

Statistics of Income

SOI BULLETIN

Department of the Treasury
Internal Revenue Service

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Department of the Treasury
Internal Revenue Service

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This report contains information on individual income tax returns for 1981; corporation income tax returns for 1980; average and marginal tax rates for individual income tax returns for 1980; foreign income and taxes on corporation income tax returns for 1978; and crude oil windfall profit tax liability for first quarter, 1982. In addition, there are selected historical data for individuals, corporations, sole proprietorships, and partnerships, as well as data on gross internal revenue collections including details on excise taxes.

Additional unpublished data concerning those topics are currently available upon request. Further information may be obtained by writing to the Statistics of Income Division, Internal Revenue Service, Washington, D.C. 20224.

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COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

January 26, 1983

The Honorable Donald T. Regan
Secretary of the Treasury
Washington, DC 20220

Dear Mr. Secretary:

I am transmitting the Winter 1982-83 issue of the Statistics of Income Bulletin. 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. Presented in this issue are recent financial and tax data obtained from tax returns and associated supporting schedules.

With kind regards,

Sincerely,

A handwritten signature in cursive script, appearing to read "Roscoe Egger".

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Preliminary Income and Tax Statistics for 1981 Individual Income Tax Returns

By Norman Waits*

The first stage of the tax cuts introduced by the Economic Recovery Tax Act of 1981 resulted in a tax savings of \$3.4 billion, in the form of the 1.25 percent rate reduction credit, based on preliminary tabulations from Tax Year 1981 returns. This represented an average reduction in tax of \$45 on each individual taxpayer return. In spite of the credit, the average tax bill increased from \$2,653 for 1980 to \$3,000 for 1981, or 13.1 percent.

Income

Individuals reported almost \$1.8 trillion in adjusted gross income on the more than 95.2 million income tax returns filed for 1981. Adjusted gross income rose 10.8 percent, slightly more than the increase registered for 1980. Salaries and wages, the major component of adjusted gross income, increased at about the same rate as adjusted gross income. Certain types of investment income, however, increased at substantially faster rates.

<u>Income Type</u>	<u>1981 Amount (millions)</u>	<u>Increase From 1980</u>
Royalties	\$5,623	52.0%
Gross Interest	139,901	38.7
Gross Dividends	48,470	22.5
Salaries and Wages	1,489,233	10.7

The substantial increase in royalty income is due in part to the full decontrol of oil prices beginning in January 1981. Following behind royalties was interest income, up 38.7 percent over the previous year, due mainly to continued high interest rates. Substantial numbers of taxpayers took advantage of high yield investment opportunities, including money market funds, in 1981.

The increase in interest income may actually be slightly understated. As part of the Economic Recovery Tax Act objective to increase savings and spur investment, the tax exempt all-savers' certificates (ASC) provision allowed an individual to exclude from income up to \$1,000 (\$2,000 on a joint return) of interest income. Only the first 3 months of ASC activity was reportable for 1981, however, because the certificates were not available for purchase until October 1, 1981--the date the law became effective. The policy of most financial institutions was to pay ASC interest only at certificate maturity. Thus, most of the funds invested in ASC's in 1981 will not yield reportable interest until Tax Year 1982.

The 22.5 percent increase in dividends before exclusion for 1981 continued the upward trend that has been generally accelerating since 1975. Tax Year 1981 actually showed the largest gain (22.5 percent) in both the amount of dividends reported and in the number of returns reporting (14.0 percent) since 1975. Some of this increase in dividend income may be attributed to the tax law change affecting the dividend exclusion. For 1981 only, Congress changed the former dividend-only exclusion to cover both dividend and interest income, and raised the exclusion amount to \$200 per year--\$400 on a joint return regardless of which spouse received any of the income. Prior to 1981 the exclusion was \$100 per year per taxpayer. This increased exclusion may have encouraged dividend-producing investments by lowering the effective tax rate on that type of income. In addition, taxpayer reporting of interest and dividend income may have been less accurate than in previous years because the exclusion applied to both. (See also Data Sources and Limitations.)

Since the new combined exclusion applied to both dividends and interest, the exclusion went up drastically in both the number of returns and the amount. Although there were significant increases in dividends reported, approximately 32 million additional returns showed an exclusion only for interest income.

Dividends and Interest Exclusion

<u>Tax Year</u>	<u>Number of returns claiming exclusion</u>	<u>Amount of exclusion (thousands)</u>
1978	12,881,447	\$1,464,764
1979	13,298,353	1,546,038
1980	13,581,834	1,604,120
1981	48,563,448	10,660,797

While dividend income from investments increased significantly during 1981, the sale of capital assets produced, in the aggregate, a much smaller increase. These preliminary estimates show a gain of 8.5 percent in the amount of net capital gains less losses from 1980. This increase, however, is much larger than the less than 1 percent increase in net gains less losses from 1979 to 1980. It should be noted that preliminary estimates of capital gains and losses are more subject to change than other sources of income (such as salaries) given the characteristic increased reporting of capital gains and losses on later-filed returns. (See also Data Sources and Limitations.)

*Individual Returns Analysis Section. Prepared under the direction of Noreen Hoffmeier, Chief.

Individual Returns, 1981

Figure A.--Sources of Income and Selected Tax Items, 1980 and 1981

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

Item	1980 (Preliminary)	1981 (Preliminary)	Change, 1980 to 1981
	(1)	(2)	(3)
Number of returns, total.....	93,616,278	95,284,813	1,668,535
Taxable.....	73,739,632	76,682,212	2,942,580
Nontaxable.....	19,876,646	18,602,601	-1,274,045
Adjusted gross income less deficit.....	1,606,265,685	1,779,359,494	173,093,809
Sources of income:			
Salaries and wages.....	1,345,004,185	1,489,233,708	144,229,523
Pensions and annuities in adjusted gross income.....	43,309,841	52,079,899	8,770,058
Business and profession: Net profit.....	64,918,225	68,154,534	3,236,309
Net loss.....	10,894,560	14,543,442	3,648,882
Farm: Net profit.....	9,692,583	8,445,750	-1,246,833
Net loss.....	11,230,038	15,877,253	4,647,215
Partnership: Net profit.....	24,517,693	25,274,967	757,274
Net loss.....	13,747,987	23,200,339	9,452,352
Small Business Corporation: Net profit.....	4,226,215	3,983,452	-282,763
Net loss.....	3,326,592	4,428,331	1,101,739
Sales of capital assets: Net gain.....	29,961,247	33,143,072	3,181,825
Net loss.....	2,982,816	3,861,900	879,084
Sales of property other than capital assets: Net gain.....	1,926,372	2,671,461	745,089
Net loss.....	412,881	2,337,718	1,924,837
Interest received.....	100,902,810	139,901,533	38,998,723
Dividends received.....	39,575,693	48,470,224	8,894,531
Combined interest and dividend exclusion ¹	1,604,120	10,660,797	9,056,677
Interest and dividends in adjusted gross income.....	138,874,382	177,710,959	38,836,577
Rent: Net income.....	13,131,943	15,199,518	2,067,575
Net loss.....	12,582,491	17,301,107	4,718,616
Royalty: Net income.....	3,943,411	5,905,712	1,962,301
Net loss.....	244,836	282,473	37,637
Estate or trust: Net income.....	4,685,944	4,441,950	-243,994
Net loss.....	360,212	566,931	206,719
All other sources (net) ²	7,310,867	5,735,063	-1,575,804
Total statutory adjustments.....	28,025,600	31,466,384	3,440,784
Total itemized deductions.....	214,784,413	255,370,622	40,586,209
Number of exemptions.....	227,090,827	230,987,875	3,897,048
Taxable income.....	1,273,558,005	1,415,615,526	142,057,521
Zero bracket amount.....	234,346,134	240,791,112	6,444,978
Income tax before credits.....	254,211,495	295,662,844	41,451,349
Total credits.....	6,745,156	11,430,046	4,683,890
Income tax after credits.....	247,466,339	284,232,797	36,766,458
Additional tax for tax preferences.....	934,263	1,617,053	682,790
Total income tax.....	248,400,602	285,849,851	37,449,249
Self-employment tax.....	5,507,644	6,579,434	1,071,790
Total tax liability.....	254,120,823	292,724,067	38,603,244

¹For 1980, exclusion only applied to dividends.²For both years, includes state income tax refunds, alimony received, unemployment compensation in adjusted gross income, and other income less loss. For 1981, also includes windfall profit tax refunds.

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

Overall business profits of individuals showed a slower rate of growth than the various types of investment income. The table below reflects the changes in the number of businesses reporting a profit or loss. Farm businesses actually showed a large decrease in the number of businesses reporting a net profit, while other categories showed only modest increases. As for the number of businesses with net losses, all categories showed substantial increases, with "partnerships" showing the greatest change of 46.3 percent.

Income type	Net Profit Returns (thousands)	Change from 1980	Net Loss Returns (thousands)	Change from 1980
Business (nonfarm)	6,525	4.6%	3,042	19.1%
Farm	981	-11.7	1,649	12.2
Partnership	1,748	1.0	1,932	46.3
Small business corporation	395	0.1	345	4.0

Return Filings

The overall increase in the number of returns filed since 1976 can be explained in part by a growing work force. The degree of variance from year to year in the rate of growth is generally attributable to the interaction of tax law changes and economic conditions. Tax law changes enacted for 1977, 1979, and 1981--especially those provisions increasing the income levels required for filing a return--helped to keep the filing increases behind the employment increases from 1976-78. On the other hand, those law changes which affected the taxation of certain sources of income, such as unemployment compensation beginning with 1979, contributed to a growth rate in tax return filing which was higher than the employment growth rate.

Annual Growth Rates		
Tax Year	Employment	Returns Filed
1976	3.2%	3.0%
1977	3.6	2.2
1978	4.3	3.9
1979	2.8	3.1
1980	0.5	1.1
1981	1.1	1.2

Itemized Deductions

The number of returns with itemized deductions claimed reached 31.5 million in 1981 while total

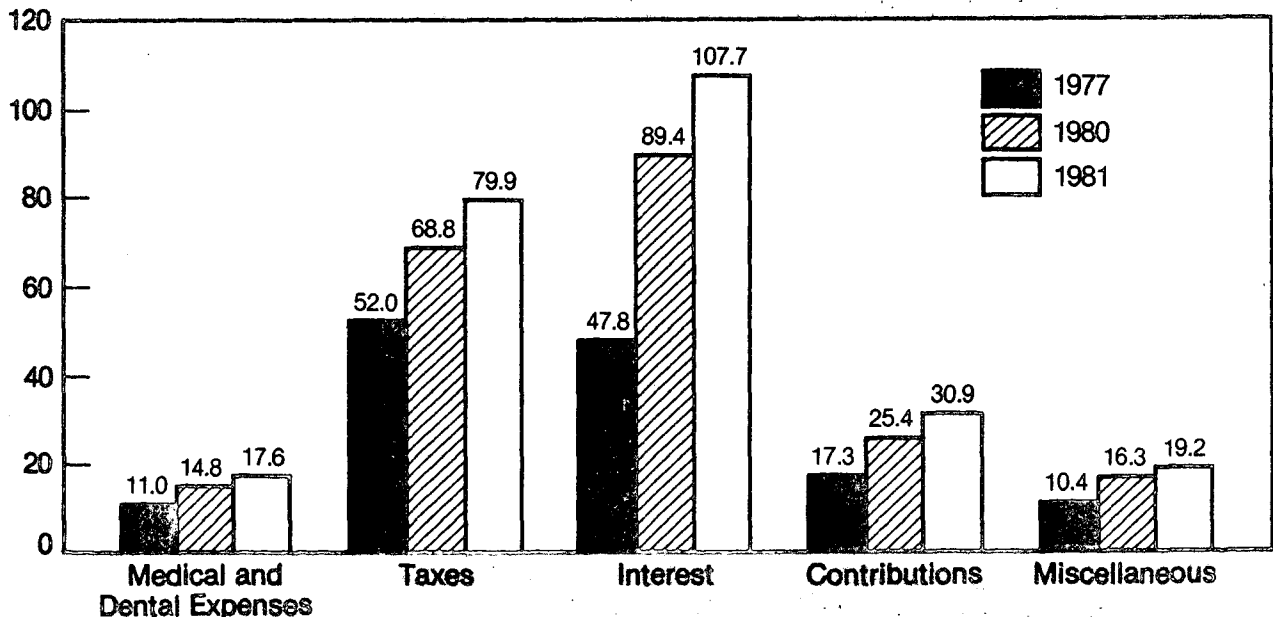
itemized deductions amounted to \$255.4 billion. These preliminary estimates reflect an increase of 9.5 percent in the number of returns with itemized deductions and 18.9 percent in deduction amounts from the previous tax year. Increases in average income and expenditures, without a corresponding increase in the zero bracket amount (standard deduction), are largely responsible for the increase in itemized deductions. The zero bracket amount was last changed for 1979--and the number of returns claiming itemized deductions for that year rose only 2.7 percent. For 1980, the number of taxpayers itemizing deductions also increased, by 8.7 percent.

Tax Year	All Returns	Itemized Deduction Returns
1977	86,493,391	22,871,165
1978	89,889,669	25,774,779
1979	92,616,213	26,481,524
1980	93,616,278	28,791,240
1981	95,284,813	31,515,624

Increases in disposable income and prices, as well as higher interest rates on borrowed money, have combined to cause all types of itemized deductions to increase, although at varying rates, as illustrated in Figure B. For 1981, the largest increase was in contributions deducted, up 21.8 percent, while for 1980 it was for interest paid--21.4 percent. For both years, the amounts for taxes deducted showed the smallest increases--13.7 percent for 1980 and 16.1 percent for 1981.

Figure B
Itemized Deductions by Type: 1977, 1980, and 1981

Billions of Dollars



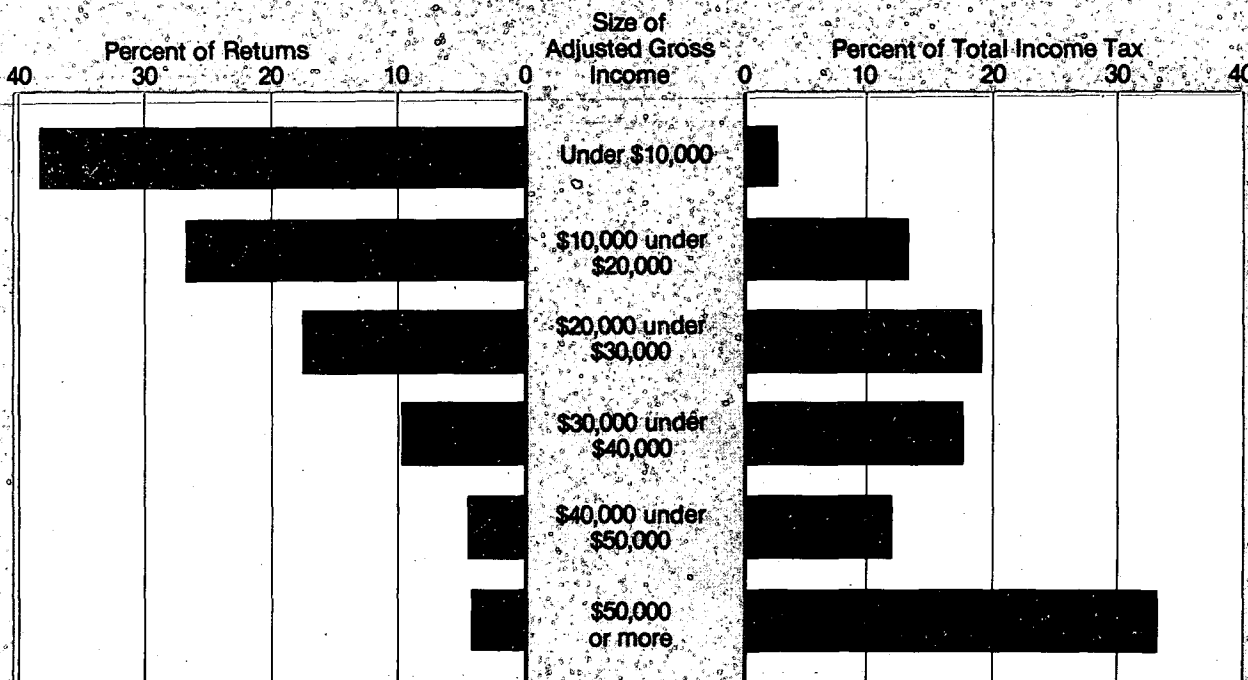
Income Tax

While adjusted gross income rose by 10.8 percent, total income tax rose even more, by 15.1 percent, from \$248.4 billion for 1980 to \$285.8 billion for 1981. This increase is still less than the 16.2 percent rise in total income tax from 1979 to 1980. In addition to the new dividend and interest exclusion, two other tax law changes resulted in tax savings and contributed to the slower rate of increase--the 1.25 percent rate reduction credit and the restoration of the alternative tax on capital gains. The rate reduction credit amounted to \$3.4 billion and was claimed on 75.1 million returns. Another \$591 million in tax was saved on some 165,000 returns as a result of the alternative tax. This tax was applicable to capital gains from sales or exchanges after June 9, 1981, and had the effect of limiting the tax rate on capital

gains to 20 percent (compared to 28 percent on earlier transactions). The alternative tax was instituted for the last 6 months of 1981 in anticipation of the reduction in the top marginal tax rate from 70 percent to 50 percent effective January 1, 1982, which might have otherwise encouraged taxpayers to postpone transactions until the more beneficial rules applied.

