1120S Department of the Treasury Internal Revenue Service		U.S. Small Business Corporation Income Tax Return for calendar year 1982 or other tax year beginning _____, 19_____, ending _____, 19_____. ► For Paperwork Reduction Act Notice, see page 1 of the instructions.		OMB No. 1545-0130
A Date of election as small business corporation		Name Use IRS label. Otherwise, please print or type. Number and street City or town, State, and ZIP code		1982 C Employer identification no.
B Business code no. (see page 9 of instructions)				D Date incorporated
<b>IMPORTANT</b> —All applicable lines and schedules must be filled in. If section 465 (deductions limited to amount at risk) applies, see instruction for line 28.				E Enter total assets from Schedule L, line 14, column D (see instructions) \$
<b>Gross Income</b>				
1 a Gross receipts or sales .....		1b Less returns and allowances .....	Balance ►	1c
2 Cost of goods sold (Schedule A) or operations (attach schedule) .....				2
3 Gross profit (subtract line 2 from line 1c) .....				3
4 a Domestic dividends .....				4a
b Foreign dividends .....				4b
5 Interest .....				5
6 Gross rents .....				6
7 Gross royalties .....				7
8 Gains and losses (attach separate Schedule D (Form 1120S));				
a Net short-term capital gain reduced by any net long-term capital loss .....				8a
b Net capital gain (if more than \$25,000, see instructions for Part IV of Schedule D (Form 1120S)) .....				8b
9 Ordinary gain or (loss) from Form 4797, Part II, line 11(a) (attach Form 4797) .....				9
10 Other income (see instructions—attach schedule) .....				10
11 TOTAL income—Add lines 3 through 10 .....				11
12 Compensation of officers (Schedule E) .....				12
13 a Salaries and wages .....		13b Less jobs credit .....	Balance ►	13c
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 28 adjusted per instructions) .....				19
20 Depreciation (attach Form 4562) .....		20		
21 Less depreciation claimed in Schedule A and elsewhere on return .....		21a ( )		21b
22 Depletion .....				22
23 Advertising .....				23
24 Pension, profit-sharing, etc. plans (see instructions) .....				24
25 Employee benefit programs (see instructions) .....				25
26 Other deductions (attach schedule) .....				26
27 TOTAL deductions—Add lines 12 through 26 .....				27
28 Taxable income (loss) (subtract line 27 from line 11) (see instructions) .....				28
29 a Excess net passive income tax (see instructions—attach schedule) .....		29a		
b Tax from Schedule D (Form 1120S), Part IV .....		29b		29
30 Payments: a Tax deposited with Form 7004 .....		30a		
b Tax deposited with Form 7005 (attach copy) .....		30b		
c Federal tax on special fuels and oils (attach Form 4136) .....		30c		30
31 TAX DUE (subtract line 30 from line 29). See instructions for paying the tax .....			→	31
32 OVERPAYMENT (subtract line 29 from line 30) .....			→	32
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	TIN	
Preparer's signature		Date	Check if self-employed	Preparer's social security no.
Firm's name (or yours, if self-employed) and address		E.I. No.		
		ZIP code		
Paid Preparer's Use Only				

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<b>Schedule A Cost of Goods Sold (See instructions for Schedule A)</b>		
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"/> Write-down 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)	<input type="checkbox"/>
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)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
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.
<b>Additional Information Required</b>		
F	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)) . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> 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 F(3) and F(4), "highest amount owed" includes loans and accounts receivable/payable.)	
G	Refer to page 9 of instructions and state the principal: Business activity ► . . . . . Product or service ► . . . . .	
H	Were you a member of a controlled group subject to the provisions of section 1561? . . . . .	
I	If the corporation has a loss in an activity for the year, does the corporation have amounts for which it is not "at risk" in the activity (see instruction for line 28 of page 1)? . . . . .	
J	Answer only if (1) this is the first Form 1120S return filed since your election to be treated as a small business corporation and (2) the corporation was in existence for the tax year prior to the election and had investment credit property: Was an agreement filed under regulations section 1.47-4(b)? . . . . .	
K	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).) . . . . .	
5	Employee or family vacations not reported on Form W-2? . . . . .	
L	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)? . . . . .	
M	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 . . . . .	
N	During this tax year was any part of your tax accounting records maintained on a computerized system? . . . . .	
O	Number of shareholders in the corporation at the end of the tax year ► . . . . .	
P	Was this firm in business at the end of 1982? . . . . .	
Q	How many months in 1982 was this firm in business? . . . . .	

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**Schedule E Compensation of Officers** (Complete Schedule E only if your total receipts (line 1a, plus lines 4 through 10, of page 1, Form 1120S) are \$150,000 or more.) (See instructions for line 12 of page 1)

Page 3

Total compensation of officers—Enter here and on line 12, page 1.

**Schedule F      Bad Debts—Reserve Method (See instructions for line 15 of page 1)**

1. Year	2. Trade debts 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		
1977						
1978						
1979						
1980						
1981						
1982						

**Schedule K Computation of Undistributed Taxable Income and Summary of Distributions and Other Items**

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1 Taxable income (line 2b, page 1) . . . . .	
2 Less: a Money distributed as dividends out of earnings and profits for the tax year . . . . .	
b Tax imposed on certain capital gains (line 29b, page 1) . . . . .	
3 Corporation's undistributed taxable income (subtract line 2 from line 1) . . . . .	
4 Actual dividend distributions taxable as ordinary income. (Do not include amounts shown on line 6) . . . . .	
5 Actual dividend distributions taxable as long-term capital gains (after tax) . . . . .	
6 Actual dividend distributions taxable as ordinary income and qualifying for dividend exclusion . . . . .	
7 Nondividend distributions . . . . .	
8 Undistributed taxable income—taxable as ordinary income or (loss) (see instructions) . . . . .	
9 Undistributed taxable income—taxable as long-term capital gain (after tax) (see instructions) . . . . .	
<b>10 Investment credit property—Attach Form 3468 (See Instructions)</b>	
<b>11 Interest on investment indebtedness:</b>	
a 1 Interest on investment indebtedness incurred before 12-17-69 . . . . .	
2 Interest on investment indebtedness incurred before 9-11-75, but after 12-16-69 . . . . .	
3 Interest on investment indebtedness incurred after 9-10-75 . . . . .	
b Net investment income or (loss) . . . . .	
c Excess expenses from "net lease property" . . . . .	
d Net capital gain attributable to investment property . . . . .	
<b>12 Items of tax preference (see instructions):</b>	
a Accelerated depreciation on real property:	
1 Low-income rental housing (section 167(k)) . . . . .	
2 Other real property that is nonrecovery property or 15-year real property . . . . .	
b Accelerated depreciation on leased property that is personal property or recovery property other than 15-year real property . . . . .	
c Amortization . . . . .	
d Reserve for losses on bad debts of financial institutions . . . . .	
e Dépôt . . . . .	
f Intangible drilling costs . . . . .	
g Other (attach schedule) (see instructions) . . . . .	
h Net capital gain (after tax) . . . . .	
<b>13</b>	
a Jobs credit . . . . .	
b Credit for alcohol used as fuel . . . . .	
c Other (see instructions) . . . . .	

Form 1120S (1982)

**Schedule I Balance Sheets**

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Assets	Beginning of tax year		End of tax year	
	A	B	C	D
1 Cash . . . . .				
2 Trade notes and accounts receivable . . . . .				
a Less allowances for bad debts . . . . .				
3 Inventories . . . . .				
4 Federal and State government obligations . . . . .				
5 Other current assets (attach schedule) . . . . .				
6 Loans to shareholders . . . . .				
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 Migos., notes, bonds payable in less than 1 year . . . . .				
17 Other current liabilities (attach schedule) . . . . .				
18 Loans from shareholders . . . . .				
19 Migos., 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 Less cost of treasury stock . . . . .		( )		( )
27 Total liabilities and shareholders' equity . . . . .				

**Schedule M-1** Reconciliation of Income on Books With Income on Return (line 28, page 1). Do not complete this schedule if your total assets (line 14, column D, above) are less than \$25,000.

**1 Net income on books**

2 Federal income tax . . . . .		7 Net capital losses recorded this year not increased in this return (itemize)
3 Excess of capital losses over capital gains . . . . .		8 Deductions in this tax return not charged against book income this year (itemize)
4 Income subject to tax not recorded on books this year (itemize) \$ . . . . .		a Depreciation . . . . . \$ . . . . .
5 Expenses recorded on books this year not deducted in this return (itemize)		b Contributions carryover . . . . . \$ . . . . .
a Depreciation . . . . . \$ . . . . .		9 Total of lines 7 and 8 . . . . .
b Contributions carryover . . . . . \$ . . . . .		10 Income—line 6 less line 9 . . . . .
6 Total of lines 1 through 5 . . . . .		

**Schedule M-2 Analysis of Unappropriated Retained Earnings on Books** (line 24 above). Do not complete this schedule if your total assets (line 14, column D, above) are less than \$25,000.

### **3. Balance at beginning of year**

1 Balance at beginning of year . . . . .		5 Distributions out of current or accumulated earnings and profits: a Cash . . . . .
2 Net income on books . . . . .		b Stock . . . . .
3 Other increases (itemize) . . . . .		c Property . . . . .
		6 Current year's undistributed taxable income or net operating loss (total of lines 8 and 9, Schedule K) . . . . .
		7 Other decreases (itemize) . . . . .
		8 Total of lines 5, 6, and 7 . . . . .
4 Total of lines 1, 2, and 3 . . . . .		9 Balance at end of year (line 4 less line 8) . . . . .

# 1982 Department of the Treasury Internal Revenue Service Instructions for Form 1120S U.S. Small Business Corporation Income Tax Return

(References are to the Internal Revenue Code. Sections identified as "new" were added by the Subchapter S Revision Act of 1982 (Public Law 97-354).)

## Tax Highlights

### Withholding on Interest and Dividends

Effective July 1, 1983, a subchapter S corporation that is a payer of interest dividends (and section 1375(f) distributions), or patronage dividends to certain recipients is required to withhold a tax of 10% on the amount paid. See the Instructions for Form 1096, and the Instructions for line 7 of Schedule K of Form 1120S.

As recipients, however, most corporations are exempt from withholding on their income. Regardless, some withholding may occur. For example, if the corporation was a member of a partnership that had amounts withheld on interest or dividends paid to the partnership, the partnership would report the amount withheld to the corporation at its year end. In these cases, the credit for such withholding is passed to shareholders of the corporation. See the Instructions for line 13c of Schedule K of Form 1120S.

### Change in Passive Income Limit and Tax on Excess Net Passive Income

Effective for tax years beginning in 1982, Public Law 97-354 made the following changes:

1. repealed the old 20% limitation (section 1372(e)(5)) on passive income for subchapter S corporations that do not have subchapter C earnings and profits;
2. increased the limit on passive income to 25% for subchapter S corporations that have earnings and profits from prior section 1374 C status; and
3. provided for a 46% tax on excess net passive income.

The General Instruction for "End of Election" explains the new 25% limit as well as other tax law changes that take effect for tax years beginning after 1982. Details about figuring the new tax on excess net passive income are given in the specific instruction for line 29a.

### 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 credit taken for the property. See Instruction for line 10 of Schedule K of Form 1120S.

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### Tax Rate Changes

Effective for tax years beginning after 1982, the tax rates are reduced for the two lowest income brackets. Because of the reductions, fiscal year 1982-83 corporations have to make a section 21 tax proration to figure their capital gain tax, if applicable. See Schedule D (Form 1120S).

### Accelerated Tax Payments

For tax years beginning after December 31, 1982, a corporation must pay the amount of unpaid taxes on line 31 within 2½ months after the end of the tax year. The election to pay in two equal installments will no longer be available.

### Depreciation Changes

For tax years beginning after December 31, 1981, you may elect to expense part of the cost (up to \$5,000 for 1982 and 1983) of certain depreciable property that you bought during the year. See Form 4562, Depreciation and Amortization, for more information.

### Charitable Contributions

Effective for tax years beginning after December 31, 1981, a corporation's maximum charitable contribution deduction increased from 5% to 10% of its taxable income. See section 170(b)(2).

### 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

The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the

Internal Revenue laws of the United States. We need it to ensure that you 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

Form 1120S is used instead of Form 1120 if a corporation elected to be taxed as an electing small business corporation (subchapter S corporation) and its election is in effect.

If you need more information, you may want to get Publication 589, Tax Information on Subchapter 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, Election by a Small Business Corporation, to be taxed as a subchapter S corporation and IRS accepted your election; and if the election remains in effect. A corporation that files Form 1120S is generally exempt from income tax, which its shareholders pay instead.

### End of Election

The election to be taxed as a small business corporation can end automatically or it can be revoked. During the 5 years after an election has ended automatically or been revoked, the corporation can make another election on Form 2553 only if the Commissioner consents. (See regulations section 1.1372-5.)

The election ends automatically in any of the following cases:

- a. A new shareholder affirmatively refuses to consent to the election by the 60th day after the day the shareholder acquired the stock. (Effective for tax years beginning after 1982, this provision is repealed.) A new shareholder is a person who was not a shareholder on the first day of the first tax year for which the election is effective or on the day the election is made, whichever is later.

The new shareholder's affirmative refusal must be filed with the Internal Revenue Service Center that has jurisdiction for the area where the principal business, office, or agency of the corporation is located.

- b. The corporation is no longer a small business corporation as defined in section 1371(a). (Effective for tax years beginning after 1982, a subchapter S corporation may have up to 35 shareholders.)
- c. More than 80% of the corporation's gross receipts come from sources outside the United States. (Effective for tax years beginning after 1982, this provision is repealed.)

d. If the corporation has subchapter C earnings and profits and more than 25% of the corporation's gross receipts are passive investment income as defined in new section 1362(d)(3)(D) for 3 consecutive tax years, 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 29a for details on how to figure the tax.

The ending of an election for any of these reasons is effective for the tax year of the corporation in which any of the cases above occurs and for all the corporation's later tax years. (See sections 1372(e) and (f).)

The election may be revoked for any tax year after the first tax year for which it is effective. All shareholders on the day the revocation is made must agree to it in order for it to take effect.

A revocation is effective either for the tax year in which it is made (if made within the first month of the tax year) or for the following year (if made after the first month of the tax year). It must be made according to regulations section 1.1372-4. See new section 1362(d)(1) for revocation of an election for tax years beginning after 1982.

### When to File

In general, file Form 1120S by the 15th day of the 3rd month after the end of the tax year.

**Extensions.**—Use Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 3-month extension to file Form 1120S.

Use Form 7005, Application for Additional Extension of Time to File Corporation Income Tax Return, to request an additional extension after getting an automatic 3-month extension with Form 7004.

### Period to be Covered by 1982 Return

File the 1982 return for calendar year 1982 and fiscal years beginning in 1982 and ending in 1983. If the return is for a fiscal year, fill in the tax year spaces on the form. Final Returns. If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

### Amended Return

To correct an error in a Form 1120S already filed, file an amended Form 1120S and write "AMENDED" across the top. If the amended return results in a change to taxable income, or a change in the distribution of any property or other information provided to shareholders, an amended Schedule K-1 (Form 1120S), Shareholder's Share of Undistributed Taxable Income, etc., must also be filed with the amended Form 1120S and given to each shareholder. Write "AMENDED" across the top of the corrected Schedule K-1.

### 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, New York	Holtsville, NY 11541
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 01810

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Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45959
Arkansas, Kansas, Louisiana, Missouri, Oklahoma, Texas	Austin, TX 77301
Dakota, Idaho, North Dakota, Oregon, South 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

### Accounting Methods

Figure taxable 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 taxable 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.

Use Form 7005, Application for Additional Extension of Time to File Corporation Income Tax Return, to request an additional extension after getting an automatic 3-month extension with Form 7004.

#### 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.

### Amended Return

You must pay the balance of tax due either (1) in full when you file the return or (2) in two equal installments. The first installment is due by the 15th day of the 3rd month after the end of the tax year. The second installment is due by the 15th day of the 6th month after the end of the tax year.

Deposit corporation income tax payments with a prescribed Federal Tax Deposit (FTD) Form 503. 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 taxpayer is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for more information and exceptions.

You can get Form 503 from the IRS service center where you file your return. The application should include the corporation's name, identification number (EIN), address, and the tax year to which the deposits relate. For more information

concerning deposits and obtaining an FTD, see Publication 583, Information for Business Taxpayers.

**Penalty for Overstated Tax Deposits.**—If you overstate your deposits, you may be subject to a penalty. See section 6656(b).

### 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, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due—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 ½% a month (a 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—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 to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate under section 6621.

### 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 the taxpayer during processing. Include certificates of deposit as cash on line 1 of the balance sheet.

✓

The balance sheet must agree with your books and records. Use Schedule M-1 to reconcile taxable income with the net profit shown on your books. (A corporation is not required to complete Schedules M-1 or M-2 if its total assets (line 14, column D, of Schedule L, of Form 1120S) are less than \$25,000.)

### Net Operating Loss and Other Deductions

A subchapter S corporation may not take the deduction for net operating losses provided by section 172 and the special deductions in Part VIII (except section 248) of subchapter B. (See section 1373(d).)

The corporation's net operating loss is allowed as a deduction from the shareholders' gross income. (Section 1374.)

## Attachments

If you need more space on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120S. Be sure to put the corporation's name and employer identification number on these separate sheets.

## 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 or secretary does not have to sign. (This list is not all-inclusive.)

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 on Returns That May be Required

Form 1096, Annual Summary and Transmittal of U.S. Information Returns.

Forms 1099-DIV, INT, MED, 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 dividend distributions taxable as ordinary income, actual dividend distributions taxable as long-term capital gains (after tax), nondividend distributions, and dividends qualifying for the dividend exclusion.

Use Schedule K-1 (Form 1120S), Shareholder's Share of Undistributed Taxable Income, etc., to report constructive dividends (undistributed taxable income). Do not report them on Form 1099-DIV.

Use Form 966, Corporate Dissolution or Liquidation, and Form 1099L, U.S. Information Return for Distributions in Liquidation During Calendar Year, to report dissolution or liquidation and distributions in liquidation.

## 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. 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 1120S. If you have not received the EIN by the time for filing Form 1120S, write "Applied for" in the EIN space. See Publication 583 for additional information.

**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 you must report on lines 4 through 10.

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

See the instructions for Schedule A.

### Line 5

#### Interest

Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, etc.

Do not offset interest income against interest expense.

### Line 6

#### Gross rents

Enter the gross amount you received for renting property. Enter expenses attributable to rental income on the proper expense deduction lines (12-26).

The corporation may be limited in the amount of expense deductions for

renting a vacation home if a shareholder uses the property for personal purposes. (See section 280A.)

### Line 8

#### Capital gains and losses

See separate Schedule D (Form 1120S), and Form 4797, Supplemental Schedule of Gains and Losses.

If line 8b is more than \$25,000, see instructions for Part IV, Tax Computation, of Schedule D (Form 1120S).

Report every sale or exchange of a capital asset in detail on Schedule D (Form 1120S) even though there is no gain or loss.

### 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 earlier years under the specific charge-off method, the amount of credit (determined without regard to the limitation based on tax) 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 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 10. A separate schedule need not be attached to the return in this case.

## Deductions

### Line 12

#### Compensation of officers

Enter on line 12 the total compensation of all officers.

Complete Schedule E only if your total receipts (line 1a plus lines 4 through 10 of page 1 of Form 1120S) are \$150,000 or more.

Complete columns 1 through 5, Schedule E, for all officers. Complete column 6, Schedule E, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, except compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or for an officer. You do not have to complete column 6 for any officer whose combined amount is less than \$50,000.

### Line 13

#### Salaries and wages

Enter on line 13a 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 13b the applicable jobs credit from Form 5884. See Instructions for Form 5884, Jobs Credit (and WIN Credit Carryover), for more information.

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Dividends that shareholders of a subchapter S corporation arrange to receive instead of reasonable compensation in the same amounts for services they performed may constitute "wages". The corporation incurs a liability for taxes imposed by the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and the Collection of Income Tax at Source of Wages for such wages. (See Revenue Ruling 77-44, 1974-1 C.B. 287.)

### 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 increase the life of the property. However, see the instructions for line 20.

You may choose to deduct as a current expense certain expenses for the removal of architectural and transportation barriers to the handicapped and elderly. See section 190 and related regulations.

### Line 15

#### Bad debts

You may treat bad debts in either of two ways: (a) as a deduction for debts that become worthless in whole or in part, or (b) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

Apply on Form 3115 if you want to change the method of figuring bad debts.

### Line 17

#### Taxes

Enter taxes paid or accrued during the tax year.

Do not include Federal income tax or taxes not imposed on the corporation. See section 164(d) for dividing taxes on real property between seller and buyer.

Do not deduct amounts paid or accrued during the year for real property construction period taxes (other than for low-income housing). Form 4562, Depreciation and Amortization, provides for the amortization of these amounts. See section 189 and Part II of Form 4562 for details.

### Line 18

#### Interest

Enter interest expense, including investment interest expense. Do not include interest on indebtedness that is incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. For exceptions, see item (2) of section 265.

See section 267 for limits on deductions for unpaid expenses and interest on transactions between related taxpayers.

Do not deduct amounts paid or accrued during the year for real property construction period interest (other than low-income housing). Form 4562 provides for the amortization of these amounts. See section 189 and Part II of Form 4562 for details.

In general, a cash basis taxpayer cannot deduct prepaid interest that is

allocable to years after the current tax year. A cash basis taxpayer, who in 1982 prepaid interest allocable to any period after 1982, can deduct only the amount allocable to 1982. Please see Publication 545, Interest Expense.

Generally, for positions established after June 23, 1981, the interest and carrying charges on straddles can no longer be deducted but must be capitalized. See section 263(g).

### Line 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). Also enter any unused contributions carried over from earlier years.

The total amount claimed may not be more than 10% of taxable income (line 28, page 1) figured without regard to this deduction.

You may not deduct for the tax year charitable contributions larger than the 10% limit, but you may carry the excess over to the next 5 tax years.

Corporations on the accrual basis may choose to deduct contributions paid by the 15th day of the 3rd month after the end of the tax year if the board of directors authorized the contributions 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 to the return.

For a contribution 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" as defined in section 170(h), show the fair market value of the underlying property before and after the contribution and the type of legal interest contributed, and describe the conservation purpose furthered by the contribution.

If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property

If you make a charitable contribution of property, the contribution must be reduced by the sum of the following:

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 (a) contributions of tangible personal property to an exempt organization unrelated to the basis for its exemption, and (b) contributions of any property to or for the use of certain private foundations. (Section 170(e).)

Also include the corporation's contributions to a qualified group legal services plan established for the exclusive benefit of employees (including shareholders) and their spouses and dependents. Section 120 permits employees (including their spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

### Line 20

#### Depreciation

Enter depreciation expense from Form 4562, Depreciation and Amortization. Enter amortization expense from Form 4562 on line 26.