Even with the tax savings provisions which, dollar-for-dollar, benefited the higher income taxpayers more, the distribution of the tax burden according to size of income is indicative of the progressive nature of the tax rate structure. As illustrated below, the largest percentage of returns is in the lowest income group but accounts for the smallest portion of the total income tax. On the other hand, the smallest percentage of returns is in the highest income group but accounts for the largest share of total income tax.

Figure C

Percent of Returns and Income Tax, By Size of Adjusted Gross Income, 1981

Data Sources and Limitations

These preliminary statistics are based on a sample of individual income tax returns, Forms 1040 and 1040A, filed for Tax Year 1981. Returns in the sample were stratified based on the presence or absence of Schedule C, Profit (or Loss) from Business or Profession; State for which filed; adjusted gross income or deficit, or largest of selected sources of income or loss; and size of business plus farm receipts. For 1981, returns were selected at rates ranging from 0.05 percent to 100 percent. There were 134,818 returns in the 1981 preliminary sample, estimating a total population of 95,284,813. The corresponding sample size and population for 1980 were 160,213 and 93,616,278, respectively.

Because the data presented in this article are estimates based on a sample of documents filed with the Internal Revenue Service, they are subject to sampling, as well as nonsampling, error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known.

The table below presents approximated coefficients of variation (CV's) for frequency estimates. The approximate CV's shown here are intended only as a general indication of the reliability of the data. For a number other than those shown below, the corresponding CV's can be estimated by interpolation.

<u>Number of Returns</u>	<u>Approximated Coefficient of Variation</u>
20,231,300	.01
5,057,800	.02
809,300	.05
202,300	.10
50,600	.20
22,500	.30
8,100	.50

The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of sample estimates, are discussed in the Appendix.

These preliminary estimates are subject to several types of nonsampling error. While the estimates are intended to represent the full year's taxpayer reporting, these data are based on returns filed through the end of September 1982. Returns filed after that (which are sampled and included in the final estimates for the year) tend to have slightly different characteristics from earlier returns. These characteristics include: larger income (gains or losses); a heavier proportion of investment income (such as capital gains); a larger proportion of certain other items reported on the return (such as the minimum tax and the alternative minimum tax).

In addition to the "filing" characteristics, some of the data may be particularly affected by tax law changes and resulting taxpayer reporting. For instance, for 1981 dividends and interest were both subject to the former dividend-only exclusion. Reporting of the gross amounts of each type of income may have suffered as a result, since the two were added together before the exclusion was applied.

Individual Returns, 1981

Table 1.—All Returns: Selected Income, Deduction, and Tax Items, by Size of Adjusted Gross Income

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

Size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Salaries and wages		Dividends and interest received							
			Number of returns	Amount	Domestic and foreign dividends received		Total interest received		Dividends and interest exclusion		Dividends and interest in adjusted gross income	
					Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
All returns, total	95,284,813	1,779,359,494	84,199,098	1,489,233,708	16,500,857	48,470,224	49,706,957	139,901,533	45,563,448	10,660,797	34,146,670	177,710,959
No adjusted gross income	771,201	-15,583,323	288,221	3,409,178	130,395	427,394	445,095	1,633,150	407,838	98,128	302,441	1,962,416
\$1 under \$1,000	2,677,017	1,556,296	2,380,320	1,775,911	112,387	38,723	557,449	253,555	454,338	68,703	368,428	223,575
\$1,000 under \$2,000	3,934,821	5,906,743	3,510,160	5,531,097	221,557	115,753	1,044,314	605,385	857,408	127,020	717,607	594,119
\$2,000 under \$3,000	3,917,408	9,785,529	3,512,872	8,967,994	234,396	161,299	1,152,320	866,718	940,320	143,812	760,640	884,204
\$3,000 under \$4,000	3,763,037	13,184,705	3,276,516	11,450,630	283,241	227,464	1,262,045	1,337,951	1,066,975	192,684	913,937	1,372,731
\$4,000 under \$5,000	3,604,980	16,228,305	3,077,705	13,642,753	331,714	244,556	1,276,009	1,647,642	1,088,471	197,412	940,870	1,694,787
\$5,000 under \$6,000	3,672,559	20,182,013	3,054,837	16,264,223	315,953	325,278	1,334,255	2,220,889	1,154,105	218,830	982,194	2,327,337
\$6,000 under \$7,000	3,559,426	23,140,894	2,931,293	18,343,928	342,904	420,683	1,374,215	2,694,213	1,185,748	246,454	1,049,062	2,868,442
\$7,000 under \$8,000	3,705,425	27,794,574	3,085,296	22,511,015	349,024	510,247	1,395,926	2,724,401	1,229,671	257,643	1,052,965	2,977,005
\$8,000 under \$9,000	3,343,104	28,405,008	2,823,309	23,311,256	339,089	415,626	1,322,699	2,698,290	1,169,792	254,054	943,736	2,859,862
\$9,000 under \$10,000	3,325,762	31,593,595	2,778,738	25,567,310	336,453	434,286	1,333,227	3,215,410	1,205,892	258,151	970,373	3,391,545
\$10,000 under \$11,000	3,178,671	33,363,748	2,708,401	27,515,947	355,430	438,572	1,329,651	3,247,426	1,177,594	251,946	978,482	3,434,051
\$11,000 under \$12,000	3,009,886	34,580,260	2,590,453	28,595,714	335,379	456,626	1,331,886	3,257,902	1,195,821	247,102	947,152	3,467,422
\$12,000 under \$13,000	2,792,334	34,890,482	2,415,561	28,807,094	358,352	571,205	1,310,116	3,211,819	1,177,560	247,637	894,894	3,535,387
\$13,000 under \$14,000	2,702,099	36,470,570	2,384,482	30,935,932	357,482	519,289	1,247,518	2,957,165	1,107,663	231,405	854,507	3,245,048
\$14,000 under \$15,000	2,495,211	36,183,536	2,218,193	30,917,489	326,627	600,854	1,228,798	2,658,306	1,110,200	229,505	823,632	3,029,656
\$15,000 under \$16,000	2,399,203	37,169,184	2,146,857	31,642,504	350,882	569,750	1,229,269	2,926,040	1,111,184	237,734	847,080	3,258,056
\$16,000 under \$17,000	2,232,653	36,810,000	2,004,810	31,905,346	297,131	402,068	1,109,672	2,734,396	1,022,543	216,348	727,704	2,920,117
\$17,000 under \$18,000	2,224,339	38,919,210	1,981,798	33,034,419	326,603	512,171	1,157,887	2,912,753	1,054,166	225,304	759,384	3,199,621
\$18,000 under \$19,000	2,067,936	38,253,792	1,851,728	32,512,044	343,768	677,123	1,143,413	2,730,102	1,061,287	227,620	762,594	3,180,045
\$19,000 under \$20,000	2,059,869	40,158,610	1,892,816	35,144,534	322,114	428,773	1,178,350	2,781,088	1,062,767	223,811	738,694	2,986,240
\$20,000 under \$25,000	9,110,351	204,090,241	8,427,818	180,057,990	1,600,265	2,418,643	5,468,432	12,557,296	5,075,408	1,095,694	3,385,093	13,880,246
\$25,000 under \$30,000	7,218,735	197,782,990	6,769,989	176,670,340	1,591,693	2,347,526	4,946,508	10,716,523	4,681,496	1,083,137	2,915,461	11,980,912
\$30,000 under \$40,000	9,195,338	317,112,021	8,625,742	279,644,308	2,666,562	4,904,624	7,118,317	18,490,253	6,745,061	1,764,701	4,593,451	21,630,176
\$40,000 under \$50,000	4,184,500	185,399,434	3,864,908	158,071,391	1,698,970	4,541,801	3,555,300	12,588,612	3,411,879	1,013,415	2,560,874	16,116,999
\$50,000 under \$75,000	2,822,724	165,750,809	2,513,032	128,848,402	1,587,591	6,454,972	2,589,963	15,248,604	2,544,062	847,440	2,151,377	20,856,136
\$75,000 under \$100,000	649,393	55,401,615	544,644	37,938,339	444,832	3,453,332	614,862	6,211,471	614,414	218,591	568,891	9,446,212
\$100,000 under \$200,000	524,194	68,659,333	425,281	42,470,339	414,590	6,419,493	508,905	8,015,376	509,129	185,342	494,446	14,249,528
\$200,000 under \$500,000	120,832	33,965,145	96,654	17,583,332	105,454	4,727,619	118,955	4,106,288	119,055	43,943	119,036	8,789,964
\$500,000 under \$1,000,000	16,293	10,822,910	12,573	3,975,696	15,065	2,116,347	16,128	1,300,910	16,139	5,905	16,184	3,411,351
\$1,000,000 or more	5,512	11,381,263	4,091	2,187,254	5,154	2,588,126	5,473	1,351,598	5,462	1,957	5,481	3,937,767
Taxable returns, total	76,682,212	1,725,699,054	68,558,086	1,430,563,145	15,121,087	46,750,753	43,818,488	131,565,192	40,537,295	9,613,471	30,084,795	168,702,474
Non-taxable returns, total	18,602,601	53,660,440	15,641,012	58,670,563	1,379,770	1,719,470	5,888,469	8,336,341	5,026,153	1,047,326	4,061,875	9,008,485
All returns, summary:												
Under \$5,000	18,668,464	31,078,256	16,045,794	44,777,562	1,313,490	1,215,190	5,737,232	6,344,402	4,815,350	827,758	4,003,923	6,731,833
\$5,000 under \$10,000	17,606,276	131,116,084	14,673,473	105,997,732	1,683,423	2,106,119	6,760,322	13,553,203	5,945,208	1,235,132	4,998,330	14,424,190
\$10,000 under \$15,000	14,178,201	175,488,596	12,317,090	146,772,175	1,733,270	2,586,546	6,447,969	15,332,617	5,768,838	1,207,595	4,968,667	16,711,569
\$15,000 under \$20,000	10,984,000	191,310,797	9,878,090	164,238,847	1,640,498	2,589,885	5,818,591	14,084,379	5,311,947	1,130,187	3,835,456	15,544,077
\$20,000 or more	33,847,872	1,250,365,762	31,284,732	1,027,447,392	10,130,176	39,972,483	24,942,843	90,586,932	23,722,105	6,260,125	16,810,294	124,299,290

Size of adjusted gross income	Unemployment compensation				Payments to an individual retirement arrangement		Exemptions		Returns with itemized deductions			
	Total		In adjusted gross income		Number of returns	Amount	Total number	Exemptions other than age or blindness	Number of returns	Total itemized deductions	Medical and dental expense deduction	
	Number of returns	Amount	Number of returns	Amount							Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, total	8,432,223	12,454,523	2,251,651	2,316,661	3,434,455	4,773,035	230,987,875	217,634,637	31,515,624	255,370,622	21,107,299	17,629,757
No adjusted gross income	58,260	105,821	*11	*63	7,745	9,952	2,006,193	1,890,920	—	—	—	—
\$1 under \$1,000	118,461	207,983	—	—	*1,947	*1,190	3,539,214	3,396,617	16,335	129,924	12,667	18,818
\$1,000 under \$2,000	233,212	422,763	—	—	2,170	1,669	5,206,537	5,041,088	126,579	165,049	25,613	28,696
\$2,000 under \$3,000	278,572	451,758	*2,043	*5,201	4,784	4,203	5,611,757	5,299,659	137,952	276,925	31,341	61,123
\$3,000 under \$4,000	330,419	551,022	*1,917	*1,367	8,185	8,185	5,830,843	5,411,958	126,237	440,349	56,332	82,627
\$4,000 under \$5,000	338,305	588,522	—	—	15,267	9,888	6,103,540	5,529,450	137,359	546,057	83,024	110,833
\$5,000 under \$6,000	425,322	698,963	*2,150	*1,761	21,106	14,185	6,864,408	6,157,403	199,161	940,979	145,664	322,300
\$6,000 under \$7,000	368,869	564,213	*3,190	*2,506	26,061	16,640	6,865,092	6,122,445	269,669	1,358,135	194,161	498,715
\$7,000 under \$8,000	344,060	484,947	*10,102	*15,181	35,393	34,205	7,595,620	6,753,925	307,217	1,455,566	235,757	389,558
\$8,000 under \$9,000	341,530	484,488	*5,939	*4,089	30,746	23,573	7,077,325	6,366,671	302,039	1,564,514	249,517	429,358
\$9,000 under \$10,000	330,086	553,721	—	—	46,084	40,838	7,331,385	6,612,158	383,369	1,870,645	321,255	423,079
\$10,000 under \$11,000	313,679	451,871	*4,252	*2,756	39,771	36,428	6,910,161	6,293,263	426,985	2,169,063	342,010	500,139
\$11,000 under \$12,000	278,161	461,824	*2,903	*637	41,717	64,623	6,660,366	6,103,401	467,853	2,532,649	364,366	497,650
\$12,000 under \$13,000	244,970	415,547	*400	*100	54,449	60,613	6,366,693	5,790,047	511,895	2,756,929	384,584	557,390
\$13,000 under \$14,000	260,287	435,776	—	—	65,040	67,045	6,136,178	5,680,765	526,855	2,733,079	406,397	482,310
\$14,000 under \$15,000	249,453	370,574	*1,454	*928	66,180	73,289	6,018,903	5,624,365	554,954	3,078,794	427,048	503,190
\$15,000 under \$16,000	245,714	367,388	*407	*1,167	65,970	76,919	5,897,713	5,527,121	579,355	3,175,029	450,230	516,720
\$16,000 under \$17,000	199,717	328,635	*5,135	*928	68,101	56,998	5,615,937	5,272,126	651,625	3,548,782	465,547	498,267
\$17,000 under \$18,000	241,472	343,981	*3,503	*2,493	58,957	70,847	5,832,870	5,489,914	714,492	4,023,422	519,441	481,362
\$18,000 under \$19,000	192,882	237,441	21,308	10,582	75,870	91,940	5,400,776	5,117,314	761,143	4,129,048	553,406	520,970
\$19,000 under \$20,000	221,134	285,520	17,973	11,113	59,618	75,004	5,603,809	5,358,159	813,415	4,683,676	555,708	463,088
\$20,000 under \$25,000	968,484	1,357,855	320,658	206,251	407,436	550,301	25,988,339	25,004,170	4,302,733	25,907,213	2,852,341	2,157,495
\$25,000 under \$30,000	691,715	807,114	691,715	590,060	405,850	545,791	22,469,136	21,789,193	4,587,631	29,910,741	3,057,023	2,054,354
\$30,000 under \$40,000	787,207	995,597	786,339	978,479	685,026	992,859	30,111,385	29,264,830	7,055,180	53,065,453	4,502,077	2,722,794
\$40,000 under \$50,000	273,706	353,702	273,706	353,501	495,371	741,026	13,891,201	13,468,660	3,667,242	34,217,172	2,418,639	1,336,958
\$50,000 under \$75,000	84,951	109,666	84,951	109,666	434,694	712,277	9,489,682	9,055,778	2,625,437	32,436,070	1,726,657	1,167,015
\$75,000 under \$100,000	8,458	12,787	8,458	12,787	125,179	206,303	2,232,556	2,089,108	617,881	11,361,305	383,323	329,153
\$100,000 under \$200,000	2,661	4,292	2,661	4,292	78,670	161,618	1,838,923	1,689,796	504,876	14,207,092	273,128	344,190
\$200,000 under \$500,000	435	618	435	618	16,011	29,379	418,871	372,501	118,615	7,159,947	58,826	108,596
\$500,000 under \$1,000,000	34	121	34	121	1,680	3,205	54,364	46,704	16,097	2,570,391	8,361	18,020
\$1,000,000 or more	*7	*16	*7	*16	480	938	18,098	15,128	5,443	2,956,621	2,856	4,988
Taxable returns, total	6,825,686	9,573,455	2,240,727	2,305,845	3,331,020	4,661,490	191,144,764	180,500,595	30,078,686	241,910,314	19,971,204	14,528,776
Non-taxable returns, total	1,606,537	2,881,068	10,924	10,716	103,435	111,545	39,843,111	37,134,042	1,436,938	13,460,308	1,136,095	3,100,981
All returns, summary:												
Under \$5,000	1,357,229	2,327,868	*3,971	*6,631	40,098	35,087	28,298,084	26,569,692	544,462	1,558,305	208,977	302,097
\$5,000 under \$10,000	1,809,867	2,786,331	21,381	23,537	159,390	129,440	35,733,830	32,012,602	1,461,455	7,189,839	1,146,354	2,063,014
\$10,000 under \$15,000	1,346,550	2,135,592	*9,009	*4,420	267,157	301,996	32,092,301	29,491,841	2,488,542	13,270,515	1,924,405	2,540,679
\$15,000 under \$20,000	1,100,919	1,562,964	48,326	26,283	317,413	382,812	28,351,105	26,764,634	3,520,030	19,559,957	2,544,332	2,480,406
\$20,000 or more	2,817,658	3,641,767	2,168,964	2,255,790	2,650,397	3,923,698	106,512,555	102,795,868	23,501,135	213,792,006	15,283,231	10,243,564