For tax years beginning in 1982 and 1983, you may elect under code section 179 to expense or deduct up to \$5,000 of certain recovery property. Form 4562 provides for this deduction. See instructions for Form 4562 for details.

### Line 22

#### Depletion

See sections 613 and 613A for 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 listed below. Employers who maintain a section 401 (j) type plan in which employees or shareholder-employees are participants may not maintain a simplified employee pension plan (section 408(k)). The Employee Retirement Income Security Act of 1974 imposes 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 reporting basis with Form 5500-C.

Only one return is required to be filed for a multitemployer-collectively-bargained plan. Contributing employers are not required to file separately.

See section 1379(b) for inclusion of excess contributions in gross income of the shareholder-employee beneficiary.

### Line 25

#### 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 24.

Also include the corporation's contributions to a qualified group legal services plan established for the exclusive benefit of employees (including shareholders) and their spouses and dependents. Section 120 permits employees (including their 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. See Form 4562 for figuring amortization.

In most cases, you may not take a deduction for any part of any item allocable to a class of exempt income. The exception is certain parts of interest included by face-amount certificate companies registered under the Investment Company Act of 1940. (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 in 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 1981 tax year because of section 465 limits, that part of the loss is treated as a deduction allocated to the activity in 1982. (See section 465 and the instructions for line 28 for details.)

**Note:** Travel and entertainment.—Generally, the corporation can deduct all ordinary and necessary travel and entertainment expenses paid or incurred in trade or business. However, it 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 NEC for an independent contractor.) See Publication 463, Travel, Entertainment, and Gift Expenses, for more details.

**Line 28****Taxable income**

Special "at risk" rules apply to a subchapter S corporation engaged in any activity (except the holding of real property other than mineral property) as a trade or business or for the production of income. If applicable, these rules limit the corporate loss or losses to be entered on line 28. See section 465(a).

A corporation's section 465(d) loss from each activity for the tax year is limited to the amount for which the corporation is "at risk" for the activity at the end of the tax year. The corporation is considered "at risk" for an activity for purposes described in section 465(b)(1) and (2). The amounts borrowed are not considered to be "at risk" if they are excluded or excepted under section 465(b)(3) and (4).

If any activities of the corporation incur a loss for the year, figure each activity loss separately. Attach a schedule showing the amount at risk and gross income and deductions for each section 465 activity with a loss.

If the corporation sells or otherwise disposes of any part of an asset or incurs an activity to which the "at risk" rules apply, combine the gain or loss on the sale or disposition with the profit or loss from the activity to determine the net profit or loss from the activity.

If a loss from an activity is more than the amount for which the corporation is at risk, modify the amount that would otherwise be entered on line 28 for the excess. Pass through to the shareholders only the allowable loss (described above) for the tax year. Treat any loss from an activity not allowed under this section for the tax year as a deduction allocable to the activity in the following tax year.

**Line 29a**

If the corporation has always been a subchapter S corporation, the line 29a tax does not apply to the corporation. However, 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 to determine if the corporation owes the tax. 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 29a, page 1, Form 1120S, and attach the computation schedule for Form 1120S.

1. Enter gross receipts for the tax year (see new section 1362(d)(3) (D) for receipts from the sale of capital assets . . . . .
2. Enter passive investment income as defined in new 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 new 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 (line 28, page 1, Form 1120S) . . . . .

**10. Tax on excess net passive income—Enter 45% of the smaller of line 8 or 9 . . . . .**

In addition to entering the tax on line 29a, the following special rules must be taken into account:

- (1) If the corporation is subject to the capital gains tax under old section 1378, and capital gain income is taken into account in figuring the passive income, an adjustment, as explained in new section 1375(c)(2), must be made.
- (2) (a) Prorate the new section 1375 tax for each item of passive income as explained in new section 1366(f)(3).
- (b) Decrease the income reported on line 8 of Schedule K, page 3, Form 1120S, for the total new section 1375 tax attributable to all passive income items that are ordinary income in character.
- (c) Decrease the income reported on line 9 of Schedule K, page 3, Form 1120S, for the total new section 1375 tax attributable to all passive income items that are capital gain income in character.

**Line 29b**

If net capital gain, line 8b, page 1, is \$25,000 or less, the corporation is not liable for income tax or minimum tax. If net capital gain is more than \$25,000, see Instructions for Part IV, Tax Computation of Schedule D (Form 1120S) to determine if the corporation is liable for income tax or minimum tax.

**Line 30c**

**Overpaid windfall profit tax.**—A corporation that has overpaid its windfall profit tax may claim credit for the overpayment on its income tax return. Use Form 6249, Computation of Overpaid Windfall Profit Tax, to figure the overpayment and attach the form to Form 1120S. Include the amount of overpayment in the total for line 30c, and identify it as overpaid windfall profit tax.

**Schedule A****Cost of Goods Sold****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 about the change, see regulations section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

9. Enter taxable income (line 28, page 1, Form 1120S) . . . . .

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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 additional 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 "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 cost 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 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.

**Full absorption method of inventory costing**

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.

You must use Form 3115 to change to full absorption. For details, see Rev. Proc. 75-40, 1975-2 C.B. 571, and regulations section 1.471-11.

**Cost of operations (when inventories are not an income-determining factor)**

If the amount entered on line 2 of page 1, Form 1120S, includes an amount for the cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

**Additional Information**

Be sure to answer the questions and provide other information in items F through Q. The instructions that follow are keyed to these items.

**Question L****Foreign financial accounts**

Check the Yes box if either 1. or 2. below applies to you.

1. At any time during the year you had an interest in or signature or other authority over a bank account, securities

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account, or other financial account in a foreign country. Exception: Check No if either of the following apply to you:

- The combined value of the accounts was \$1,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

2. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1, Report of Foreign Bank and Financial Account, 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 L, file Form 90-22.1 by June 30, 1983, 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. You can get Form 90-22.1 from many IRS offices.

**Question M****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.

The constructive dividends entered on lines 8 and 9 of Schedule K must be reported on Schedule K-1 (Form 1120S).

**Line 4**

Enter the actual dividend distributions of money or property that are out of current earnings and profits and that are taxable as ordinary income.

Dividends are any distributions of property (including cash) made by a corporation to shareholders out of earnings and profits. Generally, earnings and profits are not the same as taxable income. See section 312 for adjustments that must be used to figure earnings and profits.

**Line 5**

Enter actual dividend distributions that the shareholders are to treat as a long-term capital gain after tax. (See section 1375 and regulations section 1.1375-1.)

**Line 6**

Only dividends that are not considered to be out of the earnings and profits of the tax year qualify for the dividend exclusion. For purposes of this rule, the earnings and profits of the tax year are considered not to be more than taxable income for the year. The dividends entitled to the exclusion include, for example, dividends paid out of accumulated earnings and profits.

**Line 7**

Enter the total amount of distributions of money and property not out of earnings and profits.

For tax years after the first tax year to which the Subchapter S election applies, include any distribution of undistributed taxable income previously taxed to shareholders as allowed by section 1375(d). See section 1377 to find out whether a distribution is out of the corporation's undistributed taxable income previously taxed to shareholders.

Section 1375(f) states that money distributions made within 2 months and 15 days after the close of the tax year are treated as non-dividend distributions of that year's undistributed taxable income to the extent they are not more than the shareholders' shares of undistributed taxable income for that year. Calendar year 1982 corporations report these distributions in the year they are made. For example, if a 1982 calendar year corporation makes a section 1375(f) distribution on February 1, 1983, this distribution is reported as a non-dividend distribution on Schedule K of the 1983 Form 1120S, and as a nontaxable distribution on the 1983 Form 1099-DIV.

Effective for section 1375(f) distributions made after June 30, 1983, a corporation is required to withhold 10% of the amount of the distribution. Corporate shareholders are allowed a credit for the amount withheld for their tax years beginning in the calendar year in which the preceding year of the corporation ends. Accordingly, fiscal year 1982-1983 corporations must report section 1375(f) distributions (and amount withheld) for the calendar year in which the preceding tax year of the corporation ends. For example, if the corporation's year ends October 31, 1983, and a section 1375(f)

**Schedule K****Computation of Undistributed Taxable Income and Summary of Distributions and Other Items****Lines 1, 2, and 3**

Undistributed taxable income is taxable income minus the sum of:

1. The amount of money distributed as dividends out of earnings and profits of the tax year, and
2. The taxes imposed by section 58 (d)(2) and 1378(a).

The following distributions are not used in figuring the amount on line 3:

1. Money distributions made within 2 months and 15 days after the close of the corporation's tax year (section 1375(f) distributions) that are distributions of that earlier year's undistributed taxable income to the extent the shareholders' apportioned shares, and
2. Dividend distributions of property other than money.

**Summary of Distributions and Other Items****On Form 1099-DIV, report—**

- a. Actual dividend distributions entered on lines 4, 5, and 6 of Schedule K.
- b. Nondividend distributions shown on line 7 of Schedule K.

If an earlier actual distribution reported to shareholders as ordinary income on Form 1099-DIV is determined to be capital gain at the close of the corporation's tax year, the corporation must issue corrected Forms 1099-DIV to the shareholders.

distribution was made on January 14, 1984, the distribution must be reported as a nondividend distribution on Schedule K of the 1982 Form 1120S, and as a non-taxable distribution on the 1983 Form 1099-DIV. See sections 1375(i), 3454(b) and 31(d)(2) for details.

#### Line 8

Enter the part of undistributed taxable income that the shareholders are to treat as ordinary income. The undistributed taxable income is the amount that the shareholders would have received as a dividend if the income had been distributed to them on the last day of the corporation's tax year. See instructions for line 29a of page 1, Form 1120S.

A dividend distribution of property other than money may cause the corporation's undistributed taxable income (line 3) to be more than the total of lines 8 and 9. (See regulations section 1.1373-1(e).)

If there is a net operating loss for the tax year, enter it here.

#### Line 9

Enter on line 9 the part of undistributed taxable income that is long-term capital gain after tax. See instructions for line 29a of page 1, Form 1120S. (See section 1375 and regulations section 1.1375-1.)

#### Line 10

If the corporation acquired or constructed regular or energy investment credit property during the tax year, the corporation must complete certain parts of Form 3468, Computation of Investment Credit, and attach it to Form 1120S. See Instructions for Form 3468 for details.

Effective for investment credit property (or energy credit property) placed in service after February 18, 1981, a sub-chapter S corporation's basis and cost of investment credit property is limited to the amount the corporation is at risk for the property at year end. See Instructions for Form 3468 for details.

Generally, for property placed in service after December 31, 1982, the corporation must reduce the basis of regular and energy investment credit property by half of investment credit allowable for the property. The basis reduction is not required for certain investment credit property if the corporation elects to take a reduced credit. If the election is made, each shareholder must be notified. See section 48(q) and instructions for Form 3468.

#### Line 11

List the amounts of interest on investment debt, and the applicable items below that were included in figuring the taxable income (or loss) for the corporation: (1) net investment income (or loss); (2) excess expenses over rental income from net lease property; and (3) net capital gain (excess net long-term capital gain over net short-term capital loss) from investment property.

Allocate the interest on investment debt to the period in which the debt was incurred. The periods are: (1) before December 17, 1969; (2) between December 17, 1969, and September 10, 1975; and (3) after September 10, 1975.

Shareholders must be notified of their share of the above information to figure their limit on interest on investment debt at the shareholder level. (See Form 4952, Investment Interest Expense Deduction, and section 163(d).)

#### Line 12

List the amount of each tax preference item that is included in figuring the taxable income of the corporation.

Line 12c.—For amortization of certain rehabilitation expenditures for certified historic structures, certain pollution control facilities, on-the-job training facilities, and child care facilities: enter the amount by which the amortization the corporation took for 1982 is more than the depreciation deduction otherwise allowable. (For certified historic structures, this can only be straight-line method.)

Amortization of the on-the-job training facilities and child care facilities are no longer tax preference items for tax years beginning in 1983. Accordingly, if your corporate tax year ends after December 31, 1982, and amounts attributable to these items are included in line 12c, attach a schedule to Form 1120S to show these amounts separately. Also attach a statement to Schedule K-1 (Form 1120S) to show each shareholder's share of line 12c amortization for on-the-job training facilities and child care facilities.

Line 12g.—Line 12g applies only to fiscal year corporations with tax years ending after December 31, 1982. These filers are to complete and attach a schedule to Form 1120S, and to Schedule K-1 (Form 1120S), showing the amount spent for the following items: (1) excess mining, exploration and development costs, (2) excess circulation and research and experimental expenditures, and (3) incentive stock options. (See section 57(a)(5) and (6) for details.)

Although these amounts are used in figuring the taxable income of the corporation, they are subject (with certain exceptions) to a minimum tax (alternative minimum tax in the case of the net capital gain tax preference item) at the shareholder level. The shareholder must take these amounts into account along with similar items of tax preference from all other sources in preparing Form 4625, Computation of Minimum Tax—Individuals (Form 4626 for a shareholder who is an estate or trust) and Form 6251, Alternative Minimum Tax Computation.

#### Line 13

Line 13a.—Enter the jobs credit figured by the corporation on Form 5884. The credit is figured at the corporate level and then apportioned to persons who are shareholders of the corporation on the last day of the corporation's tax year. Attach Form 5884 to Form 1120S.

See Form 5884 for information about the jobs credit.

Line 13b.—Enter the credit for alcohol used as fuel figured by the corporation on Form 6478, Credit for Alcohol Used as Fuel. The credit is figured at the corporate level and then apportioned to persons

who are shareholders of the corporation on the last day of the corporation's tax year. Attach Form 6478 to Form 1120S.

See Form 6478 for information about the credit for alcohol used as fuel.

Line 13c.—The following credits are also figured at the corporate level and then apportioned to persons who are shareholders of the corporation on the last day of the corporation's tax year:

1. Credit for increasing research activities
2. Nonconventional source fuel credit
3. Unused regular investment credit
4. Unused energy investment credit
5. Credit for withholding on interest and dividends or patronage 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 its 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 of line 13c and identify the type of credit in the space to the left of the amount. If the corporation has more than one credit, enter and identify one credit on line 13c and identify and list the amount(s) of the other credit(s) below line 13c. Also enter each shareholder's apportioned share of these credits at the bottom of Part V of Schedule K-1 (Form 1120S).

## Schedule K-1

### Shareholder's Share of Undistributed Taxable Income, etc.

Complete a separate Schedule K-1 (Form 1120S) for each shareholder, and file Copy A with Form 1120S.

Under section 6676, there is a \$50 penalty for not giving the identifying number of each shareholder.

Schedule K-1 (Form 1120S) must show complete information for everyone who was a shareholder of the corporation during any part of the tax year.

#### Line 3

If a section 465 activity incurs an operating loss for the year, enter each shareholder's prorated share of the loss on line 3. If there is more than one activity loss to enter on line 3, attach a schedule listing each loss separately.

For more information concerning section 465 activity loss limits, see instructions for line 28 of Form 1120S.

#### Line 4

Enter the amount of loan repayments for loans the corporation borrowed from the shareholder (line 1B of Schedule L of Form 1120S—Loans from shareholders).

## PART II

### Interest on Investment Indebtedness

Each shareholder must be notified of his or her share of interest on investment debt and the applicable items below that were included in figuring the taxable income (or loss) for the corporation: (1) net investment income or (loss), (2) excess expenses over rental income from net lease property, and (3) net capital gain from investment property.

On line 1, allocate the interest on investment debt to the period in which the debt was incurred. For more information, see Form 4952.

## PART III

### Items of Tax Preference

Enter the shareholder's share of tax preference items listed in Part II. The items of tax preference, except capital gains, are apportioned to each shareholder on a daily basis and not as of the end of the year. This manner is consistent with the way net operating losses are apportioned under section 1374. See the instructions for line 12 of Schedule K of Form 1120S for details.

#### Line 2

##### Enter on line 2 each shareholder's share of undistributed taxable income reported on line 9 of Schedule K, page 3, Form 1120S.

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## 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 enterprises by type of activity in which they are engaged. The system follows closely the Standard

### Agriculture, Forestry, and Fishing

**Code**  
**0400 Agricultural production.**  
**0600 Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.**

### Mining

**Metal mining:**  
**1010 Iron ores.**  
**1070 Copper, lead and zinc, gold and silver ores.**  
**1098 Other metal mining.**  
**1150 Coal mining.**  
**Oil and gas extraction:**  
**1330 Crude petroleum, natural gas, and natural gas liquids.**  
**1380 Oil and gas field services.**  
**Nonmetallic minerals (except fuel minerals):**  
**1430 Dimension, crushed and broken stone; sand and gravel.**  
**1498 Other nonmetallic minerals, except fuels.**

### Construction

**General building contractors and operative builders:**  
**1510 General building contractors.**  
**1531 Operative builders.**  
**1600 Other construction contractors.**  
**Special trade contractors:**  
**1711 Plumbing, heating, and air conditioning work.**  
**1731 Electrical work.**  
**1798 Other special trade contractors.**

### Manufacturing

**Food and kindred products:**  
**2010 Meat products.**  
**2020 Poultry products.**  
**2030 Preserved fruits and vegetables.**  
**2040 Canned fruits and vegetables.**  
**2050 Baked products.**  
**2060 Sugar and confectionery products.**  
**2081 Malt liquors and malt.**  
**2088 Alcoholic beverages, except malt liquors and malt, malt liquor, soft drinks, and flavorings.**  
**2098 Other food and kindred products.**  
**2100 Tobacco manufacturers.**  
**Textile mill products:**  
**2228 Weaving mills and textile machinery.**  
**2250 Knitting mills.**  
**2298 Other textile mill products.**  
**Apparel and other textile products:**  
**2315 Men's and boys' clothing.**  
**2345 Women's and children's clothing.**  
**2388 Hats, millinery, fur goods, and other apparel and accessories.**  
**2390 Other fabricated textile products.**  
**Lumber and wood products, except furniture:**  
**2415 Logging camps and logging contractors, sawmills and planing mills.**  
**2430 Millwork, plywood, and particle board products.**  
**2498 Other wood products, including wood buildings and manufactured houses.**  
**2500 Furniture and fixtures.**  
**Paper and allied products:**  
**2620 Pulp, paper, and board mills.**  
**2698 Other paper products.**  
**Printing, publishing, and allied industries:**  
**2710 Newspapers.**  
**2725 Books, periodicals, and misc. publishing.**  
**2799 Commercial and other printing, and printing trade services.**

### Industrial Classification used to classify establishments.

Using the list below, enter on page 1, under B, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1a, page 1) plus all other income (lines 4 through 10, page 1). On page 2, under G, 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."

### Chemicals and allied products:

**2815 Industrial chemicals, plastics materials and synthetics.**  
**2820 Drugs.**  
**2840 Soap, cleaners, and toilet preparations.**  
**2850 Paints and allied products.**

### Agricultural and other products:

**2898 Agricultural and other products.**

### Petroleum refining and related industries (including those integrated with extraction):

**2910 Petroleum refining (including those integrated with extraction).**

### Chemical and allied products:

**2994 Petroleum and coal products.**

### Rubber and misc. plastics products:

**3050 Rubber products.**

### Leather and leather products:

**3110 Leather, except rubber.**

### Stone, clay, glass, and concrete products:

**3225 Glass products.**

### Cement, hydraulic, and plaster products:

**3270 Concrete, gypsum, and plaster products.**

### Other nonmetallic mineral products:

**3298 Other nonmetallic mineral products.**

### Primary metal industries:

**3370 Ferrous metal industries:**

**misc. primary metal products.**

### Nonferrous metal industries:

**3380 Nonferrous metal industries.**

### Fabricated metal products, except machinery, and transportation equipment:

**3410 Metal cans and shipping containers.**

### Cutlery, hand tools, and hardware, screw machine products, bolts, and similar products:

**3430 Plumbing and heating, ventilation, and air conditioning equipment.**

### Fabricated structural metal products:

**3460 Fabricated metal stampings and stampings.**

### Coating, engraving, and allied services:

**3480 Coating and allied accessories, except vehicles and guided missiles.**

### Other fabricated metal products:

**3490 Other fabricated metal products.**

### Machinery, except electrical:

**3510 Motor vehicles and trailers.**

### Construction, mining, and materials handling machinery and equipment:

**3540 Construction machinery.**

### Special industry machinery, except metalworking machinery:

**3550 Special industry machinery, except metalworking machinery.**

### General industrial machinery:

**3560 General industrial machinery.**

### Office, accounting, and calculating machines:

**3570 Office, accounting, and calculating machines.**

### Engines and turbines, service industry machinery, and other machinery, except electrical:

**3598 Engines and turbines, service industry machinery, and other machinery, except electrical.**

### Electrical and electronic machinery, equipment, and supplies:

**3630 Household appliances.**

### Radio, television, and communication equipment:

**3670 Electronic components and accessories.**

### Transportation equipment:

**3710 Motor vehicles and equipment.**

### 3725 Aircraft, guided missiles and parts.

### 3730 Ship and boat building and parts.

### 3798 Other transportation equipment.

### Measuring and controlling instruments, medical goods, and medical goods, watches, and clocks:

**3815 Scientific instruments and measuring devices; watches and clocks.**

### Building materials, hardware, glassware, supply, and mobile home dealers:

**3820 Building materials dealers.**

### 3825 Glassware dealers.

### 3826 Garden supplies and mobile home dealers.

### 3830 General merchandise stores.

### 3835 Supermarkets.

### 3840 Other food stores.

### Automotive dealers and service stations:

**3851 Motor vehicle dealers.**

**3854 Gasoline service stations.**

**3858 Other automotive dealers.**

### 3860 Apparel and accessory stores.

### 3870 Furniture and home furnishings stores.

**3880 Furniture and home furnishings pieces.**

**3882 Misc. retail stores.**

**3891 Drug stores and proprietary stores.**

**3892 Barber stores.**

**3895 Other misc. retail stores.**

### all other income (lines 4 through 10, page 1).

On page 2, under G, 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."