Table 1.—All Returns: Selected Income, Deduction, and Tax Items, by Size of Adjusted Gross Income—Continued

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

Size of adjusted gross income	Itemized deductions—cont'd.						Returns with zero bracket amount only		Taxable income		Income tax before credits	
	Taxes paid deduction		Contributions deduction		Interest paid deduction		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount						
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
All returns, total	31,204,402	79,888,089	28,985,779	30,924,436	28,727,035	107,686,938	58,738,889	144,767,015	89,806,882	1,415,615,526	78,974,594	295,662,844
No adjusted gross income	—	—	—	—	—	—	—	—	—	—	2,123	4,967
\$1 under \$1,000	16,335	36,911	11,122	2,495	12,022	50,811	*2,772	*5,849	*4,690	*7,090	**176,944	**12,946
\$1,000 under \$2,000	82,871	30,380	43,537	10,600	23,754	60,250	3,104,799	1,694,778	3,205,843	2,005,116	174,197	27,164
\$2,000 under \$3,000	77,582	37,801	37,855	17,362	26,349	106,233	3,341,440	4,631,676	3,452,815	5,062,699	1,901,177	122,179
\$3,000 under \$4,000	85,505	71,963	58,925	31,891	60,100	186,436	3,357,220	6,745,707	3,448,244	7,747,936	2,619,375	408,095
\$4,000 under \$5,000	114,654	108,632	84,563	39,780	86,939	214,806	3,372,710	7,113,114	3,480,550	10,140,302	2,819,375	408,095
\$5,000 under \$6,000	177,407	140,097	139,936	72,928	127,872	305,080	3,424,232	7,697,763	3,586,429	13,171,324	2,819,193	770,921
\$6,000 under \$7,000	250,624	229,117	209,519	137,584	199,827	419,751	3,271,167	7,853,687	3,499,813	15,907,072	2,992,738	1,182,062
\$7,000 under \$8,000	284,060	267,149	233,510	150,374	217,060	515,804	3,386,240	8,484,449	3,656,897	19,721,797	3,315,410	1,705,923
\$8,000 under \$9,000	297,016	272,452	248,142	154,013	237,535	547,166	3,039,051	7,861,690	3,310,233	20,785,303	3,169,595	1,887,908
\$9,000 under \$10,000	380,432	384,103	325,626	203,182	312,214	720,258	2,938,712	7,652,975	3,305,322	23,538,836	3,197,577	2,473,529
\$10,000 under \$11,000	419,348	438,055	347,533	203,596	346,744	830,283	2,751,686	7,275,638	3,161,144	25,553,171	3,105,842	2,912,530
\$11,000 under \$12,000	457,281	487,746	398,055	301,668	405,537	1,067,606	2,542,033	6,894,125	2,988,100	26,791,250	2,939,080	3,264,402
\$12,000 under \$13,000	505,886	575,209	444,483	311,687	446,295	1,073,502	2,280,439	6,138,382	2,774,065	27,294,479	2,743,335	3,494,797
\$13,000 under \$14,000	522,868	634,498	473,098	327,161	453,725	1,083,755	2,175,244	5,879,267	2,692,365	29,111,225	2,670,361	3,921,041
\$14,000 under \$15,000	551,979	730,466	493,223	295,093	496,351	1,348,091	1,940,257	5,357,125	2,480,761	28,748,083	2,466,734	3,981,275
\$15,000 under \$16,000	576,727	718,964	512,749	354,942	523,089	1,328,868	1,819,848	5,097,279	2,393,804	29,787,440	2,376,784	4,267,583
\$16,000 under \$17,000	646,243	843,794	585,849	364,027	603,360	1,594,451	1,581,028	4,481,022	2,224,684	29,553,284	2,216,507	4,375,220
\$17,000 under \$18,000	712,125	961,065	641,388	454,629	652,180	1,820,144	1,509,847	4,364,693	2,217,108	31,163,346	2,207,337	4,706,744
\$18,000 under \$19,000	759,424	1,109,043	694,384	472,882	683,286	1,754,435	1,306,793	3,805,328	2,061,548	30,955,988	2,066,995	4,842,132
\$19,000 under \$20,000	811,485	1,228,231	723,820	450,636	754,185	2,060,358	1,246,454	3,674,485	2,056,637	32,281,242	2,051,056	5,146,233
\$20,000 under \$25,000	4,297,133	7,382,942	3,931,706	2,635,739	4,053,776	11,702,679	4,807,618	14,504,788	9,091,260	165,417,345	9,075,429	28,127,331
\$25,000 under \$30,000	4,578,645	9,078,285	4,234,918	2,952,572	4,354,266	13,593,756	2,631,104	8,305,965	7,210,628	158,998,129	7,206,097	29,445,703
\$30,000 under \$40,000	7,047,289	17,588,289	6,767,458	5,647,727	6,679,935	23,267,775	2,140,168	6,935,102	9,191,779	257,057,287	9,182,928	53,300,624
\$40,000 under \$50,000	3,666,043	11,772,268	3,554,429	3,833,884	3,449,232	14,769,253	517,258	1,700,978	4,180,734	149,453,650	4,179,046	35,955,888
\$50,000 under \$75,000	2,624,682	11,548,682	2,559,824	4,012,257	2,404,592	13,432,846	197,287	640,238	2,819,066	132,574,646	2,817,005	38,019,210
\$75,000 under \$100,000	617,296	4,096,693	602,318	1,512,914	555,241	4,615,145	31,512	101,023	647,367	43,885,207	647,099	15,392,943
\$100,000 under \$200,000	503,479	5,041,163	491,381	2,361,906	440,584	5,361,899	19,318	52,031	52,031	54,360,141	521,766	22,662,792
\$200,000 under \$500,000	118,478	2,467,911	115,357	1,693,248	102,696	2,331,041	2,217	7,058	120,176	26,828,193	120,191	13,421,807
\$500,000 under \$1,000,000	16,072	797,009	15,700	809,255	13,663	733,963	196	594	16,201	8,264,204	16,197	4,612,732
\$1,000,000 or more	5,433	809,192	5,321	1,113,354	4,626	790,491	69	205	5,479	8,449,735	5,476	5,116,615
Taxable returns, total	29,836,315	77,891,468	27,837,469	29,942,200	27,543,814	101,628,441	46,591,517	126,229,203	76,648,548	1,388,287,978	78,646,053	294,424,660
Non-taxable returns, total	1,368,087	1,996,621	1,148,310	982,236	1,183,221	6,058,497	12,147,372	18,537,812	13,157,548	27,327,548	2,328,541	1,238,184
All returns, summary:												
Under \$5,000	378,947	285,687	236,002	102,129	209,164	618,536	13,179,121	20,191,125	13,592,142	24,963,142	4,873,816	575,357
\$5,000 under \$10,000	1,389,539	1,292,918	1,156,733	718,079	1,094,508	2,508,059	16,059,402	39,550,563	17,358,694	93,124,332	15,494,513	8,120,344
\$10,000 under \$15,000	2,457,362	2,865,973	2,156,392	1,439,206	2,148,652	5,403,239	11,689,659	31,344,538	14,096,435	137,498,207	13,925,352	17,574,044
\$15,000 under \$20,000	3,506,004	4,861,097	3,158,190	2,097,117	3,216,100	8,558,256	7,463,970	10,953,781	10,953,781	153,741,299	10,908,679	23,337,912
\$20,000 or more	23,474,550	70,582,413	22,728,462	26,567,906	22,058,611	90,598,849	10,346,737	32,257,982	33,804,830	1,006,288,546	33,772,234	246,055,187

Size of adjusted gross income	Tax credits				Income tax after credits		Total income tax				Total tax liability	
	Total		Rate reduction		Number of returns	Amount	Number of returns	Percent of all returns	Amount	Average (dollars)	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount								
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All returns, total	76,035,791	11,430,046	75,133,234	3,405,381	76,601,906	284,232,797	76,682,212	80.5	285,849,851	3,728	78,140,200	292,724,067
No adjusted gross income	485	1,074	—	—	2,063	3,893	11,971	1.6	102,133	8,532	119,419	168,236
\$1 under \$1,000	**	**	—	—	—	—	*641	*(1)	*867	*1,353	58,528	9,923
\$1,000 under \$2,000	**71,477	**748	66,433	66	**174,678	**12,199	175,173	4.5	14,820	85	303,609	41,223
\$2,000 under \$3,000	127,187	547	127,187	256	174,197	26,617	174,743	4.5	29,048	166	305,444	56,654
\$3,000 under \$4,000	464,226	4,714	399,553	594	1,856,567	117,465	1,857,034	49.3	121,198	65	1,986,552	174,800
\$4,000 under \$5,000	2,376,832	19,449	2,255,233	3,669	2,439,073	388,646	2,439,688	67.7	391,031	160	2,525,608	439,437
\$5,000 under \$6,000	2,652,251	70,842	2,556,882	8,137	2,444,734	700,078	2,444,811	66.6	700,791	287	2,534,322	761,908
\$6,000 under \$7,000	2,883,223	138,471	2,725,849	13,144	2,470,235	1,043,592	2,472,332	69.5	1,049,756	425	2,586,630	1,132,593
\$7,000 under \$8,000	3,173,490	202,046	3,058,252	19,234	2,851,162	1,503,877	2,851,669	77.0	1,507,573	529	2,968,181	1,610,195
\$8,000 under \$9,000	3,131,553	206,474	3,069,844	23,006	2,919,973	1,781,434	2,922,204	87.4	1,784,842	611	3,008,450	1,904,934
\$9,000 under \$10,000	3,161,464	140,011	3,117,228	29,037	3,104,271	2,333,518	3,105,488	93.4	2,337,213	753	3,163,317	2,456,600
\$10,000 under \$11,000	3,060,215	112,927	3,051,207	34,442	3,058,117	2,799,603	3,059,017	96.2	2,803,465	916	3,103,733	2,943,538
\$11,000 under \$12,000	2,872,820	116,521	2,859,658	38,502	2,901,876	3,147,881	2,902,523	96.4	3,150,739	1,086	2,941,870	3,293,173
\$12,000 under \$13,000	2,711,171	127,302	2,700,089	41,550	2,715,371	3,367,495	2,717,660	97.3	3,369,918	1,240	2,758,599	3,517,933
\$13,000 under \$14,000	2,634,237	144,146	2,629,155	47,131	2,638,148	3,776,894	2,638,170	97.6	3,777,320	1,432	2,669,248	3,920,751
\$14,000 under \$15,000	2,438,328	144,899	2,434,247	47,857	2,440,460	3,836,376	2,441,101	97.8	3,839,155	1,573	2,459,804	3,991,496
\$15,000 under \$16,000	2,345,880	154,098	2,337,083	51,310	2,350,452	4,113,485	2,350,975	98.0	4,116,431	1,751	2,374,622	4,271,705
\$16,000 under \$17,000	2,185,467	150,517	2,179,263	52,746	2,200,829	4,224,703	2,201,494	98.6	4,231,719	1,922	2,216,193	4,378,833
\$17,000 under \$18,000	2,183,599	155,786	2,174,574	56,935	2,191,283	4,550,958	2,192,035	98.5	4,555,296	2,078	2,208,757	4,712,740
\$18,000 under \$19,000	2,044,257	167,318	2,039,991	58,990	2,041,405	4,674,814	2,043,463	98.8	4,678,427	2,289	2,060,599	4,846,674
\$19,000 under \$20,000	2,024,548	163,041	2,017,058	62,354	2,036,044	4,983,192	2,036,360	98.9	4,986,304	2,449	2,049,388	5,150,356
\$20,000 under \$25,000	8,959,405	962,797	8,925,449	341,531	9,020,244	27,164,534	9,024,551	99.1	27,178,895	3,012	9,063,466	27,912,076
\$25,000 under \$30,000	7,155,722	951,224	7,126,951	360,357	7,163,316	28,494,479	7,175,004	99.4	28,517,636	3,975	7,195,895	29,189,416
\$30,000 under \$40,000	9,113,331	1,632,099	9,077,407	652,575	9,154,589	51,668,526	9,162,812	99.6	51,718,190	5,644	9,179,363	52,714,706
\$40,000 under \$50,000	4,162,334	1,191,260	4,133,537	441,602	4,155,131	34,764,627	4,162,941	99.5	34,842,689	8,370	4,174,843	35,760,496
\$50,000 under \$75,000	2,798,360	1,509,309	2,782,156	466,286	2,797,540	36,509,901	2,805,962	99.4	36,667,305	13,068	2,810,463	37,504,841
\$75,000 under \$100,000	643,637	727,695	638,702	176,893	640,952	14,665,248	647,420	99.7	14,827,309	22,902	648,371	15,129,101
\$100,000 under \$200,000	518,868	1,134,163	512,491	205,616	518,093	21,528,629	522,552	99.7	21,862,748	41,838	522,877	22,141,979
\$200,000 under \$500,000	119,895	648,773	118,300	96,937	119,497	12,773,034	120,631	99.8	13,093,335	108,540	120,677	13,173,565
\$500,000 under \$1,000,000	16,096	187,955	15,686	33,586	16,146	4,424,318	16,280	99.9	4,560,120	280,106	16,282	4,578,865
\$1,000,000 or more	5,433	263,838	5,229	41,039	5,460	4,852,777	5,507	99.9	5,033,577	914,033	5,510	5,053,324
Taxable returns, total	73,707,250	10,191,862	73,387,928	3,392,312	76,601,906	284,232,797	76,682,212	100.0	285,849,851	3,728	76,682,212	291,917,974
Non-taxable returns, total	2,328,541	1,238,184	1,745,306	13,069	—	—	—	—	—	—	1,457,988	806,093
All returns, summary:												
Under \$5,000	3,040,207	26,532	2,848,406	4,586	4,646,578	548,826	4,659,250	25.0	659,098	141	5,299,160	890,271
\$5,000 under \$10,000	15,001,981	757,845	14,527,055	92,557	13,790,375	7,362,499	13,796,504	78.4	7,380,175	535	14,260,900	7,866,229
\$10,000 under \$15,000	13,716,771	645,795	13,674,356	209,482	13,753,972	16,828,249	13,758,471	97.0	16,940,597	1,231	13,933,254	17,666,890
\$15,000 under \$20,000	10,783,751	790,760	10,747,969	282,334	10,820,013	22,547,151	10,824,327	98.5	22,568,176	2,085	10,909,595	23,360,307
\$20,000 or more	33,493,081	9,209,114	33,335,968	2,816,421	33,590,968	23,846,073	33,643,660	99.4	238,301,804	7,083	33,737,327	242,940,369