### Finance, Insurance, and Real Estate

#### Code

**2820 Banking:**  
**6030 Mutual savings banks.**  
**6060 Bank holding companies.**  
**6090 State and national savings banks and bank holding companies.**

**Credit agencies other than banks:**  
**6120 Credit and loan associations.**

**6140 Personal credit institutions.**  
**6160 Business credit institutions.**

**6199 Other credit agencies.**

**Security, commodity brokers, dealers, exchanges, and services:**  
**6210 Commodity brokers, dealers, and flotation companies.**

**6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.**

#### Insurance:

**6355 Life insurance.**  
**6356 Health insurance, except life or marine and certain fire or flood.**  
**6359 Auto insurance companies.**  
**6411 Insurance agents, brokers, and service.**

#### Real Estate:

**6511 Real estate operators (except lessors of real property).**

**6516 Lessors of mining, oil, and gas properties.**

**6518 Lessors of railroad property and other real property.**

**6530 Lessors of office, management and cooperative housing associations.**

**6550 Developers and developers.**

#### Holding and other Investment companies:

**6742 Related investment companies.**

**6743 Real estate investment trusts.**

**6744 Real business investment companies.**

**6749 Holding and other companies, except bank holding companies.**

#### Services

**7000 Hotels and other lodging places.**

**7200 Personal services.**

#### Business services:

**7310 Advertising.**

**7389 Business services, except advertising.**

**Auto repair and services; misc. repair services.**

**7500 Auto repair and services.**

**7600 Misc. repair services.**

#### Amusement and recreational services:

**7812 Motion picture production, distribution, and services.**

**7830 Amusement and recreation services.**

#### Other services:

**8015 Offices of physicians, including osteopathic practitioners.**

**8021 Offices of dentists.**

**8040 Offices of other health practitioners.**

**8050 Medical and personal care facilities.**

**8060 Hospitals.**

**8070 Medical laboratories.**

**8099 Other medical services.**

**8111 Legal services.**

**8300 Educational services.**

**8600 Membership organizations.**

**8911 Agricultural, engineering, and consulting services.**

**8930 Accounting, auditing, and bookkeeping services.**

**8980 Professional services (including veterinarians).**

**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

**1982**

Name \_\_\_\_\_ Employer identification number \_\_\_\_\_

**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 less expense of sale	e. Cost or other basis	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) (combine lines 1, 2, and 3) . . . . .					4

**Part II Long-term Capital Gains and Losses—Assets Held More Than One Year**

5 Enter section 1231 gain from line 5(a)(1), Form 4797 . . . . .	5
6	
7 Long-term capital gain from installment sales from Form 6252, line 21 or 29 . . . . .	7
B Net long-term capital gain or (loss) (combine lines 5, 6, and 7) . . . . .	8

**Part III Summary of Schedule D Gains and Losses**

9 Excess of net short-term capital gain (line 4) over net long-term capital loss (line 8). Enter here and on Form 1120S, page 1, line 8a . . . . .	9
10 Net capital gain—Enter excess of net long-term capital gain (line 8) over net short-term capital loss (line 4). Enter here and on Form 1120S, page 1, line 8b . . . . .	10

**Part IV Tax Computation (See Instructions)**

11 Taxable income (Form 1120S, page 1, line 28) . . . . .	11
12 Enter tax on line 11 amount as computed in the instructions for line 12 . . . . .	12
13 Net capital gain from line 10 above . . . . .	13
14 \$25,000 (statutory minimum) . . . . .	14
15 Subtract line 14 from line 13 . . . . .	15
16 Enter 28% of line 15 . . . . .	16
17 Income tax on capital gains—Enter the 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 29b . . . . .	19

**Instructions**

(References are to the Internal Revenue Code.)

**Purpose**

Schedule D should be used by corporations 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 D 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.

**Part I and II**

Generally, you should report sales and exchanges, including like-kind exchanges, even though there is no gain or loss. In Part I report the sale or exchange of capital assets held one year or less. In

Part II report the sale or exchange of capital assets held more than one year.

**What are Capital Assets.**—Each item of property held by a corporation (whether or not connected with its trade or business) is a capital asset except:

1. Assets that can be inventoried or property held mainly for sale to customers.
2. Depreciable or real property used in the trade or business.
3. Certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property.
4. Accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in 1, above.
5. Certain short-term Federal, State, and municipal obligations acquired before June 24, 1981. (See section 1232(a)(4) for treatment after June 23, 1981.)
6. A U.S. Government publication (including the Congressional Record), received from the Government or any of its agencies other than by purchase at the public sale price, held by a taxpayer who received the publication or by a second taxpayer in whose hands the basis of the publication is determined, for purposes of determining gain from a sale or exchange, by referring to its basis in the hands of the first taxpayer.

**Exchange of like-kind property.**—Report the exchange of "like-kind" property on Schedule D or on Form 4797, whichever applies. You must 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 sold property in 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 reporting it at less than face value, state in fact the margin and give the percentage of valuation.

Also use Form 6252 if you received a payment in 1982 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 straddle positions.**—Generally, regulated futures 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 straddle positions are not allowed if the wash sale rules apply or if the losses are deferred to the extent of unrealized gains on open positions. Position Use Form 6781, Gains and Losses From Commodity Futures Contracts and Straddle Positions, to report gains and losses from regulated futures contracts and straddles.

• **Gains and losses on options 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 stock or securities or from certain transactions between related persons is not deductible. (Sections 1091 and 267.)

• **Loss from securities that are capital assets that become worthless 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 section contained in subchapters O, P, Q, and R of the Code. For example, if the corporation acquires the property by dividend, liquidation of another 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 basis for the contribution by subtracting the amount realized by the fair market value and multiplying that result by the adjusted basis.

**Capital Losses.**—Capital losses are allowed only to the extent of capital gains. However, you may carry a capital loss forward to a short-term capital loss for 5 years (10 years if the extent of the loss is from a foreign expropriation loss) or until exhausted, whichever comes first.

**At risk limitations (section 465).**—If the corporation sold or exchanged an asset used in an activity to which the at risk rules apply, combine the gain or loss on the sale or exchange with the profit or loss from the activity. If the corporation has 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 no net capital gain. If this gain exceeds \$25,000, the corporation may be liable for an income tax on the gain. Answer question 12 in the instructions for Part IV below to determine if the corporation is liable for income tax on the gain. If the corporation is liable for income tax, it may also be liable for the minimum tax. See Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries.

**Part IV—Tax Computation**

Section 1378 imposes a tax on certain capital gains of an electing small business corporation.

By answering the following questions, you can determine if you are liable for the tax. If your net capital gain is more than \$25,000, and you are not liable for the tax, you must answer questions A through D below for the tax year.

If you answer the 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 (Form 1120S, page 1, line 28) more than \$25,000?  Yes  No

B. Is net capital gain (line 12, Part III, Schedule D (Form 1120S)) more than \$25,000, and more than 50% of taxable income (Form 1120S, page 1, line 28)?  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 any long-term capital gain (line 8, Schedule D (Form 1120S)) represent gain from property described in each 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. This amount is less than the tax figures 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.

Note: If for any reason the computation for line 12 is made on a separate schedule, attach the schedule to Schedule D (Form 1120S).

Line 18.—Minimum tax on tax preference items.—Electing small business corporations are subject to the minimum tax only for the capital gains item of tax preference and only to the extent that the gains are subject to the tax imposed by section 1378. Corporations having such capital gains of more than \$10,000 must attach Form 4626 to Form 1120S.

Form 1120-DISC

## **Domestic International Sales Corporation Return**

DMB No. 1545-0124

1982

For calendar year 1982 or other tax year beginning \_\_\_\_\_, 1982 ending \_\_\_\_\_, 19

A Date of DISC election	Name	C Employer identification number
	Number and street	D Date incorporated
B Business code number (See page 7 of Instructions)	City or town, State, and ZIP code	E Enter total assets from line 3, column (B), Schedule L, (see specific instructions)

F (1) Did any corporation, individual, partnership, trust or estate at the end of your tax year own, directly or indirectly, 50% or more of your voting stock?  Yes  No

If "Yes," enter below the owner's name, identifying number, address, percentage of voting stock owned and, if a corporation, total assets. (See specific instructions)

Name	Identifying number	Address	Percent- age of voting stock owned	Total assets (Corporations only)	Foreign owner
					Yes No

(2) Enter the following for any corporation listed in F(1) that will report the DISC's income

**Tax year of first corporation** **IRS Service Center where filed**

**Tax year of second corporation** **JRS Service Center where filed**

**All Computations Must Reflect Inter-Company Pricing Rules If Used  
(Section 994) (See Separate Schedule P (Form 1120-DISC))**

**Taxable Income**

- |   |  |
|---|--|
| 1 Enter amount from Schedule B, line 4, column E . . . . .  |  |
| 2 Cost of goods sold from Schedule A, line 7 and/or operations (attach schedule) . . . . .                                    |  |
| 3 Total income (subtract line 2 from line 1) . . . . .  |  |
| 4 Enter amount from Schedule E, line 3 . . . . .  |  |
| 5 Taxable income before net operating loss deduction and dividends received deduction (subtract line 4 from line 3) . . . . . |  |
| 6 (a) Net operating loss deduction (see instructions—attach schedule) . . . . .   |  |
| (b) Dividends-received from line 5, Schedule C . . . . .  |  |
| 7 Taxable income (subtract line 6 from line 5) . . . . .  |  |

**8 Refund of U.S. tax on special fuels and oils (attach Form 4136) (see instructions)**

**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.

<b>Sign Here</b>	Signature of officer	Date	Title
<b>Paid</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>
<b>Preparer's Use Only</b>	Firm's name (or yours, if self-employed) and address	E.I. No. <input type="checkbox"/>	Preparer's social security no. <input type="checkbox"/>
		TIN code <input type="checkbox"/>	

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

Form 1120-DISC (1982)

Form 1120-DISC (1982)

**Schedule A Cost of Goods Sold (See Instructions, page 4)**

**Cost of Goods Sold (See Instructions, page 4)**  
Reflect ACTUAL purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994, if used. See separate Schedule P (Form 1120-DISC).



**Schedule B Gross Income (See Instructions, page 4)**

A. Type of receipt	Commission sales		D. Other receipts	E. Total (add columns C and D)
	B. Gross receipts	C. Commission		
1 Qualified export receipts from the sale of export property:				
(a) To unrelated purchasers:				
(i) Direct foreign sales . . . . .				
(ii) Foreign sales through a related foreign entity . . . . .				
(iii) To persons in the U.S. (other than an un-related DISC) . . . . .				
(iv) To an unrelated DISC . . . . .				
(b) To related purchasers:				
(i) Direct foreign sales . . . . .				
(ii) To persons in the U.S. . . . .				
(c) Total . . . . .				
2 Other qualified export receipts:				
(a) Leasing or renting of export property . . . . .				
(b) Services related and subsidiary to a qualified ex-port sale or lease . . . . .				
(c) Engineering and architectural services . . . . .				
(d) Export management services . . . . .				
(e) Qualified dividends (line 11, Schedule C) . . . . .				
(f) Interest on producer's loans . . . . .				
(g) Other interest (attach schedule) . . . . .				
(h) Capital gain net income (Attach Schedule D (Form 1120)) . . . . .				
(i) Net gain or (loss) from Part II, Form 4797 (attach Form 4797; see instructions) . . . . .				
(j) Total . . . . .				
3 Nonqualified gross receipts:				
(a) Ultimate use in U.S. . . . .				
(b) Exports subsidized by the U.S. Government (see instructions) . . . . .				
(c) Certain direct or indirect sales or leases for use by the U.S. Government . . . . .				
(d) Sales to other DISCs in the same controlled group . . . . .				
(e) Nonqualified dividends (line 12, Schedule C) . . . . .				
(f) Other (see instructions—attach schedule) . . . . .				
(g) Total . . . . .				
4 Total—Enter amount in column E on line 1, page 1.				

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**Schedule C Dividends and Special Deductions (See Instructions, page 5)**

	(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 6(b), 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 2(e), column D, Schedule B . . . . .			
12 Nonqualified dividends (subtract line 11 from line 10) and enter on line 3(e), column D, Schedule B . . . . .			

**Schedule E Deductions (See Instructions, page 5)**

1 Export promotion expenses:			
(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 1(a) through 1(m)) . . . . .			
2 Other expenses not deducted above:			
(a) Bad debts (Schedule F if reserve method is used) . . . . .			
(b) Taxes . . . . .			
(c) Interest . . . . .			
(d) Contributions (not over 10% of line 7, page 1, adjusted per instructions) . . . . .			
(e) Freight . . . . .			
(f) Freight insurance . . . . .			
(g) Other (attach schedule) . . . . .			
(h) Total (add lines 2(a) through 2(g)) . . . . .			
3 Total deductions (add lines 1(n) and 2(h))—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	Amount added to the reserve		6. Amount charged against the reserve	7. Reserve for bad debts at the end of the year
			4. Current year's provision	5. Recoveries		
1977						
1978						
1979						
1980						
1981						
1982						

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**Schedule J Deemed and Actual Distributions to Shareholders for the Tax Year (See Instructions, page 6)****PART I.—Deemed Distributions under Section 995(b)(1)**

1 Gross interest derived during the year from producer's loans (section 995(b)(1)(A)) . . . . .	
2 Gain recognized on the sale or exchange of property (section 995(b)(1)(B)) (see instructions—attach schedule) . . . . .	
3 Gain recognized on the sale or exchange of property (section 995(b)(1)(C)) (see instructions—attach schedule) . . . . .	
4 50% of taxable income attributable to military property (section 995(b)(1)(D)) (see instructions—attach schedule) . . . . .	
5 Total (add lines 1 through 4) . . . . .	
6 Taxable income (line 7, page 1) . . . . .	
7 Adjusted taxable income (subtract line 5 from line 6) (enter here and on line 1, Part II) . . . . .	
8 Taxable income attributable to base period export gross receipts (section 995(b)(1)(E)) (from line 22, Part II) . . . . .	
9 Subtract line 8 from line 7 (enter zero if less than zero) . . . . .	
10 50% of line 9 (section 995(b)(1)(F)(i)) . . . . .	
11 International boycott income (section 995(b)(1)(F)(ii)) (see instructions) . . . . .	
12 Illegal bribes and other payments (section 995(b)(1)(F)(iii)) (see instructions) . . . . .	
13 Total of lines 5, 8, 10, 11, and 12 . . . . .	
14 Earnings and profits for year (see instructions—attach schedule) . . . . .	
15 Enter the smaller of line 13 or line 14 (but not less than zero) . . . . .	
16 Foreign investment attributable to producer's loans (section 995(b)(1)(G)) (see instructions—attach schedule) . . . . .	
17 Total deemed distributions under section 995(b)(1) (add lines 15 and 16) . . . . .	

**PART II.—Taxable Income Attributable to Base Period Export Gross Receipts**

1 Adjusted taxable income (from line 7, Part I) . . . . .	
2 Larger of (a) 365 divided by the number of days in your tax year or (b) 1 (one) . . . . .	
3 Annualized adjusted taxable income (line 1 times line 2) . . . . .	
4 Annualized adjusted taxable income of all other DISCs in your controlled group (see instructions for exceptions) . . . . .	
5 Line 3 plus line 4 (if \$100,000 or less, see instructions) . . . . .	
6 Tax years beginning in 1975, 1976, 1977, and 1978 (use a separate line for each full or part year, starting with the earliest):	
A. Beginning of year (month, day, year)	C. Qualified export receipts as described in Sections 993(a)(1)(A), (B), (C), and (H) (see instructions for certain exclusions)
B. End of year (month, day, year)	D. 50 percent of qualified export receipts in column C attributable to military property
(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)) . . . . .	
7 Enter the smaller of (a) 1,461 divided by the number of days in your base period or (b) 1 (one) . . . . .	
8 Line 6(g) times line 7 . . . . .	.1675
9 Adjustment factor . . . . .	
10 Adjusted base period export gross receipts (line 8 times line 9) . . . . .	
11 Additions to adjusted base period export gross receipts:	
(a) Adjusted base period export gross receipts of all other DISCs in your controlled group . . . . .	
(b) Other additions (attach schedule—see instructions) . . . . .	
(c) Total additions (line 11(a) plus line 11(b)) . . . . .	
12 Line 10 plus line 11(c) . . . . .	
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 1(c), 2(a), 2(b), 2(c), and 2(d)).	
(b) 50% of qualified export receipts on line 13(a) attributable to military property.	
(c) Export gross receipts (subtract line 13(b) from line 13(a)) . . . . .	
14 Annualized export gross receipts (line 2 times line 13(c)) . . . . .	
15 Annualized export gross receipts of all other DISCs in your controlled group . . . . .	
16 Line 14 plus line 15 . . . . .	
17 Enter the smaller of (a) line 12 divided by line 16 or (b) 1 (one) . . . . .	
18 Line 5 times line 17 . . . . .	
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) . . . . .	
20 Subtract line 19(b) from line 18 (enter zero if less than zero) . . . . .	
21 Line 1 divided by line 5 . . . . .	
22 Taxable income attributable to base period export gross receipts (line 20 times line 21) (enter here and on line 8, Part I) . . . . .	

**PART III.—Deemed Distributions Under Section 995(b)(2)**

1 Annual installment of distribution attributable to revocation of election in an earlier year . . . . .	
2 Annual installment of distribution attributable to not qualifying as a DISC in an earlier year . . . . .	
3 Total deemed distributions under section 995(b)(2) (add line 1 and line 2) . . . . .	
<b>PART IV.—Actual Distributions</b>	
1 Distributions to meet qualification requirements under section 992(c) (attach computation) . . . . .	
2 Other actual distributions . . . . .	
3 Total (add line 1 and line 2) . . . . .	
4 Amount on line 3 treated as distributed from:	
(a) Previously taxed income . . . . .	
(b) Accumulated DISC income (including DISC income of the current year) . . . . .	
(c) Other earnings and profits . . . . .	
(d) Other . . . . .	

**Schedule K Shareholder's Statement of DISC Distribution**

(Attach a separate Copy A, Schedule K (Form 1120-DISC) for each shareholder receiving a deemed or actual distribution. Give Copy B to the shareholder. See instructions on the back of Copy C.)

**Additional Information**

	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 Refer to page 7 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)? . . . . .		
T 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? (If "Yes," see the instructions for Question Q.) . . . . .		
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 the tax year were any part of your tax accounting records kept 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.		

	(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 . . . . .		
(j) 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 (sec. 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) . . . . .		7 Deductions in this return not charged against book income 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 Other decreases (itemize) . . . . .
4 Add lines 1, 2, and 3 . . . . .		8 Add lines 5, 6, and 7 . . . . .
		9 Balance at end of year (line 4 less line 8) . . . . .

**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 995(d) . . . . .		10 Balance at end of year (line 3 less line 9) . . . . .

**Schedule N Export Gross Receipts of the DISC and Related U.S. Persons (Attach separate Schedule N (Form 1120-DISC))****Schedule P Computation of Inter-company Transfer Price or Commission (Attach separate Schedule P (Form 1120-DISC))**

# 1982 Department of the Treasury Internal Revenue Service

## Instructions for Form 1120-DISC Domestic International Sales Corporation Return

(References are to the Internal Revenue Code)

### Paperwork Reduction Act Notice

The Paperwork Reduction Act of 1980 says we must tell you what forms we are collecting, the information we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that you 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 sending 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.

### Withholding on Dividends and Interest

Generally, a DISC is required to withhold a tax of 10% of dividend distributions and interest payments made after June 30, 1983. See the instructions for DISC or former DISC for line 2, Part III, of Schedule K (Form 1120-DISC) for withholding requirements for dividend distributions and the 1983 instructions for Form 1096 for requirements regarding interest payments.

### General Instructions

#### A. Purpose of Form 1120-DISC

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 incorporation and operations. A DISC is 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 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 these receipts or qualified export asset tests during the tax year will still be considered to have met them if, after the next year, 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 1/4% 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 organizations (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 electing small business corporation (section 1371(b)): 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 1982 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, K, L, and M of 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 1982 return for calendar year 1982 and fiscal years that began in 1982 and end in 1983. 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 1981, use the 1981 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.

**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

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

Use the following  
Internal Revenue Service  
Center address

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 64993
California, Hawaii	Fresno, CA 93388
Indiana, Kentucky, North Carolina, Virginia, West Virginia	Memphis, TN 37301
District of Columbia, Delaware, Maryland, Pennsylvania	Philadelphia, PA 19255

controlled foreign corporation, you may have to file Form 5471, Information Return 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 shareholders who are nonresident aliens, individuals, or estates that 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

1. The following definitions are based on section 993.

a. **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 corporation.

For more information, 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.

e. **Interest on any obligation that is a qualified export asset.**

- (1) Gross receipts for engineering, or architectural services on construction projects outside the U.S.
- (2) Gross receipts for managerial services performed for an unrelated corporation.
- (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. **A 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 (FISC).** 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 with your DISC's tax year or ends within it, at least 95% of the foreign corporation's gross receipts consists of the qualified export receipts described in items (1)-(4) of definition b 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.

- (iv) The obligations related to a producer's loan.

- (v) A related foreign export corporation's stock or securities that the DISC holds.

- (vi) Certain obligations that are issued or owned by the U.S. Export-Import Bank or the Foreign Credit Insurance Association and that the DISC acquires from the Bank, or owned at least 10% of the shares in a

(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(b)(1)) or a controlled group in this sense, and sections 1563(d) and (e) (deine 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.

4. 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 seller'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 P (Form 1120-DISC), Computation of Inter-Company Transfer Price or Commission, explains inter-company pricing.

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.

#### E. 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 not use 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 more than a whole or 1/4 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 schedules in alphabetical order and forms in numerical order. Be sure to put the DISC's name and employer identification number (EIN) on each sheet.

#### Page 1

**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 affiliated individual, 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 six imposed by sections 1491 through 1496, certain transfers to avoid tax. A DISC is exempt from corporate income tax, minimum tax on 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.

**6(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(e).)

Your 1982 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 years before the tax year, carry remaining loss 3 years back and 15 years forward; or you can 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 earliest 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 is 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 the 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.—Enter the credit from Form 4136, Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil.** 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 when you file 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 D2 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: (a) cost, (b) market value (whichever is lower), or (c) another 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. 812.

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 old price prevailing at the date the inventory is valued. Under 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.

Inventories 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 8(a) indicate whether you used a method of inventory valuation other than those described in 8(a)(i) through (iii). Attach a statement describing the method used.

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 Methods, or a statement with the information required by Form 970. Also check the LIFO box in line 8(b). In line 8(c) enter the amount or percent of total closing inventories covered under section 472. Estimates are acceptable.

#### Schedule B.—Gross Income

(Numbered to correspond to line numbers in Schedule P.)

If an income item falls in two or more categories, report each part on the applicable line. For example, if interest in-

come consists of qualified interest a foreign international sales corporation and nonqualified interest from a domestic obligation, enter the qualified interest on an attached schedule for line 2(g) and the nonqualified interest on an attached schedule for line 3(f).

For gain from selling qualified export assets, you will need to attach a separate schedule in addition to the forms required for lines 2(h) 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, list report receipts from non-commission sales or rentals of property or furnishing services, as well as all other receipts.

For purposes of completing line 1(c) and line 1(b), related purchasers are members of the same controlled group (as defined in section 993(a)(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, if a reasonable person would 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 or industry 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 993(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 from the U.S. by the DISC.

(g) Outside the U.S. to a principal or agent and the property was issued, guaranteed, or insured by the Export-Import Bank or the Foreign Credit Insurance Association.

(h) 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.

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 prior lease is not a related person (a member of the same controlled group) as defined in section 993(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).

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 1(b).

(1b).—Enter the DISC's qualified export receipts from export property sold for delivery outside the U.S. to (i) a related entity for resale to a foreign, unrelated buyer when a related 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.

2(l).—Enter the net gain or loss from line 11, Part II, Form 4797.

In addition to Form 4797, attach a separate schedule computing gain from the sale of qualified export assets.

3(b).—Enter receipts from selling products subsidized under a U.S. program if they have been designated as excluded receipts.

3(c).—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.