Table 2.—All Returns: Selected Income, Deduction, and Tax Items, by State

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

State	Number of returns	Adjusted gross income less deficit	Average adjusted gross income (Dollars)	Salaries and wages		Exemptions		Total itemized deductions		Returns with zero bracket amount only	
				Number of returns	Amount	Total number	Number other than age or blindness	Number of returns	Amount	Number of returns	Zero bracket amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
United States, total	95,284,813	1,779,359,494	18,674	84,199,098	1,489,233,708	230,987,875	217,634,637	31,515,624	255,370,622	58,738,889	144,767,015
Alabama	1,398,114	22,939,440	16,407	1,280,492	20,209,428	3,701,596	3,584,005	451,453	3,090,373	852,724	2,158,339
Alaska	196,405	4,971,455	25,312	184,010	4,562,495	460,134	454,605	68,458	605,702	123,273	318,306
Arizona	1,148,807	20,483,963	17,831	995,515	16,889,902	2,874,993	2,694,759	464,919	3,606,251	632,440	1,531,648
Arkansas	820,472	12,265,796	14,950	709,237	10,059,347	2,119,376	1,992,133	185,064	1,357,047	565,346	1,461,265
California	10,470,878	208,837,607	19,945	9,184,736	174,802,733	25,151,321	23,721,697	4,215,053	42,605,907	5,717,365	13,713,695
Colorado	1,341,214	26,290,803	19,602	1,199,172	22,210,780	3,087,731	2,933,191	558,556	4,556,553	728,545	1,763,571
Connecticut	1,447,892	30,840,832	21,301	1,259,004	25,553,991	3,338,552	3,121,538	462,628	3,870,290	330,148	2,263,632
Delaware	267,676	5,060,859	19,640	233,413	4,195,593	609,825	577,735	82,890	661,284	168,944	417,846
District of Columbia	317,645	6,012,148	18,927	287,488	4,779,061	658,014	612,065	105,266	1,069,501	195,085	427,482
Florida	4,334,339	76,189,536	17,578	3,533,393	55,444,032	10,483,035	9,443,170	1,162,749	9,424,454	2,950,620	7,462,070
Georgia	2,183,633	36,597,663	16,760	2,007,420	32,162,235	5,401,184	5,177,070	660,161	5,181,730	1,389,981	3,373,455
Hawaii	436,919	7,906,389	18,096	388,494	6,656,633	1,005,470	958,321	156,721	1,429,683	262,535	635,517
Idaho	360,754	5,814,936	16,119	303,096	4,675,814	970,828	904,835	125,184	948,839	216,449	531,637
Illinois	4,826,367	96,606,526	20,016	4,259,819	81,335,321	11,563,167	10,831,423	1,685,302	12,547,934	2,919,189	7,069,579
Indiana	2,197,295	39,541,492	17,996	1,982,331	34,398,131	5,441,600	5,175,363	648,125	4,253,084	1,404,030	3,519,781
Iowa	1,177,891	20,769,860	17,633	956,080	15,949,151	2,965,935	2,705,294	393,589	2,723,803	713,116	1,796,543
Kansas	1,003,043	18,734,653	18,678	873,913	15,098,317	2,451,060	2,285,370	320,358	2,438,470	613,814	1,552,300
Kentucky	1,311,175	21,734,770	16,577	1,136,633	18,186,624	3,349,016	3,175,184	390,211	2,709,476	837,795	1,248,917
Louisiana	1,631,540	30,320,601	18,584	1,469,591	25,807,750	4,103,505	3,960,924	385,395	3,015,060	1,141,612	2,840,994
Maine	462,927	7,064,068	15,260	410,811	5,856,641	1,084,674	1,031,926	107,003	767,722	332,354	839,759
Maryland	1,860,387	38,174,916	20,520	1,668,409	31,690,815	4,362,751	4,108,068	773,654	6,459,559	1,025,388	2,469,381
Massachusetts	2,562,970	47,586,175	18,567	2,275,343	39,295,223	5,664,279	5,280,910	925,971	7,160,698	1,544,816	3,591,177
Michigan	3,606,944	70,904,284	19,658	3,212,951	61,510,234	8,975,200	8,547,398	1,475,131	11,017,755	1,956,479	4,708,150
Minnesota	1,740,455	31,514,518	18,107	1,508,888	26,732,098	4,064,406	3,813,234	681,846	5,306,362	958,850	2,257,235
Mississippi	868,118	13,049,460	15,032	793,862	11,221,031	2,363,871	2,249,065	206,010	1,450,790	587,470	1,483,844
Missouri	1,978,661	34,881,677	17,629	1,720,800	28,821,344	4,790,535	4,458,039	596,608	4,152,349	1,257,705	3,178,682
Montana	333,485	5,348,984	16,040	271,908	4,283,480	842,987	784,641	110,776	804,337	203,995	502,885
Nebraska	664,840	11,071,932	16,654	552,110	8,879,326	1,662,353	1,530,979	189,429	1,368,622	430,935	1,108,608
Nevada	406,048	7,537,931	18,564	367,101	6,354,368	908,943	858,401	130,906	1,099,981	263,513	650,974
New Hampshire	418,521	7,415,224	17,718	371,832	6,294,902	1,002,452	941,123	103,340	771,489	299,975	746,562
New Jersey	3,265,455	68,104,664	20,856	2,942,198	57,787,858	7,852,551	7,350,504	1,182,828	9,575,466	1,955,574	4,762,527
New Mexico	536,179	8,774,797	16,365	472,834	7,415,159	1,393,735	1,334,016	141,983	1,029,503	354,593	879,746
New York	7,183,973	143,134,160	19,924	6,347,197	116,675,957	17,125,928	16,039,075	2,886,398	25,746,321	3,972,064	9,344,630
North Carolina	2,379,546	37,898,731	15,927	2,174,390	32,598,734	5,790,745	5,523,112	705,355	5,168,124	1,529,863	3,778,205
North Dakota	276,393	4,536,608	16,414	217,279	3,315,241	687,045	628,769	64,366	458,928	189,984	474,430
Ohio	4,455,588	82,052,761	18,416	3,951,212	70,566,815	10,713,795	10,102,723	1,307,265	9,238,697	2,893,131	7,297,167
Oklahoma	1,258,173	23,413,203	18,609	1,093,446	18,923,918	3,018,992	2,812,728	400,087	3,117,230	780,339	1,973,160
Oregon	1,088,436	19,123,057	17,569	917,458	15,270,676	2,697,318	2,510,290	455,739	3,510,812	566,245	1,327,586
Pennsylvania	4,873,901	88,911,407	18,242	4,315,966	74,779,235	11,443,061	10,775,028	1,449,984	10,180,640	3,213,701	8,001,741
Rhode Island	408,795	6,848,247	16,752	365,038	5,767,069	927,513	875,758	118,198	871,107	269,984	670,012
South Carolina	1,205,965	19,102,366	15,840	1,112,911	16,769,892	2,940,381	2,827,376	377,582	2,612,557	763,988	1,867,278
South Dakota	277,733	4,036,345	14,533	213,374	2,957,710	732,264	670,178	68,697	461,460	176,097	466,812
Tennessee	1,753,347	28,314,404	16,149	1,586,147	24,647,408	4,479,594	4,281,940	388,085	3,122,328	1,213,474	3,114,960
Texas	6,143,458	122,306,795	19,908	5,592,180	103,739,856	15,310,985	14,632,529	1,508,435	13,070,501	4,319,001	10,969,883
Utah	551,005	9,787,419	17,763	494,961	8,469,372	1,623,689	1,559,564	242,985	2,042,557	274,307	656,491
Vermont	212,319	3,312,269	15,600	189,135	2,725,366	499,309	466,284	59,931	401,239	140,698	346,476
Virginia	2,257,335	43,136,360	19,109	2,028,168	36,784,541	5,218,034	4,983,610	779,157	6,525,881	1,355,252	3,351,929
Washington	1,801,593	35,728,272	19,831	1,571,745	29,882,421	4,212,885	3,923,890	588,291	4,375,888	1,129,137	2,854,626
West Virginia	671,296	11,381,741	16,955	597,908	9,902,121	1,700,179	1,618,977	123,403	883,999	504,351	1,320,026
Wisconsin	1,967,847	35,403,576	17,991	1,743,379	29,655,814	4,879,948	4,588,047	723,641	5,450,002	1,134,742	2,682,037
Wyoming	216,422	4,444,746	20,537	197,233	3,696,923	520,232	498,793	63,023	496,356	145,827	375,666
AP0/FPO1	475,829	5,763,874	12,113	473,602	5,903,037	1,053,559	1,049,813	19,858	129,840	448,719	1,210,741
Puerto Rico	39,309	470,603	11,972	32,942	428,189	132,516	126,132	4,937	42,767	26,720	74,045
U.S. citizens abroad ²	219,501	6,904,587	31,456	170,543	6,653,599	575,424	543,035	32,640	403,311	156,607	443,007

Footnotes at end of table.

Table 2.—All Returns: Selected Income, Deduction, and Tax Items, by State—Continued

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

State	Taxable income		Residential energy credit						Total income tax		Average total income tax (Dollars)	Windfall profit tax overpayment	
	Number of returns	Amount	Returns with total energy conservation expenditures		Returns with total renewable energy source expenditures		Residential energy credit used to offset income tax before credits		Number of returns	Amount		Number of returns	Amount
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount					
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
United States, total.	89,805,882	1,415,615,526	3,751,201	2,918,618	226,314	721,636	3,881,211	602,430	76,682,212	285,849,851	3,728	121,404	129,761
Alabama	1,298,083	18,034,843	49,653	34,283	*88	*447	48,631	4,817	1,067,894	3,275,083	3,067	4,970	7,915
Alaska	191,000	4,172,395	6,218	5,046	*18	*192	6,236	761	179,671	969,827	5,398	922	175
Arizona	1,088,032	15,869,630	28,713	18,114	16,676	41,707	41,145	17,373	920,790	3,048,875	3,311	6,575	5,091
Arkansas	748,230	9,772,363	20,201	14,622	*70	*402	19,641	2,047	614,900	1,720,091	2,797	7,299	6,028
California	9,822,255	157,687,809	220,285	200,158	70,060	244,513	276,418	102,964	8,468,641	32,476,079	3,835	43,151	37,148
Colorado	1,278,477	20,842,998	87,581	61,860	14,317	59,374	96,252	28,672	1,130,462	4,237,943	3,749	11,255	11,960
Connecticut	1,387,268	25,275,320	77,399	73,533	1,398	5,563	77,858	10,232	1,214,362	5,707,544	4,700	2,353	2,027
Delaware	251,816	4,070,476	14,086	7,856	*516	*717	14,598	1,373	225,019	837,798	3,723	316	66
District of Columbia	299,693	4,641,225	8,229	8,983	*28	*123	8,880	1,202	247,399	1,057,748	4,275	454	250
Florida	4,093,206	60,899,569	65,754	47,181	15,595	22,917	75,606	13,996	3,467,059	12,606,399	3,636	7,867	5,518
Georgia	2,048,330	28,766,015	66,701	41,948	*3	*19	66,676	6,230	1,729,027	5,374,097	3,108	4,419	1,340
Hawaii	417,543	6,018,534	*937	*443	8,034	24,736	9,369	9,369	345,470	1,144,027	3,312	1,174	1,769
Idaho	337,129	4,588,715	17,569	16,333	*911	*3,223	17,563	3,229	279,610	813,547	2,910	2,000	936
Illinois	4,588,110	78,883,673	236,396	213,049	2,215	3,379	233,887	25,765	3,965,904	16,805,082	4,237	32,840	32,890
Indiana	2,044,354	32,557,367	95,672	61,787	*3,200	*6,832	97,532	9,744	1,723,686	6,426,268	3,728	5,153	3,820
Iowa	1,097,709	16,906,768	53,552	44,412	3,787	2,675	53,436	5,933	912,254	3,180,706	3,487	557	827
Kansas	932,483	15,331,744	40,161	25,279	*2,648	*5,253	38,180	4,752	806,932	3,082,756	3,820	23,674	28,758
Kentucky	1,226,571	17,252,706	41,643	34,777	*357	*883	41,918	4,750	1,027,009	3,203,701	3,119	9,707	2,965
Louisiana	1,525,789	25,055,407	36,457	33,119	*1,953	*2,351	36,054	4,051	1,285,717	5,277,188	4,104	25,183	30,359
Maine	437,881	5,609,052	20,043	15,165	*1,781	*16,860	21,522	6,161	363,663	963,985	2,651	1,215	112
Maryland	1,795,036	29,920,871	74,168	50,488	*1,017	*2,266	77,189	7,368	1,602,800	6,181,270	3,857	6,822	7,435
Massachusetts	2,453,130	38,017,455	163,615	125,330	6,150	35,027	163,835	22,767	2,118,293	7,759,451	3,663	2,757	1,793
Michigan	3,411,195	56,125,465	235,785	157,795	6,128	19,015	238,452	27,865	2,893,799	11,250,145	3,888	5,380	5,629
Minnesota	1,630,692	24,886,117	116,842	65,676	*4,126	*10,184	115,259	11,425	1,362,680	4,772,989	3,503	4,895	2,264
Mississippi	790,510	10,348,800	23,833	16,962	*310	*415	23,386	2,182	636,640	1,856,285	2,916	5,541	10,506
Missouri	1,850,567	28,279,280	66,319	45,013	*5,349	*4,327	68,619	6,359	1,576,203	5,567,060	3,532	7,449	4,209
Montana	310,752	4,305,023	14,296	7,222	1,307	5,744	14,824	3,185	251,924	772,636	3,067	2,178	2,370
Nebraska	617,810	9,165,585	32,653	22,941	*1,117	*4,143	32,257	4,032	517,785	1,658,669	3,203	2,957	3,594
Nevada	390,898	6,074,826	8,524	6,772	2,242	3,809	10,644	2,627	338,384	1,274,285	3,766	2,338	2,628
New Hampshire	401,748	6,034,752	14,296	10,976	*147	*488	14,667	1,790	338,777	1,164,189	3,436	75	69
New Jersey	3,133,026	54,676,622	223,631	188,723	816	2,663	223,995	24,923	2,732,907	11,792,913	4,315	1,819	754
New Mexico	494,423	6,976,255	15,331	11,314	6,567	17,256	18,802	7,201	404,892	1,291,415	3,190	3,409	2,910
New York	6,825,713	110,123,088	396,646	326,123	1,287	1,164	394,696	39,496	5,892,232	23,228,723	3,942	10,226	6,524
North Carolina	2,225,928	29,677,874	65,592	37,914	*2,341	*13,789	66,404	9,525	1,830,173	5,289,258	2,890	457	564
North Dakota	254,008	3,827,846	10,499	5,749	*983	*899	10,234	1,040	199,981	705,840	3,530	3,709	4,324
Ohio	4,192,041	66,717,071	179,926	132,792	*3,491	*11,546	181,821	19,993	3,684,927	13,235,515	3,592	16,639	11,821
Oklahoma	1,174,683	19,079,445	39,915	27,312	*241	*3,401	38,877	4,368	990,273	3,928,761	3,967	55,431	53,674
Oregon	1,015,421	14,691,138	41,576	39,409	4,523	19,382	43,548	10,126	813,193	2,772,292	3,409	4,716	3,290
Pennsylvania	4,647,122	72,483,617	253,298	224,998	7,282	27,736	259,658	38,211	3,995,572	14,362,293	3,595	4,822	1,984
Rhode Island	387,339	5,457,977	23,878	10,764	3,092	14,631	25,335	7,235	333,334	1,015,327	3,046	44	3
South Carolina	1,140,496	14,971,885	47,747	21,685	*357	*3,180	48,096	4,373	964,026	2,613,587	2,711	1,817	116
South Dakota	244,548	3,317,448	8,560	4,630	*2,518	*1,753	9,757	997	191,351	561,423	2,934	335	167
Tennessee	1,594,543	22,589,215	71,405	59,251	*3,496	*23,655	74,668	17,168	1,311,782	4,232,365	3,226	3,273	1,415
Texas	5,801,677	100,574,311	110,678	111,993	*2,214	*983	110,253	12,716	4,946,744	22,248,729	4,498	101,737	101,272
Utah	508,529	7,155,471	25,482	19,782	1,625	7,696	24,502	5,113	419,906	1,272,205	3,030	755	967
Vermont	199,046	2,643,450	11,769	7,166	*383	*1,082	12,072	1,909	170,817	466,593	2,732	23	5
Virginia	2,124,896	34,152,052	62,145	39,700	4,997	12,442	68,051	11,426	1,845,782	6,864,547	3,719	4,223	507
Washington	1,710,984	29,317,584	82,197	79,711	*1,058	*5,392	82,977	11,859	1,509,622	6,015,590	3,985	8,102	3,661
West Virginia	624,628	9,298,668	16,537	13,711	*173	*424	16,645	2,214	518,008	1,774,393	3,425	3,098	579
Wisconsin	1,843,837	27,665,478	120,240	79,195	*6,848	*23,027	123,828	17,986	1,533,706	5,229,012	3,409	4,802	1,268
Wyoming	207,216	3,704,945	5,484	4,639	*474	*1,949	5,707	1,277	177,112	785,636	4,436	2,243	3,824
APO/FPO ¹	468,577	4,646,558	*45	*21	—	—	45	3	435,621	670,300	1,539	45	1
Puerto Rico	31,657	347,118	—	—	—	—	—	—	13,346	13,369	1,002	—	—
U.S. citizens abroad ²	189,247	6,125,625	*1,039	*2,916	—	—	*1,039	*245	154,151	1,014,038	6,578	394	409

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

¹ Returns filed from Army Post Office and Fleet Post Office addresses.² Returns filed by U.S. citizens living in U.S. possessions or abroad.

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

Corporation Income Tax Returns:1980

By James R. Hobbs*

While for 1980 the corporate sector of the economy continued to grow in size (the number of income tax returns filed and the amount of total assets and total receipts increased), there was a dramatic decrease in the profits of these companies. Net income (less deficit) of \$239.0 billion represented a 16.2 percent drop from the 1979 amount. This decrease is largely a reflection of the deteriorated condition of the economy during the period covered by this report.

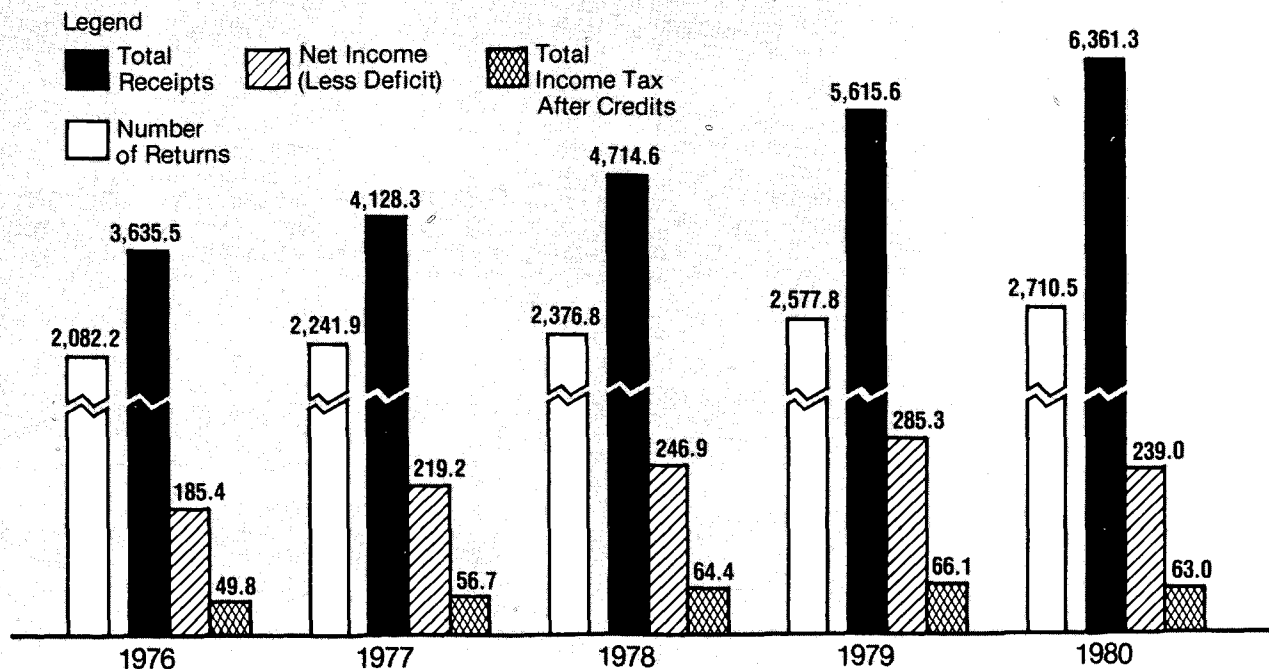
NUMBER OF RETURNS

Over 96 percent of the corporations filing tax returns were actively engaged in business during 1980.

The 2,711,000 income tax returns of active corporations filed were 5.2 percent greater than the number filed for 1979. This increase when compared to increases of 7.7, 6.0, and 8.5 percent for 1977, 1978, and 1979, respectively, indicates a decline in the rate of growth of the corporate sector. (See Figure A for a brief historical presentation.)

The number of corporate returns filed in any given year actually understates the corporate population. This is because of consolidated returns, which contain the combined financial data of two or more corporations which have met certain affiliated group provisions of the Internal Revenue Code. For 1980, there

Figure A
Returns of Active Corporations: Number of Returns, Total Receipts, Net Income (Less Deficit), and Total Income Tax After Credits, 1976-1980
(Number of Returns in Thousands — Amounts in Billions of Dollars)



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Corporation Returns, 1980

were approximately 58,000 consolidated returns representing an estimated 221,000 corporations. Taking these figures into account, a reasonable estimate for the total number of corporations included in "active" returns would be about 2,874,000.

The 6.0 percent, or approximately 160,000 increase for 1980 in the number of corporations included in "active" returns, is, of course, a netted figure. Both newly incorporated companies ("births") and companies dropping their incorporated status for various reasons ("deaths") are reflected in the 160,000 increase. This estimated net increase was smaller than that for 1979. While the birth rates for these years were similar [1], the lower increase was the result of the death rate rising by approximately 20 percent, again—a reflection of the weakened economy.

BALANCE SHEET

Corporate assets increased by almost \$800 billion, from \$6.8 trillion for 1979 to \$7.6 trillion for 1980. This 11.3 percent increase outpaced the 9.0 percent inflation rate for 1980, as measured by the Implicit Price Deflator for Gross National Product [2]. Because balance sheet items tend to be "book valued" (as opposed to a "fair market value" which adjusts for inflation) from year to year, new assets accounted for the majority of the 2.3 percent real value increase.

The increase was spread among all asset items and ranged from only 4.9 percent for State and local Government obligations to a high of 25.5 percent for net depletable assets. Net depletable assets included the value of mineral property, oil and gas wells, other natural deposits, standing timber, intangible development and drilling costs capitalized, and leases and leaseholds, less the reduction for accumulated depletion. The largest dollar increase for net depletable assets (\$4.6 billion) was associated with the manufacture of petroleum and coal products. This industry included "integrated" companies which were involved in both extracting and refining oil.

Another asset item of interest is inventories. Inventory change, often an indicator of the direction of the economy, was only \$30.5 billion, or a net increase in inventories of 6.0 percent for 1980. Considering the inflation rate, this meant that there was an actual decrease in the constant-dollar or real value of inventories. The chart below shows that most of the change to ending inventories was due to companies involved in either manufacturing or trade.

Industry	1979 Inventories (billions)	1980 Inventories (billions)	Percent Change
Manufacturing	\$257.6	\$268.4	4.2
Wholesale and Retail Trade	177.0	188.8	6.7
All Industries	504.3	534.8	6.0

Most liability items, like assets, increased for 1980. The components of corporate debt were altered somewhat from 1979 due in part to rising interest rates (see below for a more detailed discussion of the effect of interest rates). While mortgages, notes, and bonds payable rose only 11.4 percent, loans from stockholders, a source of comparatively low-cost financing for corporations, rose by 26.9 percent.

The proportion of liabilities and stockholder's equity related to corporate assets remained constant at 75 and 25 percent, respectively, for 1980. It could be expected, however, that equity will assume a some-

what smaller proportion of assets for 1981 due to the decrease in profitability and the resulting decline in the rate of growth of retained earnings.

INCOME STATEMENT

The decline in corporate profitability reversed a trend of increasing profits since the last economic downturn in 1975. The downturn in 1980 was much larger than that for 1975 in both rate of change and actual dollar amounts. Shown below is a historical summary of net income (less deficit), as computed under the provisions of the Internal Revenue Code.

Years Compared	Difference (billions)	Percent Change
1974-1975	\$- 3.4	- 2.3
1975-1976	42.8	30.0
1976-1977	33.8	18.2
1977-1978	27.6	12.6
1978-1979	38.4	15.6
1979-1980	-46.3	-16.2

The drop in corporate profits for 1980 was widespread. Very divergent business activities had declines, demonstrating that the economy did not just deteriorate in one area. The drop in profits for a selected group of business activities is shown below.

Industry	Net Income (Less Deficit)		Percent Change
	1979 (millions)	1980 (millions)	
General building contractors and operative builders	\$1,976.3	\$1,768.5	-10.5
Manufacturing:			
Primary metal industries	5,458.1	4,526.2	-17.1
Motor vehicles and equipment	8,418.3	-2,586.1	-130.7
Banking	7,350.4	4,576.8	-37.7
Real estate	3,096.7	1,616.6	-47.8

The poor showing of corporate profits for 1980 was the result of expenses increasing faster than receipts. While total receipts increased almost \$746 billion, or 13.3 percent, total expenses increased even more, by over \$793 billion, or 14.9 percent. Sales, the predominant component of total receipts, rose by 11.2 percent, a real value increase considering the 9.0 percent inflation rate. However, the even greater rise of 13.0 percent in cost of sales and operations was the primary cause of the reduced profits.

Another ingredient in the decline of corporate profits was the increased cost of borrowed funds. Reflecting the rising interest rates (for instance, the average "prime rate" charged by banks on loans rose from 12.67 percent for 1979 to 15.27 percent for 1980 [3]), both the amount of interest received and the amount of interest paid grew significantly. Interest received on non-Governmental obligations rose by \$70 billion, or 26.9 percent, and interest paid rose by \$83 billion, or 31.8 percent. While much of this interest was intercorporate, i.e., from one corporation to another, substantial amounts were also the result of such corporate activities as loans which involved individuals and governmental bodies. This included demand and time deposits and mortgage and consumer loans made by banks and savings institutions and U.S. Small Business Administration loans.

The effects of the increased interest rates are further apparent when the rapid rise in interest income

and expenses are compared to the much slower growth in balance sheet items representing debt obligations. Thus, the asset item of mortgage and real estate loans increased only 6.3 percent, and the liability items of combined mortgages, notes, and bonds payable rose 11.4 percent.

INCOME TAX

Total income tax before credits for 1980 declined by 12.6 percent, from \$120.3 billion to only \$105.1 billion, the first actual decrease since 1970. (Even the 1975 economic downturn produced a slight increase in income tax.) Total income tax after credits (discussed below) also decreased, by 4.9 percent to \$62.7 billion for 1980. This \$3.2 billion decrease in U.S. tax liability is a reflection of the drop in corporate profits. Compared to an expected increase based on previous years, this decrease was a significant factor in the growing Federal budget deficit.

Since the tax rate structure for 1980 was essentially unchanged from 1979, it did not contribute to the decrease in corporate tax liability. Two basic methods of tax computation were available to corporations: a regular method based on five graduated steps of taxable income and an alternative method. The rates for the regular method are shown below:

<u>Taxable Income</u>	<u>Tax Rates (Percent of Taxable Income)</u>
\$25,000 or less	17
\$25,001 to \$50,000	20
\$50,001 to \$75,000	30
\$75,001 to \$100,000	40
Over \$100,000	46

The alternative method of computing tax using net long-term capital gains was also available as in prior years. Under this method, the special capital gains tax rate was 28 percent. The remainder of taxable income was taxed at the regular rates. Corporations were allowed to use this alternative method when the resulting tax liability was less than that computed under the regular method.

TAX CREDITS

The \$103.8 billion of corporate tax liability for 1980 resulting from the regular and alternative tax was reduced by nearly \$42 billion by the foreign tax, U.S. possessions tax, investment, work incentive (WIN), jobs, alcohol fuel, and nonconventional source fuel credits. (The taxes from recomputing prior-year investment and work incentive (WIN) credits and the additional tax for tax preferences could not be reduced by these credits.) Brief discussions on selected credits are provided below.

Foreign tax credit was a credit against U.S. income tax for taxes paid, accrued, or "deemed paid" to foreign countries. The foreign taxes could have been based on foreign income, war profits, or excess profits. This credit dropped 32.5 percent, from \$36.8 billion to \$24.9 billion. This reduction was completely accounted for by a \$17.0 billion decrease among companies whose principal business activity was the extraction of crude petroleum, natural gas, and natural gas liquids. This decline was the result of a decrease in tax liability before credits, which was related to the foreign nationalization of certain U.S. oil interests. (The total credit for all other industries actually rose for 1980.) A brief historical table is shown below.

Extraction of Crude Petroleum, Natural Gas, and Natural Gas Liquids

<u>Year</u>	<u>Total Income Tax Before Credits (billions)</u>	<u>Foreign Tax Credit (billions)</u>	<u>Percent of Total Income Tax Reduced by Foreign Tax Credit</u>
1976	13.3	12.9	97.0
1977	14.1	13.6	96.5
1978	12.7	12.3	96.9
1979	19.0	18.5	97.4
1980	2.1	1.5	71.4

Investment credit was allowed corporations for investment in certain depreciable (and amortizable) property with a useful life of 3 years or more. While the amount of this credit did increase by \$425 million, the rate of increase slowed considerably. The 2.9 percent increase for 1980 was substantially less than the 13.8, 16.8, and 20.6 percent increases for 1979, 1978, and 1977, respectively. The small increase for 1980 was in part due to the drop in tax against which the credit could have been applied. Additionally, the expenditures on depreciable and amortizable property (i.e., capital investment) related to the credit actually decreased by \$2.0 billion, amounting to \$225.7 billion for 1980.

DATA SOURCES AND LIMITATIONS

A general description of sampling procedures and data limitations applicable to the Statistics of Income tabulations is contained in the Appendix of this publication. Specific information related to 1980 corporate data is shown below.