3(d).—Enter receipts from a DISC that belongs to the same controlled group (defined in section 993(a)(3)).

3(f).—Include in an attached schedule any nongeneralized gross receipts not reported on lines 3(a) through 3(e). 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 1982 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, Information Return With Respect to a Foreign Corporation.

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 996(a)(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 the 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 Instructions 31(e)) including income corporations that receive 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 (FISC).

##### Column C

Multiply the dividends received that are entered in lines 1–4, Column A, by the percentages shown in lines 1–4, Column B. Enter the result in lines 1–4, Column C.

In general, no dividend-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 may 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).

5. Line 5 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.)

1. Enter export promotion expenses on lines 1(a) through 1(m). Export promotion expenses are a DISC's ordinary and necessary expenses paid or incurred to obtain qualified export receipts. Do not include income taxes. Any part of an expense not incurred to obtain qualified export receipts should be entered in lines 2(a) through 2(g).

1(c).—Attach Form 4562, Depreciation and Amortization, if you deduct depreciation. Enter on line 1(c) the depreciation claimed on Schedule A or elsewhere on the return.

1(h).—Enter half the freight expenses (except insurance) for shipping export property aboard U.S. flag ships and U.S.-owned and operated aircraft, unless the law required you to use U.S. ships or aircraft.

1(i).—Attach a schedule showing the name, social security number, amount of compensation, and expense account allowance for your six highest paid officers.

To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means amounts (1) received as advances or reimbursements (except compensation) or (2) paid by or for the corporation for expenses incurred by or for an officer. Do not show expense account allowances for any officer whose combined compensation and expense account allowance is under \$50,000.

An officer is a person, such as a regular officer or chairman of the board, who is elected or appointed to office or is designated as an officer in the corporation's charter or bylaws.

1(j).—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the property's value or appreciably prolong its life.

1(k).—If the DISC has any kind of funded deferred compensation plan, such as a pension or profit-sharing plan (except a Simplified Employee Pension), file one of the forms described below. The Employee Retirement Income Security Act of 1974 imposes penalties for not filing these forms on time.

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.

Only one return is required for a plan of a controlled group of corporations or a multiemployer-collectively bargained plan. Individual participating employers or contributing employers do not need to file separately.

1(l).—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 1(k). Also include contributions to a qualified group legal services plan. Section 120 gives certain rules that the DISC must follow for its employees (including spouses and dependents) to be able to exclude from their income the DISC's contributions to the legal services plan.

1(m).—Enter any other deduction not claimed above. Include amortization expense from Form 4562.

2(a).—You may treat bad debts in either of two ways: (i) as a deduction for debts that become partly or wholly worthless, 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.

2(b).—Enter taxes paid or accrued during the tax year. See section 164(d) for apportioning real property tax between seller and buyer.

2(c).—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.

2(d).—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 6(b), 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 1982 tax year for net operating loss

(section 172) or capital loss (section 1212(a)(1)).

Do not deduct charitable contributions above the 10% limit for the 1982 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 3d 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.

If you include a contribution carryover, show the amount and how you figured it.

**Special rules for contributions of certain property.** To report contributed property, reduce its value by the ordinary income that would have resulted if the property were sold at its fair market value. Some contributions must also be reduced by 60.87% of the long-term capital gain that would have resulted from a sale at fair market value. These are contributions of: (1) tangible personal property to an organization for use in a way unrelated to the basis of its exemption, or (2) property to or for use by certain private foundations. (Section 170(e).)

11. A DISC is deemed to distribute any income that results from a cooperative 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.

12. A DISC is deemed to distribute the amount of any illegal payments, such as bribes or kickbacks, that it paid directly or indirectly, to government officials, employees, or agents (section 995(b)(1)(F)(v)).

14. 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 allowable if the DISC had used the straight-line method of depreciation for each tax year beginning after June 1, 1972. See section 312(k)(2) for exceptions.

16. Attach a computation showing: (1) the DISC's foreign investment producer's loans during the tax year; (2) accrued interest, dividends, and profits (including earnings and profits for the 1982 tax year) less the amount on line 15, Part I; and (3) accumulated DISC income. Enter the least of these amounts (but not less than zero) on line 16.

Foreign investment in producer's loans is the least of:

- 10 tax years.
- twice the number of years the corporation was a 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 1982 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 8, 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 1982 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. To make 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 DISCs' latest tax year that ended with or within your 1982 year.

#### Part III.—Deemed distributions under section 995(b)(2)

If the corporation is a former DISC or if it revoked DISC status for 1982, 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 same 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 \$100,000 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 owns one or more foreign bank accounts.

Get Form 90-22.1, Report of Foreign Bank and Financial Accounts, to file 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 Q, file Form 90-22.1 by June 30, 1983, 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.

**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, International Boycott Report, 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 Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity. The system follows closely the Standard Industrial Classification used to classify establishments. However, certain activities such as manufacturing do not apply to a DISC.

Using the list below, enter on page 1, under B, 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."

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES		Code	Code
<b>Code</b>		<b>Non durable:</b>	
Transportation:		5110 Paper and paper products	5600 Apparel and accessory stores
4400 Water transportation		5129 Drugs, drug proprietaries, and druggists' sundries	5700 Furniture and home furnishings stores
4700 Other transportation services		5130 Apparel, piece goods, and notions	5800 Eating and drinking places
Electric, gas, and sanitary services:		5140 Stationery and related products	Miscellaneous retail stores:
4910 Electric services		5150 Farm product raw materials	5912 Drug stores and proprietary stores
4920 Gas production and distribution		5160 Chemicals and allied products	5921 Liquor stores
4930 Combination utility services		5170 Petroleum and petroleum products	5995 Other miscellaneous retail stores
<b>WHOLESALE TRADE</b>		5180 Alcoholic beverages	<b>FINANCE, INSURANCE, AND REAL ESTATE</b>
Durable:		5190 Miscellaneous nondurable goods	Credit agencies other than banks:
5005 Machinery, equipment, and supplies			6199 Other credit agencies
5010 Motor vehicles and automotive equipment		<b>RETAIL TRADE</b>	
5020 Furniture and home furnishings		Building materials, hardware, garden supply, and mobile home dealers:	
5030 Rubber and construction materials		5220 Building materials dealers	
5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies		5235 Garden supplies and mobile home dealers	
5050 Metals and minerals, except petroleum and scrap		5300 General merchandise stores	
5060 Electrical goods		5410 Grocery stores	
5070 Hardware, plumbing and heating equipment		5420 Other food stores	
5098 Other durable goods		Automotive dealers and service stations:	
		5515 Motor vehicle dealers	
		5541 Gasoline service stations	
		5598 Other automotive dealers	
			<b>BUSINESS SERVICES:</b>
			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
			8980 Miscellaneous services

**Form 3468**Department of the Treasury  
Internal Revenue Service (G)**Computation of Investment Credit**► Attach to your tax return.  
► Schedule B (Business Energy Investment Credit) on back.OMB No. 1545-0155  
**1082**  
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Name(s) as shown on return

Identifying number

<b>PART I.— Elections</b>		<p>A The corporation elects the basic or basic and matching employee plan percentage under section 48(n)(1) . . . . . <input type="checkbox"/></p> <p>B I elect to increase my qualified investment to 100% for certain commuter highway vehicles under section 46(c)(6) . . . <input type="checkbox"/></p> <p>C I elect to increase my qualified investment by all qualified progress expenditures made this and all later tax years . . . <input type="checkbox"/></p> <p>Enter total qualified progress expenditures included in column (4), Part II ► . . . . .</p> <p>D I claim full credit on certain ships under section 46(g)(3) (See Instruction B for details.) . . . . . <input type="checkbox"/></p>					
		1 Recovery Property	Line	(1) Class of Property	(2) Unadjusted Basis	(3) Applicable Percentage	(4) Qualified Investment (Column 2 × column 3)
Regular Percentage	New Property	(a) 3-year	60				
	Used Property	(b) Other	100				
	New Property	(c) 3-year	60				
	Used Property	(d) Other	100				
§48(e) Election to Reduce Credit (Instead of adjusting basis) FY 1982-83 filers only (see instr.)		(e) 3-year	40				
		(f) Other	80				
		(g) 3-year	40				
		(h) 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(2)) . . . . .		3					
4 Used commuter highway vehicle—Enter total qualified investment (See Instruction D(2)) . . . . .		4					
5 Total qualified investment in 10% property—Add lines 1(a) through 1(h), 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 (Enter the Dept. of Interior assigned project number . . . . .)		6c					
7 Corporations checking election box A above—add lines 5, 6a, 6b, and 6c . . . . .		7					
8 10% of line 5 . . . . .		8					
9 15% of line 6a . . . . .		9					
10 20% of line 6b . . . . .		10					
11 25% of line 6c . . . . .		11					
12 Corporations checking election box A (See Instruction D(1))—							
a Basic 1% credit—Enter 1% of line 7 (1982-83 fiscal-year filers, see instructions for line 12) . . . . .		12a					
b Matching credit (not more than 0.5%)—Allowable percentage times adjusted line 7 (attach schedule) . . . . .		12b					
13 Credit from cooperative—Enter regular investment credit from cooperatives . . . . .		13					
14 Current year regular investment credit—Add lines 8 through 13 . . . . .		14					
15 Carryover of unused credits . . . . .		15					
16 Carryback of unused credits . . . . .		16					
17 Tentative regular investment credit—Add lines 14, 15, and 16 . . . . .		17					
18 a Individuals—From Form 1040, enter tax from line 38, page 2, plus any additional taxes 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 . . . . .		18					
19 a Individuals—From Form 1040, enter credits from lines 41 and 42 of page 2 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 . . . . .		19					
20 Income tax liability as adjusted (subtract line 19 from line 18) . . . . .		20					
21 a Enter smaller of line 20 or \$25,000. See instruction for line 21 b If line 20 is more than \$25,000—Enter 90% of the excess . . . . .		21a					
22 Regular investment credit limitation—Add lines 21a and 21b . . . . .		22					
23 Allowed regular investment credit—Enter the smaller of line 17 or line 22 . . . . .		23					
24 Business energy investment credit limitation—Subtract line 23 from line 20 . . . . .		24					
25 Business energy investment credit—From line 14 of Schedule B (Form 3468) . . . . .		25					
26 Allowed business energy investment credit—Enter smaller of line 24 or line 25 . . . . .		26					
27 Total allowed regular and business energy investment credit—Add lines 23 and 26. Enter here and on Form 1040, line 43; Schedule J (Form 1120), line 4(b), page 3; or the proper line on other returns . . . . .		27					

For Paperwork Reduction Act Notice, see separate instructions.

Form 3468 (1982)

Form 3468 (1982)

**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 (3).

(1) Type of Property	Line	(2) Class of property or life years	(3) Code	(4) Unadjusted basis/Basis	(5) Applicable Percentage	(6) Qualified investment (Column 4 × column 5)
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 (6) . . . . . 2

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	
Nonrecovery	(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 (6) . . . . . 4

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 (3).)

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	

6 Total 15% energy investment property—Add lines 5(a) through 5(e), column (6) . . . . . 6

7 Enter 10% of line 2 . . . . . 7

8 Enter 11% of line 4 . . . . . 8

9 Enter 15% of line 6 . . . . . 9

10 Cooperative credit—Enter business energy investment credit from cooperatives . . . . . 10

11 Current year business energy investment credit—Add lines 7 through 10 . . . . . 11

12 Carryover of unused credit(s) . . . . . 12

13 Carryback of unused credit(s) . . . . . 13

14 Tentative business energy investment credit—Add lines 11 through 13. Enter here and on line 25 of Form 3468 . . . . . 14

**Instructions for Schedule B (Form 3468)**

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(a)(1) and 48(a)(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 48(i)(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.