Sample Selection

The statistics for the 1980 Income Year were estimated from a stratified probability sample of about 85,000 corporation income tax returns selected after revenue processing but before audit. The returns for 1980, as well as for 1979, were generally stratified using net income or deficit, total assets, and business activity. (However, for years prior to 1979, samples were stratified using only total assets and net income or deficit.) The corporation population from which the sample was drawn contained the following types of returns: Form 1120--U.S. Corporation Income Tax Return; 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; Form 1120F--Return of a Foreign Corporation; and Form 1120-DISC--Domestic International Sales Corporation Return.

The sample rates for return Forms 1120 and 1120S ranged from 0.25 percent to 100 percent and were based on size of total assets and net income (or deficit), and the presence or absence of principal business activity codes. Return Forms 1120L and 1120M were sampled at either a 50 or 100 percent rate, depending on the size of total assets. Return Form 1120F was sampled at rates ranging from 25 percent to 100 percent. For return Form 1120-DISC, sample rates ranged from 19 to 100 percent.

Limitations

Because the data presented in this article are estimates based upon a sample, they are subject to sampling error. To use the data properly, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude.

The table below presents approximated CV's for frequency estimates. The approximate CV's shown here are intended only as a general indication of the reliability of the data. For numbers of corporations other than those shown below, the corresponding CV's can be estimated by interpolation.

Estimated Number of Returns	Approximated Coefficient of Variation (Percent)
1,000,000	2
160,000	5
40,000	10
10,000	20
4,500	30
3,300	35
1,600	50

The reliability of estimates based on samples and the use of CV's for evaluating the precision of sample estimates are discussed in the Appendix.

Time Period Covered

The 1980 estimates are based on data from returns with accounting periods that coincided with Calendar Year 1980 (these returns accounted for the bulk of the financial data) as well as returns with accounting periods that were for fiscal years ending any time from July 1980 through June 1981. In addition to returns filed for 12-month accounting periods, the statistics also include data from so-called part-year returns. These returns, which were filed for less than a 12-month period, were for corporations that changed accounting periods, and for new, merging, and liquidating corporations.

Definitions and Changes in Law

Definitions of terms, changes in law, a comprehensive description of data limitations, and additional detailed statistics will be available in the publication, Statistics of Income--1980, Corporation Income Tax Returns. Definitions for most of the terms used here are now available in Statistics of Income--1978-1979, Corporation Income Tax Returns.

Derivation of Estimates

For this article estimates for both 1979 and 1980 were prepared by weighting the sample to population totals by size of total assets, net income or deficit, and business activity.

Data for 1979 shown in this article are slightly different from 1979 data contained in the publication, Statistics of Income -- 1978-1979, Corporation Income Tax Returns. While the same sample was used for 1979, the estimates in the previous publication were obtained by weighting to population totals only by size of total assets and net income or deficit.

It should be noted that even though the new procedure for weighting the corporate sample (described in [4]) did assign somewhat different weights, the resulting aggregates were not significantly different in most cases.

NOTES AND REFERENCES

- [1] Economic Report of the President, p. 338, U.S. Government Printing Office, 1982. The source for these data was, in turn, Dun and Bradstreet, Inc.
- [2] U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, November 1981, Vol. 61, No. 11, p. 12.
- [3] Economic Report of the President, p. 310, U.S. Government Printing Office, 1982.
- [4] Harte, James M., "Post-Stratification Approaches in the Corporate Statistics of Income Program," 1982 Proceedings, American Statistical Association, Section on Survey Research Methods (forthcoming).

Table 1.—Returns of Active Corporations: Balance Sheet, Income Statement, Tax, and Credit Items, 1979 and 1980

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

Item	1979	1980	Percent change 1979 to 1980	Item	1979	1980	Percent change 1979 to 1980
	(1)	(2)	(3)		(1)	(2)	(3)
Number of returns	2,577,801	2,710,538	5.2	Total deductions	5,331,970,825	6,125,365,155	14.9
Total assets	6,844,891,231	7,617,238,403	11.3	Cost of sales and operations	3,721,782,971	4,204,905,905	13.0
Cash	462,537,777	528,914,747	14.4	Compensation of officers	97,723,102	108,973,751	11.5
Notes and accounts receivable	1,817,469,863	1,984,601,790	9.2	Repairs	38,774,776	42,407,967	9.4
Less: Allowance for bad debts	42,859,301	50,057,307	16.8	Bad debts	17,486,107	18,769,771	7.3
Inventories	504,315,590	534,806,547	6.0	Rent paid on business property	63,606,356	71,990,832	13.2
Investments in Government obligations:				Taxes paid	128,172,063	163,003,622	27.2
United States	224,656,370	265,542,521	18.2	Interest paid	261,530,850	344,612,542	31.8
State and local	196,785,368	206,517,216	4.9	Contributions or gifts	2,294,755	2,358,554	2.8
Other current assets	260,221,427	310,177,160	19.2	Amortization	1,418,749	1,374,658	-3.1
Loans to stockholders	25,478,428	29,873,250	17.2	Depreciation	138,490,396	157,345,828	13.6
Mortgage and real estate loans	841,303,175	894,323,489	6.3	Depletion	7,828,973	8,871,993	13.3
Other investments	1,028,946,423	1,213,986,210	18.0	Advertising	46,480,265	52,266,004	12.4
Depreciable assets	1,900,626,462	2,107,027,914	10.9	Pension, profit-sharing, stock bonus, and annuity plans	46,583,431	51,529,310	10.6
Less: Accumulated depreciation	699,741,553	767,841,763	9.7	Employee benefit programs	33,719,869	40,179,104	19.2
Depletable assets	57,702,755	71,901,490	24.6	Net loss, noncapital assets	4,074,858	5,903,104	44.9
Less: Accumulated depletion	16,016,891	19,569,556	22.2	Other deductions	722,003,304	850,872,216	17.8
Land	84,792,835	92,931,935	9.6	Total receipts less total deductions	283,654,693	235,918,858	-16.8
Intangible assets (amortizable)	37,465,838	45,480,694	21.4	Constructive taxable income from related foreign corporations	12,524,853	15,708,560	25.4
Less: Accumulated amortization	15,164,289	18,393,037	21.3	Net income (less deficit), total	285,300,630	239,006,542	-16.2
Other assets	176,370,956	187,015,106	6.0	Net income	322,517,550	296,787,201	-8.0
Total liabilities	6,844,891,231	7,617,238,403	11.3	Deficit	37,216,920	57,780,659	55.3
Accounts payable	482,558,295	542,172,368	12.4	Statutory special deductions, total	18,352,884	18,717,621	2.0
Mortgages, notes, and bonds payable in less than one year	452,958,194	504,802,288	11.4	Net operating loss deduction	9,492,960	9,382,540	-1.2
Other current liabilities	2,585,491,652	2,706,796,360	4.7	Dividends received deduction	8,694,549	9,296,730	6.9
Loans from stockholders	67,546,719	85,718,510	26.9	Other	165,374	38,351	-76.8
Mortgages, notes, and bonds payable in one year or more	885,515,693	986,663,932	11.4	Income subject to tax, total	280,155,155	246,598,486	-12.0
Other liabilities	651,266,486	846,696,691	30.0	Net long-term capital gain taxed at alternative rates	13,613,082	13,217,222	-2.9
Capital stock	353,450,846	417,153,783	18.0	Income tax (before credits), total	120,349,946	105,142,436	-12.6
Paid-in or capital surplus	448,365,805	532,039,407	18.7	Regular and alternative tax	119,157,964	103,831,172	-12.9
Retained earnings, appropriated	48,803,035	41,461,644	-15.0	Tax from recomputing prior-year investment credit	749,051	867,571	15.8
Retained earnings, unappropriated	912,992,287	1,027,902,049	12.6	Tax from recomputing prior-year work incentive (WIN) credit	9,282	4,835	-47.9
Less: Cost of treasury stock	44,057,783	74,168,627	68.3	Additional tax for tax preferences	433,649	438,820	1.2
Total receipts	5,615,625,519	6,361,284,012	13.3	Selected credits:			
Business receipts	5,152,613,019	5,731,616,337	11.2	Foreign tax credit	36,828,057	24,861,315	-32.5
Interest on Government obligations:				U.S. possessions tax credit	1,376,124	1,565,681	13.8
United States	19,541,449	25,440,716	30.2	Investment credit	14,678,306	15,102,812	2.9
State and local	10,878,916	12,620,876	16.0	Work incentive (WIN) credit	27,942	36,483	30.6
Other interest	259,146,298	328,802,958	26.9	Jobs credit	1,318,837	601,444	-54.4
Rents	31,863,195	41,371,141	29.8	Travel, entertainment, and gift expense	20,458,192	23,157,359	13.2
Royalties	8,440,476	12,450,250	47.5	Distributions to stockholders:			
Net short-term capital gain reduced by net long-term capital loss	1,209,842	2,013,510	66.4	Cash and property except in own stock	86,833,911	97,378,617	12.1
Net long-term capital gain reduced by net short-term capital loss	20,005,538	24,910,957	24.5	Corporation's own stock	3,135,129	3,525,549	12.5
Net gain, noncapital assets	15,397,176	20,117,615	30.7				
Dividends received from domestic corporations	16,863,766	18,654,800	10.6				
Dividends received from foreign corporations	12,715,084	14,563,353	14.5				
Other receipts	66,950,760	128,721,498	92.3				

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

Corporation Returns, 1980

Table 2.—Returns of Active Corporations: Selected Items, by Major Industry, 1980

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

Major industry	Number of returns	Total receipts	Business receipts	Cost of sales and operations	Net income (less deficit)	Total income tax before credits ¹	Distributions to stockholders except in own stock	Total assets
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total returns of active corporations	2,710,538	6,361,284,012	5,731,616,337	4,204,905,905	239,006,542	105,142,436	97,378,617	7,617,238,403
Agriculture, forestry, and fishing	80,883	52,089,915	48,850,056	35,798,332	673,158	544,487	304,733	40,738,977
Mining	25,576	176,672,390	167,397,918	116,889,880	7,750,561	4,083,078	4,757,780	126,947,880
Metal mining	672	6,827,582	6,182,407	3,967,848	361,388	201,581	358,409	14,098,558
Coal mining	3,698	15,672,788	14,903,996	10,687,284	136,428	188,777	268,235	14,416,678
Oil and gas extraction	17,393	144,441,771	137,041,990	96,726,746	6,646,587	3,352,065	3,927,394	88,213,138
Nonmetallic minerals, except fuels	3,812	9,730,248	9,269,524	5,608,001	606,158	340,655	203,742	10,219,507
Construction	272,432	267,205,356	260,387,692	208,064,925	5,271,209	2,557,976	793,764	132,939,026
General building contractors and operative builders	110,443	114,579,230	110,968,172	94,742,766	1,768,499	888,138	354,169	65,983,660
Heavy construction contractors	21,112	56,491,164	54,548,331	43,386,542	1,554,362	871,004	216,433	60,977,723
Special trade contractors	140,877	96,134,961	94,871,189	69,935,617	1,948,348	798,834	223,161	36,857,642
Manufacturing	242,550	2,404,323,844	2,301,056,550	1,707,143,900	125,667,815	60,184,725	37,306,509	1,709,471,700
Food and kindred products	14,845	270,575,342	264,367,089	202,726,636	9,938,980	4,556,945	2,904,322	125,662,918
Tobacco manufactures	113	25,648,847	24,655,359	14,443,998	2,341,737	980,259	761,456	28,676,898
Textile mill products	5,259	42,187,469	41,510,440	32,315,119	1,325,199	697,861	278,105	22,913,980
Apparel and other textile products	15,521	45,066,403	44,206,533	32,404,770	1,747,750	858,143	383,361	21,368,382
Lumber and wood products	13,567	54,263,309	50,568,423	39,234,336	985,593	543,154	717,899	43,232,185
Furniture and fixtures	7,917	20,207,695	19,821,630	14,080,811	749,222	408,765	95,076	9,894,199
Paper and allied products	2,991	60,980,158	57,815,805	41,428,553	3,690,947	1,573,107	1,328,057	45,706,908
Printing and publishing	36,686	70,999,318	68,182,322	41,290,627	5,082,533	2,068,554	1,273,639	48,503,366
Chemicals and allied products	10,953	186,349,573	178,438,695	118,283,992	12,788,661	5,006,082	5,610,404	152,277,816
Petroleum (including integrated) and coal products	772	633,860,701	612,199,722	499,433,270	48,064,146	21,019,624	9,038,726	381,122,154
Rubber and miscellaneous plastics products	10,456	41,976,136	40,945,534	28,973,341	937,546	578,417	304,948	26,087,914
Leather and leather products	2,661	13,219,406	12,962,100	9,064,442	758,808	327,556	144,099	6,812,991
Stone, clay, and glass products	10,174	48,942,080	47,197,468	32,960,217	1,926,243	902,530	703,285	39,581,003
Primary metal industries	4,331	143,933,058	137,524,705	105,046,714	4,526,186	2,194,220	1,729,276	129,742,777
Fabricated metal products	34,904	114,424,640	111,460,887	79,882,567	5,413,212	2,631,130	1,112,577	76,124,201
Machinery, except electrical	29,541	179,809,302	159,050,094	110,036,572	13,551,387	6,449,299	4,236,228	158,939,729
Electrical and electronic equipment	13,399	159,609,230	151,435,651	101,415,987	8,265,022	3,921,551	2,498,717	144,217,377
Motor vehicles and equipment	2,390	144,549,157	137,494,054	104,861,786	-2,586,108	1,004,712	1,861,830	138,436,597
Transportation equipment, except motor vehicles	4,543	69,928,955	66,385,668	50,695,661	1,061,142	915,048	968,526	56,297,541
Instruments and related products	6,050	43,456,217	41,474,115	25,494,144	3,912,755	1,850,727	1,036,046	31,892,991
Miscellaneous manufacturing and manufacturing not allocable	15,477	34,336,846	33,360,256	23,070,156	1,176,853	697,400	293,932	21,979,773
Transportation and public utilities	111,324	523,807,396	507,372,820	336,868,172	20,046,155	10,733,055	17,329,807	758,364,400
Transportation	90,609	206,721,578	198,032,692	139,687,462	3,903,610	2,828,470	1,896,408	178,637,363
Communication	10,409	103,336,474	101,207,639	50,457,168	7,276,677	3,494,329	5,175,840	201,509,275
Electric, gas, and sanitary services	10,306	213,749,344	208,132,499	146,723,543	8,865,868	4,410,256	10,257,559	378,217,762
Wholesale and retail trade	799,628	1,955,523,778	1,919,347,689	1,538,128,634	38,309,671	13,655,104	10,343,087	646,901,005
Wholesale trade	281,062	1,123,082,167	1,104,360,477	950,574,751	26,715,755	8,002,235	6,976,694	343,337,450
Groceries and related products	27,148	162,311,277	160,453,421	141,171,927	1,718,776	667,302	294,538	31,591,401
Machinery, equipment, and supplies	63,231	123,226,433	119,521,712	89,791,138	6,113,592	1,173,468	2,017,889	61,497,377
Miscellaneous wholesale trade	190,683	837,544,456	824,385,344	719,611,686	18,883,387	6,161,465	4,664,267	250,248,672
Retail trade	514,835	830,448,123	813,019,119	586,148,691	11,547,966	5,635,317	3,363,079	302,873,745
Building materials, garden supplies, and mobile home dealers	38,381	46,999,136	45,828,643	33,085,023	974,300	404,289	105,676	21,643,821
General merchandise stores	9,655	128,404,966	123,224,640	79,838,815	2,890,969	1,318,765	1,487,664	90,207,292
Food stores	37,580	190,849,443	188,813,694	147,454,700	2,086,516	929,105	406,657	35,370,045
Automotive dealers and service stations	81,814	207,158,352	203,754,302	172,818,184	202,372	509,994	181,738	51,269,352
Apparel and accessory stores	44,853	34,876,544	34,096,834	20,050,230	985,552	438,857	225,684	16,208,486
Furniture and home furnishings stores	40,453	32,887,765	32,158,057	20,609,494	738,155	322,012	68,945	14,670,487
Eating and drinking places	113,517	64,469,499	62,555,184	26,830,345	1,087,695	644,858	277,836	28,192,673
Miscellaneous retail stores	148,582	124,802,418	122,587,765	85,461,901	2,582,408	1,067,437	608,879	45,311,588
Wholesale and retail trade not allocable	3,731	1,993,489	1,968,093	1,405,192	45,949	17,553	3,314	689,809
Finance, insurance, and real estate	493,426	687,460,846	256,892,475	129,644,330	33,122,792	9,804,884	24,692,146	4,022,206,073
Banking	13,924	202,353,530	21,006,693	3,974,630	4,576,782	3,044,016	4,741,627	2,101,002,731
Credit agencies other than banks	62,315	78,643,297	9,623,250	2,630,137	-2,197,745	495,460	677,499	747,401,345
Security, commodity brokers and services	6,168	26,153,942	13,020,302	307,336	1,821,141	766,993	246,441	92,181,508
Insurance	10,620	282,753,356	167,515,129	107,671,531	9,492,435	3,239,797	3,305,840	716,427,974
Insurance agents, brokers, and service	47,498	14,056,668	13,185,277	2,573,100	1,001,911	385,172	386,141	15,348,653
Real estate	292,475	45,725,081	26,972,229	8,972,412	1,616,634	1,126,750	763,647	128,177,396
Holding and other investment companies, except bank holding companies	60,427	29,774,971	5,569,596	3,515,185	16,811,634	746,696	14,570,950	221,666,466
Services	671,338	279,883,187	266,088,619	129,352,692	8,193,903	3,554,144	1,841,945	178,163,737
Hotels and other lodging places	19,114	18,258,904	16,965,951	8,951,301	724,579	372,777	225,687	20,825,235
Personal services	44,835	13,973,287	13,538,212	6,647,705	526,538	194,052	117,136	8,074,759
Business services	176,647	84,444,691	79,917,494	43,542,513	2,339,090	1,159,632	578,123	57,631,352
Auto repair; miscellaneous repair services	76,123	28,924,237	27,641,404	15,055,265	471,136	221,860	138,630	20,903,917
Amusement and recreation services	46,708	31,306,886	28,493,707	14,396,931	1,134,162	608,658	311,507	29,040,120
Other services	307,910	102,975,181	99,531,851	40,758,978	2,998,397	997,165	470,861	41,688,356
Nature of business not allocable	13,384	4,317,300	4,222,517	2,915,040	-28,722	24,983	8,846	1,505,605

¹ Total income tax includes regular and alternative tax, tax from recomputing prior-year investment credit, tax from recomputing prior-year work incentive (WIN) credit, and additional tax for tax preferences.

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

Average and Marginal Tax Rates, 1980 Individual Income Tax Returns

By Charles Hicks*

For the 1980 Tax Year, the total Federal income tax of all individual taxpayers represented just under 16 percent of their adjusted gross income (AGI) reported on all Form 1040 and 1040A tax returns. The median taxpayer had adjusted gross income of approximately \$13,000 in 1980, and owed about \$1,200, or just under 10 percent of adjusted gross income, in Federal income taxes.

The following table shows the approximate effective tax rate for the average, or more specifically, the median taxpayer over the 30-year period, 1950-1980.

Effective Tax Rates on Median AGI, 1950 - 1980

<u>Tax Year</u>	<u>Median Adjusted Gross Income</u>	<u>Effective Tax Rates</u>
1950	\$2,721	5.5%
1955	3,528	8.1
1960	4,281	8.7
1965	5,143	8.4
1970	6,784	9.8
1975	8,929	8.9
1976	9,556	8.8
1977	10,272	8.5
1978	10,972	9.0
1979	11,869	9.3
1980	12,824	9.9

As one can tell from the above table, the effective tax rate, defined as the ratio between total income tax and adjusted gross income, on the median AGI has almost doubled over the last 30 years.

One method of measuring the overall effects of the tax law system from year to year is to compare the effective tax rate for total AGI for each of the years involved. As the table below shows, since 1950, the effective tax rate on total AGI has increased fairly steadily--by about 50 percent during these 30 years.

Effective Tax Rates on Total AGI, 1950 - 1980

<u>Tax Year</u>	<u>All Returns</u>	<u>Joint Returns</u>	<u>Nonjoint Returns</u>
1950	10.2%	9.9%	11.4%
1955	11.9	11.6	12.9
1960	12.5	12.3	13.5
1965	11.5	11.5	11.8
1970	13.3	13.3	13.1
1975	13.1	13.5	11.9
1976	13.5	14.0	11.8
1977	13.8	14.5	11.9
1978	14.5	15.2	12.5
1979	14.6	15.4	12.8
1980	15.5	16.2	13.7

There are substantial differences between effective tax rates and tax bracket rates. One of these differences is that effective tax rates, as used in the table above, are based on AGI while the tax bracket rates are applied to a usually lesser amount of income called "taxable income" (AGI less the amounts for personal exemptions and itemized deductions). Another difference is that a tax return has only one effective tax rate while the same return may have tax generated at many different tax bracket rates. Both the tax rates and the income brackets to which they applied have been changed many times since 1950.

While the effective tax rate is generally accepted as a good measure of the tax burden, based on the percent of adjusted gross income payable as income tax, it fails to take account of changes in the number and kinds of adjustments to income that are allowed by the tax law, types of income which are not reported on the tax return, and types of income which are reported on the tax return but not fully included in adjusted gross income. For example, the only adjustment allowable for 1950 was the employee business expense adjustment. By 1980, the number of allowable adjustments had increased to eight, including payments to an individual retirement arrangement, payments to a Keogh plan, and forfeited interest penalties. During the last decade, since 1970, the number of returns with adjustments has doubled, and the dollar amount of adjustments has quadrupled. Thus, the effective tax rate presented above actually overstates the tax burden to the degree these adjustments have been used to reduce gross income. Examples of types of income which are not fully taxable include dividend income, long-term capital gains, and unemployment compensation. The types of income which are not reportable on the tax return include social security payments and interest earned on tax free bonds.

Changes in Tax Rates, 1950-1980

For 1950, there were two tax rate schedules, one for married couples filing a joint return, and the second for all other filers. The only difference between the two sets was that the income brackets for joint filers were twice as broad as those for other filers. For example, the first bracket for joint filers covered all taxable income under \$4,000, and the tax rate was 20 percent. For all other filers, the first bracket included income up to \$2,000 which was also taxed at 20 percent.

By 1955, a third schedule had been introduced. This schedule was to be used by "heads of households" (unmarried individuals with at least one dependent). For a given amount of income, this schedule generated a tax which fell between that generated by the joint return rates and the rates used by both single taxpayers and married couples filing separate returns.

*Individual Returns Analysis Section. Prepared under the direction of Noreen Hoffmeier, Chief.

Marginal Tax Rates, 1980

By 1965, the tax bracket rates had been significantly revised. For the first three years covered in the two tables above, 1950, 1955, and 1960, the tax rates had ranged from 20 percent to 91 percent. For 1965, the rates ranged from 14 percent to 70 percent. This lower range of tax rates is the major reason for the decrease in the average rates, i.e., income tax before credits as a percent of AGI, from 1960 to 1965.

Another major change in the tax rate schedules had occurred by 1975. That change was the introduction of a fourth tax rate schedule for single persons (who had previously used the same schedule as married persons filing separately). This new schedule of lower tax rates for single filers was largely responsible for the decrease in the average tax rate for nonjoint returns from 1970 to 1975.

Computation of Income Tax Before Credits

In addition to the four tax rate schedules for 1980, there were also three methods of computing income tax before credits: the regular method, the maximum tax method, and the income averaging method. The first of these, the regular method, was used on 91.9 percent of the returns on which a tax was computed. The maximum tax method was designed to limit the tax rate on personal service income, primarily salaries and wages, to 50 percent. The income averaging method was designed to help taxpayers whose current-year income was substantially greater than that for the previous four years. (For a further discussion of the maximum tax and income averaging methods, see Statistics of Income--1980, Individual Income Tax Returns.)

The following example shows how income tax before credits was computed for 1980 for a married couple filing a joint return, claiming four exemptions, having \$4,500 in itemized deductions and adjusted gross income of \$45,000.

Joint Return with Income Subject to Tax at Regular Rates Only

Derivation of Income Subject to Tax:

\$45,000 - Adjusted Gross Income
 -1,100 - Excess itemized deductions
 -4,000 - Exemption amount
 \$39,900 - Income subject to tax

Derivation of Regular Tax:

1st \$3,400 taxed at 0%.....\$ 0
 Next \$2,100 taxed at 14%.....\$ 294
 Next \$2,100 taxed at 16%.....\$ 336
 Next \$4,300 taxed at 18%.....\$ 774
 Next \$4,100 taxed at 21%.....\$ 861
 Next \$4,200 taxed at 24%.....\$ 1,008
 Next \$4,400 taxed at 28%.....\$ 1,232
 Next \$5,300 taxed at 32%.....\$ 1,696
 Next \$5,300 taxed at 37%.....\$ 1,961
 Next \$4,700 taxed at 43%.....\$ 2,021
 \$39,900 Income tax before credits \$10,183

The difference between a marginal tax rate and other tax rates becomes clear with this example. As illustrated, a particular return can have income taxed at many different tax bracket rates. However, a return has only one marginal tax rate, which is the highest tax bracket rate applicable to that return. In this example, the taxpayer had income taxed at ten tax bracket rates varying from 0 percent to the marginal (highest) rate of 43 percent.

The following table was developed using a procedure similar to that illustrated in the previous example. The AGI and total itemized deductions for each year have been adjusted, using the Commerce Department's

Personal Consumption Expenditures implicit price deflator, to reflect the constant dollar amounts used in the above computation.

Example of Moderate-Income Joint Return,
Marginal and Average Tax Rates, 1950-1980

Tax Year	Adjusted gross income		Marginal tax rate	Average tax rate
	Current year dollars	1980 dollars		
1950	\$14,289	\$45,000	26%	17.9%
1955	16,172	45,000	30	17.1
1960	18,055	45,000	30	18.1
1965	19,380	45,000	25	15.6
1970	23,228	45,000	28	17.4
1975	31,440	45,000	36	19.5
1976	33,072	45,000	36	20.1
1977	34,980	45,000	39	20.8
1978	37,441	45,000	39	22.0
1979	40,806	45,000	43	22.0
1980	45,000	45,000	43	22.6

Many of the tax law changes over the last 15 years have been designed, at least partially, to offset the effect of inflation or "bracket creep." It is interesting to compare the effectiveness of these changes at different income levels. The following table is for a low-income married couple claiming four exemptions and not itemizing their deductions.

Example of Low-Income Joint Return,
Marginal and Average Tax Rates, 1950-1980

Tax Year	Adjusted gross income		Marginal tax rate	Average tax rate
	Current year dollars	1980 dollars		
1950	\$ 3,175	\$10,000	20%	2.5%
1955	3,594	10,000	20	4.6
1960	4,012	10,000	20	6.1
1965	4,302	10,000	15	4.4
1970	5,162	10,000	16	5.9
1975	6,987	10,000	16	4.3
1976	7,349	10,000	16	4.5
1977	7,773	10,000	15	2.9
1978	8,320	10,000	16	3.7
1979	9,068	10,000	14	2.6
1980	10,000	10,000	16	3.7

A comparison of the two tables above shows that the tax law changes which became effective for 1977, including the introduction of the zero bracket amount (in effect, a significantly increased standard deduction), had a most dramatic effect on low-income taxpayers. In this group, the amount of tax actually declined between 1976 and 1977 although adjusted gross income increased. For moderate-income taxpayers, the changes which became effective for 1977 had much less effect because of the prevalent use of itemized deductions.

The tax law changes which became effective for 1979 had more widespread effects. The changes included increasing the zero bracket amount, raising the exemption amount from \$750 to \$1,000, and reducing the total number of tax bracket rates. These changes more than offset the effects of inflation for both low- and moderate-income taxpayers. There was no major tax law change between 1979 and 1980 which affected the computation of income tax before credits. Therefore, most of the increase in the average tax rate between 1979 and 1980 in the two examples above can be attributed to inflation and "bracket creep."

This article has mentioned only some of the more significant tax law changes over the last 30 years. For a more detailed discussion of year-to-year tax law changes see the annual issues of Statistics of Income--Individual Income Tax Returns.

Total Income Tax, 1980

Having looked at the effect of recent tax law changes on income tax before credits, let us take a more detailed look at the final result of all income tax computations--total income tax. Total income tax takes into account the effect of any tax credits to which the taxpayer may be entitled as well as the additional tax for tax preferences. The additional tax for tax preferences was intended to ensure that

many taxpayers who were able to significantly reduce their taxable income and, therefore, their tax through the use of so-called "tax shelters" paid at least a minimum amount of tax.

Figure A below shows the result of dividing total income tax by adjusted gross income for specified AGI classes. This figure indicates that the current tax system is, overall, a progressive one. However, as Figure B illustrates, within a particular AGI class, there is a wide range of effective tax rates due mostly to differences in deductions and credits available to individual taxpayers. Figure B was based on the 2,033,079 returns filed for 1980 reporting AGI of between \$50,000 and \$75,000. Data similar to that used to produce Figure B can be found in Table 3.3 of Statistics of Income--1980, Individual Income Tax Returns.

Figure A
Effective Tax Rate by Size of
Adjusted Gross Income, 1980

Effective Tax Rate
(Percent)