**Specific Instructions**

**One Credit Only.** If property qualifies as more than one kind of energy property, you may take only one credit for the property.

**Lines 1, 3, and 5—Type of Property.** For definition of recovery and nonrecovery

property, see the separate Instructions for Form 3468.

**Line 1—Column (3).** Use the code letters from the following list to indicate the kind of property for which you are claiming a credit. If you enter more than one kind of property on line 1, enter the code letter for each kind of property in column (3) and the code letter and dollar amount of each kind of property in the right hand margin.

The code letters are:

a. Alternative energy property, including biomass property  
b. Specifically defined energy property that reduces the energy consumed in an existing process, installed in connection with an existing industrial or commercial facility (see regulations section 1.48-9(f)).

c. Recycling equipment  
d. Shale oil equipment  
e. Equipment to produce natural gas from geopressured brine  
f. Cogeneration equipment installed in an existing facility, but only if the cogeneration energy capacity of the facility is expanded. See section 48(i)(14).

h. Solar equipment (but not passive solar equipment)  
i. Wind equipment  
j. Ocean thermal equipment  
k. 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.

# 1982 Department of the Treasury Internal Revenue Service

## Instructions for Form 3468 Computation of Investment Credit

(References are to the Internal Revenue Code)

**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 you 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.

### General Instructions

**A. Purpose.**—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.

A partnership or subchapter S corporation completes only the Part I elections; column (2) of line 1 and the line 2 worksheet; and columns (3) and (4) 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.

This credit does not apply to a Domestic International Sales Corporation (DISC), and is not divided among DISC shareholders.

For detailed information on investment credit, see Publication 572, Investment Credit, and the regulations under sections 46 and 48.

If you are a partner, beneficiary, shareholder in a subchapter S corporation, or lessee, use Form 3468 to figure the credit based on your share of the investment by the partnership, estate, trust, subchapter S corporation, or lessor.

**B. How to Figure the Credit.**—For recovery property, this 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 of 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 D in Part I of Form 3468.

**C. Regular Investment Credit Property.**—Generally, you may take 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 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(a)(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(b).

(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.

**E. At Risk Limitation for Individuals, Subchapter S Corporations, and Personal Holding Companies.**—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.

under any program listed in section 126(s) 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.

**(1) Employee Plan Percentages.**—A corporation may elect an additional credit for a contribution of stock or cash to a tax credit employee stock ownership plan. This reduced investment credit must not exceed 1% of the qualified investment (line 7) made before January 1, 1983. It must be part of the additional credit carried over to a later year. Make the election by checking box A in Part I of Form 3468.

For contributions made after 1982, see Form 8007, Credit for Employee Stock Ownership Plan.

**(2) Commuter Highway Vehicle.**—Employers may elect under section 46(c)(6) to claim the full investment credit for commuter highway vehicles with a useful life of 3 years or more, or which is recovery property. Make this election by checking box B in Part I of Form 3468. See section 46(c)(6) for the definition of commuter highway vehicle and other details.

**(3) 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 C 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 C and D, Part I, enter your 1982 qualified investment (column 4) of Part II for progress expenditures for which you made an election in any tax year.

**(4) 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(a) 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, Subchapter S Corporations, and Personal Holding Companies.**—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.

(5) Amortized or depreciated under sections 184, 167(k), 191, and 188.

(6) Acquired or constructed with "excluded cost-sharing payments" from grants made after September 30, 1979,

**1982–83 Fiscal-Year Filers.**—For property placed in service after December 31, 1982, new section 48(c) says 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 irrevocable 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 no credit is required for the property. The investment credit allowed for the property if 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. Used Property Dollar Limitation.**—In general, you may not take into account more than \$125,000 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 carryover or carryover. Determine the \$125,000 amount before applying the percentage based on the class of property used.

On the line between blocks C and D, Part I, enter the cost of the property (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 property, the other may claim up to \$125,000.

The \$125,000 limitation applies to a partnership, subchapter S corporation, estate, or trust. The \$125,000 must be divided among the estate or trust and its beneficiaries based on the income 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 Vehicles.**—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.

**1982–83 Fiscal-Year Filers.**—If you make the irrevocable election to use the lower percentage in section 48(a)(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 6, 6b, and 6c. Rehabilitation Expenditures.**—Enter on the proper line the qualified investment in 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 rehabilitated building that would result from the expenditures must be decreased by 100% of the allowed credit and, after Dec. 31, 1982, 50% for qualified 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 claim a credit for a certified historic structure on line 6(c), you must enter the project number assigned by the Department of Interior. You must also attach a copy of the final certification letter issued by the Department of Interior or the final return you file after receiving the certification. If you have not yet received the final certification, attach a copy of the first page of the application you submitted (U.S. Department of the Interior Form FHR-B-253a, Historic Preservation Certification Application—Part 2).

**Line 24. Business Energy Investment Credit Limitation.**—The energy credit is limited to the tax on line 20 minus the regular investment credit allowed on line 23. See the instructions for Schedule B on page 2 of Form 3468.

lines 5, 6 a–c, and line 21a. See regulations section 1464.

**Line 12a.**—You may take the additional 1% credit if you qualify and make the election. See General Instruction D(1) and section 48(n).

**Line 12b.**—The matching employee plan credit on line 12b is limited to a maximum of 0.5% times the qualified investment for property acquired, constructed, or erected after 1976 and before January 1, 1983. See section 46(a)(2)(E).

**Line 13. Credit from Cooperative.**—Section 1381(a) cooperative organizations may claim the 100% and energy investment credits. If the cooperative does not use any of the credit because of the tax liability limitation that applies, the unused credit from tax years ending after October 31, 1978, must be allocated to the patrons of the cooperative. The recapture provisions of section 47 apply as if the cooperative had kept the credit and not allocated it.

Patrons should enter their regular investment credit from a cooperative on line 13.

**Lines 15 and 16. Carryover and Carryback of Unused Credits.**—If you cannot use part of a regular or energy investment credit earned in any tax year ending after Dec. 31, 1973, because of tax liability limitations or the operation of the alternative minimum tax, you may carry it back 3 years, then forward 5 years.

If the basis of property was reduced under section 48(c), new section 196 permits the writing off one-half of the unused credit after the 15-year carryover period (or earlier if the taxpayer dies or goes out of business). See Publication 572 for more details.

If you are subject to the alternative minimum tax, you may be able to apply your investment credit from the active conduct of a trade or business against that tax. See Form 6251, Alternative Minimum Tax Computation, for more information.

**Line 21. Limitation.**—If the tax liability (line 20) 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 90% 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(a)(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.

**Lines 5, 6, and 21a Limitations.**—Mutual savings institutions, regulated investment companies, and real estate investment trusts are subject to special limitations for the amounts to be entered on

Line 2 Nonrecovery Property Worksheet	Line	(1) Life years	(2) Basis or cost	(3) Applicable percentage	(4) Qualified Investment (Column 2 × 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	
Used	(d)	3 or more but less than 5		33 1/3%	
	(e)	5 or more but less than 7		66 2/3%	
	(f)	7 or more		100	
<b>Total—Add lines (a) through (f) and enter on line 2 of Form 3468 . . . . .</b>					<b>2</b>

\* U.S. GOVERNMENT PRINTING OFFICE : 1982-0-363-168 E.I. 43-1110208

**Form 4562**  
(Rev. September 1982)  
Department of the Treasury (O)  
Internal Revenue Service

## **Depreciation and Amortization**

- See separate instructions.
- Attach this form to your return.

OMB No. 1545-0172  
Expires 8/31/85

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### Identifying numbers

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**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 line 8 (Partnerships—enter this amount on Schedule K (Form 1065)). . . . .

**Section B Depreciation of recovery property**

**3. Property subject to section 168(e)(2) election (See instructions):**

**4 Total column G. Enter here and on line 9 . . . . .**  
**See Paperwork Reduction Act Notice on page 1 of the separate instructions.**

Form 4562 (Rev. 9-82)

Form 4562 (Rev. 9-82)

**Part II Amortization of property**

Total column G. Enter here and on Other deduction or expense line of your return.

U.S. GOVERNMENT PRINTING OFFICE: 1982 O-262-26

Department of the Treasury  
Internal Revenue Service

## Instructions for Form 4562 Depreciation and Amortization

(Revised September 1982)

Section references are to the  
Internal Revenue Code

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. The information is used to ensure that you 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.**—Use Form 4562 to explain your deductions for depreciation and amortization, and to make the election to expense recovery property.

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 555, Business Expenses. You may be eligible to take 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.**—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.**—For tax years beginning after December 31, 1981, you may elect to expense part of the cost of recovery property that would qualify for investment credit if it were not deducted (as defined in section 179(d)(2)) the property and placed it in service this year for use in your trade or business. If you take this deduction, you may not depreciate or amortize the same cost, nor may you take the investment credit for this cost.

An estate or trust may not elect to expense recovery property. A partnership may elect to expense and pass through to its partners a maximum of \$5,000. Each partner adds his or her share of the partnership amount to any other section 179 expense he or she is entitled to. Add the combined amount up to the \$5,000 (or \$2,500 for married taxpayers filing separately) 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 un-depreciated 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 elect to expense. You can elect 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 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 (Form 1065). 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 range (ADR) system 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 one item all new and used 3-year property you bought in 1982. However, you must list separately:

- Property used mainly outside the United States.
- Retirement - replacement - betterment (RRB) 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.

**Column C.**—Enter the unadjusted basis of the assets you placed in service in the same year. To find unadjusted basis, subtract the part of the basis you elected to amortize or expense (section 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 elect an alternate per-

centage 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(b) and "PRE"), if you elect an alternate percentage as described in Column D instructions, enter "SL". If the asset is used mainly outside the United States, enter "FP" and see section 168(f)(2). If the asset is retirement-replacement-betterment property, enter "RRB" and see section 168(f)(3). If the asset is qualified leased property, enter "QLP" and see sections 168(f)(8) and 168(i). If the asset is property financed by tax-exempt obligations enter "TEO" and see section 168(f)(12).

**Column F.**—Unless you use an alternate percentage, or a special percentage required for certain types of property (as described in Column D), enter the 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), use the same 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 use; instead use 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 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.

The percentages prescribed for these assets are:

1st year . . . . . 25%  
2nd year . . . . . 38%  
3rd year . . . . . 37%

**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%

**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 18

years and no more than 25 years; section 1250 class property that has a midpoint class life of 12.5 years or less; manufactured homes; railroad tank cars; and certain coal utilization property of public utilities.

The percentages prescribed for these assets are:

1st year . . . . .	8%
2nd year . . . . .	14%
3rd year . . . . .	17%
4th through 6th year . . . . .	10%
7th through 10th year . . . . .	9%

**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. Within each line, enter property grouped by the depreciation method elected and the month and year you placed it in service.

The percentages prescribed for these assets are:

1st year . . . . .	5%
2nd year . . . . .	10%

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 168(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(f)(3).

**Column A.**—Describe the property and what depreciation method you elect that excludes the property from ACRS.

**Column C.**—Enter the depreciable basis (cost or other basis reduced, if applicable, by salvage value, half the investment credit, or both).

**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:

- Property placed in service before January 1, 1981;
- Certain public utility property, which

does not meet certain normalization requirements;

- Certain property acquired from related persons; and
- Property acquired in certain nonrecognition transactions.

**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(e)(1) and (4)), attach a statement that specifies the items that still apply of those listed in regulations section 1.167(e)-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.

**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).

- 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 (except low-income housing) (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(e)(2)).
- 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 E.—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.

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.

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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)**