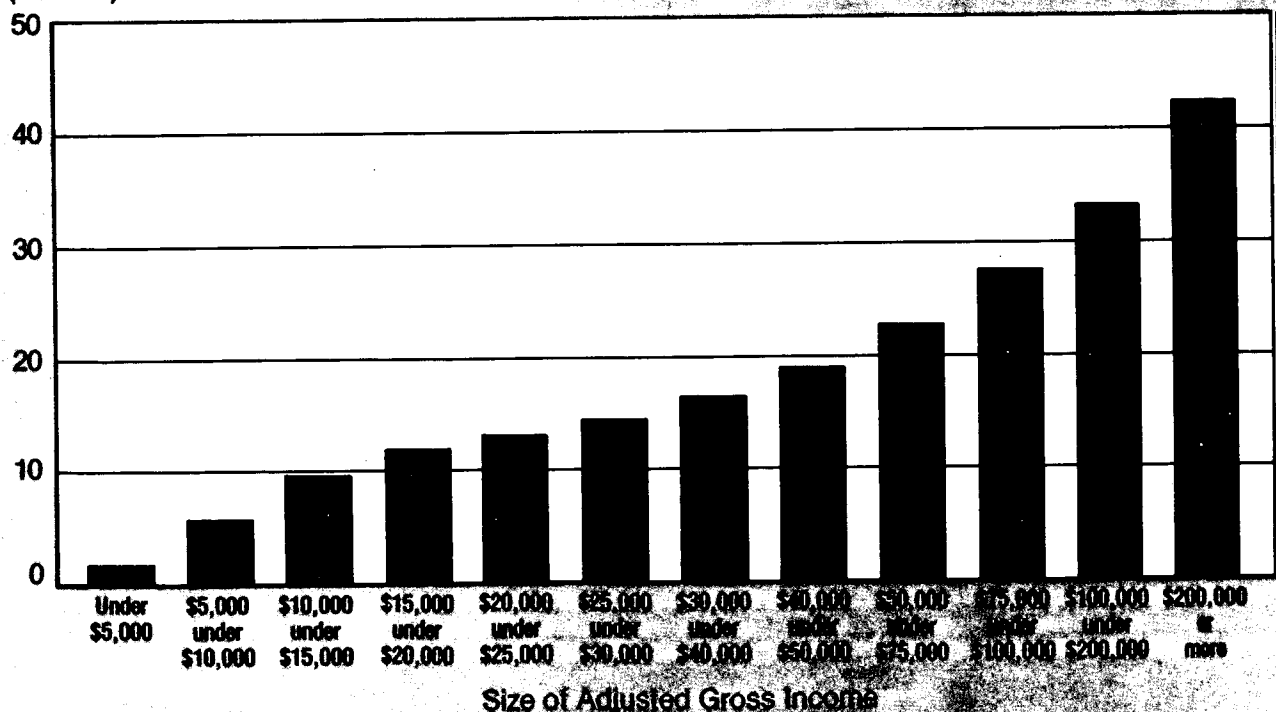
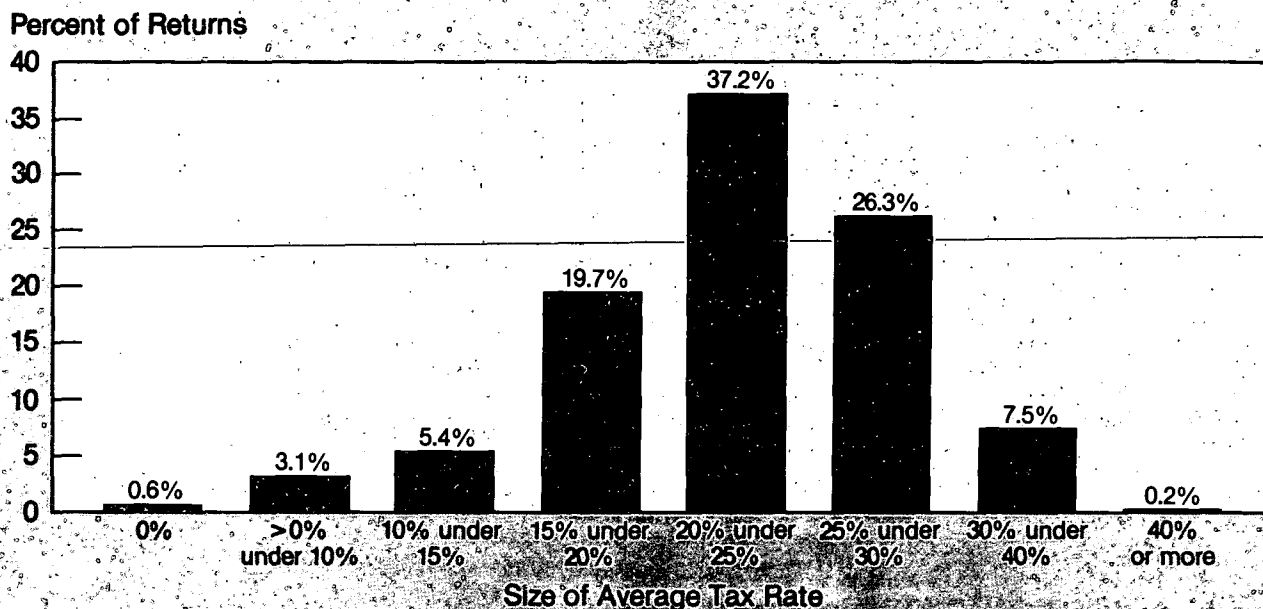


Figure B
Returns with Adjusted Gross Income \$50,000 Under \$75,000:
Percent of Returns by Size of Average Tax Rate



Definitions

The following list contains definitions for the major items discussed in this article:

Effective tax rate--the ratio between total income tax and adjusted gross income.

Average tax rate--the ratio between income tax before credits and adjusted gross income.

Marginal tax rate--the highest tax rate at which a particular taxpayer has income taxed.

Adjusted gross income--the result of reducing gross income from all sources subject to tax by certain statutory adjustments.

Total income tax--the sum of income tax after credits, minimum tax, and alternative minimum tax. For 1980, income tax after credits made up 99.5 percent of total income tax.

Income tax after credits--income tax before credits reduced by statutory credits. For 1980, these credits included the foreign tax credit, the investment credit, and the residential energy credit.

Income tax before credits--a tax computed on current-year taxable income which was the least of the regular tax, the income averaging tax, or the maximum tax on personal service income.

Taxable income--adjusted gross income reduced, for 1980, by \$1,000 for each exemption and by excess itemized deductions. Excess itemized deductions was the amount by which a taxpayer's itemized deductions exceeded the zero bracket amount--a tax-free amount to which all taxpayers were entitled, whether or not they itemized their deductions.

For more detailed definitions of these items, see Statistics of Income--1980, Individual Income Tax Returns.

Data Sources and Limitations

These statistics are based on a sample of individual income tax returns, Forms 1040 and 1040A, filed for

Tax Year 1980. Returns in the sample were stratified based on the presence or absence of Schedule C, Profit (or Loss) from Business or Profession; State for which filed; adjusted gross income or deficit, or largest of selected sources of income or loss; and size of business plus farm receipts. For the complete 1980 sample used here, returns were selected at rates ranging from 0.05 percent to 100 percent, resulting in 171,508 returns being selected from a population of 93,902,469.

As the data presented in this article are estimates based on a sample of documents filed with the Internal Revenue Service, they are subject to sampling, as well as nonsampling, error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known.

The table below presents approximated coefficients of variation (CV's) for frequency estimates. The approximate CV's shown here are intended only as a general indication of the reliability of the data.

For a number other than those shown below, the corresponding CV's can be estimated by interpolation.

Number of Returns	Approximated Coefficient of Variation
5,049,200	.02
807,900	.05
202,000	.10
50,000	.20
22,400	.30
8,100	.50

The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of sample estimates, are discussed in the Appendix.

Marginal Tax Rates, 1980

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Table 1.--All Returns: Tax as a Percent of Income, 1980

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns	Adjusted gross income	Taxable income	Total income tax	Average tax (dollars)	Income tax as a percent of adjusted gross income
	(1)	(2)	(3)	(4)	(5)	(6)
Total.....	93,902,469	1,613,731,497	1,279,985,360	250,341,440	2,666	15.5
No adjusted gross income.....	663,646	-12,823,004	-	101,290	153	(1)
\$1 under \$1,000.....	3,024,351	1,759,292	11,799	*2,436	(2)	(2)
\$1,000 under \$2,000.....	4,275,815	6,385,658	2,021,564	9,413	2	0.1
\$2,000 under \$3,000.....	4,397,486	10,929,316	5,548,294	23,058	5	0.2
\$3,000 under \$4,000.....	3,931,648	13,746,974	7,993,051	115,410	29	0.8
\$4,000 under \$5,000.....	3,762,583	16,907,372	10,541,109	415,578	110	2.5
\$5,000 under \$6,000.....	3,845,684	21,116,919	13,620,128	724,603	188	3.4
\$6,000 under \$7,000.....	3,788,205	24,621,903	16,877,243	1,140,294	301	4.6
\$7,000 under \$8,000.....	3,782,772	28,373,468	20,202,771	1,549,811	410	5.5
\$8,000 under \$9,000.....	3,553,878	30,235,231	22,064,904	1,944,630	547	6.4
\$9,000 under \$10,000.....	3,400,458	32,291,416	24,267,618	2,453,351	721	7.6
\$10,000 under \$11,000.....	3,205,160	33,615,887	25,713,148	2,843,044	887	8.5
\$11,000 under \$12,000.....	2,931,042	33,689,991	26,212,708	3,073,414	1,049	9.1
\$12,000 under \$13,000.....	2,899,170	36,221,920	28,377,779	3,513,296	1,212	9.7
\$13,000 under \$14,000.....	2,738,283	36,953,802	29,153,524	3,773,755	1,378	10.2
\$14,000 under \$15,000.....	2,529,386	36,636,436	28,960,889	3,859,806	1,526	10.5
\$15,000 under \$16,000.....	2,407,056	37,322,297	29,754,277	4,118,080	1,711	11.0
\$16,000 under \$17,000.....	2,247,727	37,065,406	29,917,074	4,229,155	1,913	11.6
\$17,000 under \$18,000.....	2,198,543	38,453,445	30,394,769	4,527,517	2,059	11.8
\$18,000 under \$19,000.....	2,151,979	39,813,886	32,114,475	4,824,455	2,242	12.1
\$19,000 under \$20,000.....	2,092,428	40,775,744	32,538,603	5,005,007	2,392	12.3
\$20,000 under \$25,000.....	9,158,521	205,478,622	165,262,309	26,804,588	2,927	13.0
\$25,000 under \$30,000.....	6,783,466	185,760,754	150,218,626	26,635,973	3,927	14.3
\$30,000 under \$40,000.....	7,950,952	273,095,062	221,308,861	44,388,335	5,583	16.3
\$40,000 under \$50,000.....	3,053,039	134,907,796	109,091,818	25,565,426	8,374	18.0
\$50,000 under \$75,000.....	2,033,079	120,009,700	96,834,054	27,208,647	13,383	22.7
\$75,000 under \$100,000.....	535,348	45,918,079	36,849,386	12,549,071	23,441	27.3
\$100,000 under \$200,000.....	443,514	58,591,220	47,351,172	19,406,182	43,756	33.1
\$200,000 under \$500,000.....	100,369	28,343,686	22,716,587	11,342,454	113,008	40.0
\$500,000 under \$1,000,000.....	12,467	8,323,125	6,516,941	3,713,691	297,882	44.6
\$1,000,000 or more.....	4,414	9,210,095	7,018,879	4,409,751	999,037	47.9

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

¹Percent not computed.

²Estimate not computed due to excessive sampling variability.

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

Table 2.—Income Subject to Tax and Tax, Classified by Both the Marginal Rate and Each Rate at which Tax was Computed

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

Tax rate classes	All returns											
	Classified by the highest marginal rate at which tax was computed									Classified by each rate at which tax was computed		
	Number of returns	Adjusted gross income	Income subject to tax		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of —				
								Adjusted gross income	Income subject to tax			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
All marginal rates	88,104,696	1,616,076,950	1,271,568,753	167,422,019	255,890,970	49,314,051	249,071,293	15.4	19.6	88,104,696	1,271,334,970	255,740,132
0 percent	11,983,975	40,284,388	15,831,620	15,831,620	—	—	15,115	()	0.1	88,104,696	234,839,843	—
14 percent	6,991,632	41,692,254	24,164,984	5,479,994	768,769	767,199	522,363	1.3	2.2	76,120,721	124,734,214	17,462,790
16 percent	6,313,985	50,158,724	32,804,421	5,068,618	2,278,042	810,979	1,917,266	3.8	5.8	69,129,089	111,623,142	17,859,703
18 percent	11,436,082	122,621,168	88,100,735	18,181,637	8,924,481	3,272,695	8,509,462	6.9	9.7	62,815,104	193,010,874	34,741,957
19 percent	3,735,714	32,925,711	27,946,654	3,666,928	3,280,700	696,716	3,257,092	9.9	11.7	17,296,775	30,789,050	5,849,920
21 percent	9,755,966	154,191,630	119,607,748	16,584,181	15,881,797	3,482,678	15,467,002	10.0	12.9	44,728,861	140,465,008	29,497,652
22 percent	1,105,044	14,656,706	11,233,023	1,620,192	1,489,946	356,442	1,416,997	9.7	12.6	2,914,447	7,229,341	1,590,455
24 percent	9,721,737	194,246,908	154,995,988	16,954,875	23,703,221	4,069,170	23,141,969	11.9	14.9	36,782,298	112,649,770	27,035,945
26 percent	2,414,534	39,794,189	34,799,414	2,679,679	5,862,343	696,717	5,783,782	14.5	16.6	8,541,796	16,241,573	4,222,809
28 percent	5,833,728	160,798,071	128,488,762	12,161,241	22,252,830	3,405,147	21,748,266	13.5	16.9	18,518,765	67,019,737	18,765,526
30 percent	2,164,725	40,072,828	35,658,602	3,188,334	6,596,225	956,500	6,539,699	16.3	18.3	5,495,768	13,847,671	4,154,301
31 percent	363,388	8,912,045	7,377,393	763,942	1,438,902	236,822	1,410,870	15.8	19.1	631,494	2,184,904	677,320
32 percent	5,009,685	164,371,593	133,300,264	11,931,189	26,044,668	3,817,981	25,474,652	15.5	19.1	12,685,037	51,861,431	16,595,658
34 percent	1,898,051	43,731,046	38,770,622	4,226,927	8,203,937	1,437,155	8,147,787	18.6	21.0	3,331,043	11,821,785	4,019,407
36 percent	144,627	4,445,050	3,723,662	325,459	833,708	117,165	825,035	18.6	22.2	268,106	979,898	352,763
37 percent	3,104,821	119,559,748	98,116,794	7,141,486	21,509,602	2,642,350	21,142,021	17.7	21.5	7,675,352	30,945,432	11,449,810
39 percent	723,766	21,179,197	18,635,220	1,626,961	4,519,052	634,515	4,464,505	21.1	24.0	1,432,992	5,385,859	2,100,485
42 percent	50,018	1,900,892	1,542,680	102,164	385,969	42,909	379,744	20.0	24.6	123,479	491,508	206,433
43 percent	2,534,222	119,142,991	98,179,623	10,675,259	24,880,868	4,590,362	24,384,193	20.5	24.8	4,570,531	31,932,102	13,730,804
44 percent	301,383	10,679,105	9,330,108	650,554	2,527,031	286,244	2,483,850	23.3	26.6	709,226	2,812,122	1,237,334
46 percent	40,461	1,900,029	1,563,240	183,520	451,995	84,419	442,308	23.3	28.3	73,461	533,320	245,327
49 percent	1,224,098	72,359,557	59,264,108	6,416,334	17,875,672	3,144,004	17,397,432	24.0	29.4	2,444,152	22,103,327	10,830,630
50 percent maximum rate	79,751	9,542,173	7,812,447	3,352,545	3,134,267	1,676,273	2,889,434	30.3	37.0	468,014	23,983,133	11,991,567
54 percent	535,281	45,293,999	36,792,790	3,587,631	13,120,234	1,937,321	12,672,051	28.0	34.4	767,181	9,119,527	4,924,545
55 percent	107,316	6,057,599	5,083,934	597,268	1,782,742	328,497	1,749,102	28.9	34.4	185,596	1,657,417	911,579
59 percent	181,120	20,805,408	17,102,809	1,181,133	6,938,983	696,868	6,713,216	32.3	39.3	311,582	4,048,525	2,388,630
63 percent	62,301	5,052,194	4,160,224	497,862	1,727,199	313,653	1,681,258	33.3	40.4	99,620	1,419,360	894,197
64 percent	137,853	21,769,755	17,920,041	1,512,790	8,027,877	968,186	7,759,200	35.6	43.3	195,080	4,410,237	2,822,552
68 percent	70,012	13,056,889	10,797,160	855,213	5,226,494	581,545	5,061,057	38.8	46.9	118,428	2,818,378	1,916,497
70 percent	79,420	34,875,104	28,463,684	10,376,482	16,223,414	7,263,538	15,674,569	44.9	55.1	79,420	10,376,482	7,263,538

Tax rate classes	Joint returns and returns of surviving spouses											
	Classified by the highest marginal rate at which tax was computed									Classified by each rate at which tax was computed		
	Number of returns	Adjusted gross income	Income subject to tax		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of —				
								Adjusted gross income	Income subject to tax			
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All marginal rates	43,587,491	1,154,214,963	894,192,944	112,494,008	190,925,641	36,371,915	185,521,405	16.1	20.7	43,587,491	893,947,925	190,769,880
0 percent	2,810,933	17,624,437	5,457,488	5,457,488	—	—	15,115	0.1	0.3	43,587,491	144,037,133	—
14 percent	2,439,196	21,178,500	10,847,609	2,565,886	359,281	359,224	243,719	1.2	2.2	40,776,558	83,074,347	11,630,409
16 percent	2,548,270	27,673,938	16,698,558	2,693,123	1,177,608	430,900	1,055,622	3.8	6.3	38,337,362	77,850,216	12,456,035
18 percent	5,517,717	79,096,162	53,941,065	12,023,376	5,637,885	2,164,208	5,359,402	6.8	9.9	35,789,092	142,190,288	25,594,252
19 percent	—	—	—	—	—	—	—	—	—	—	—	—
21 percent	6,033,782	113,637,049	84,404,096	12,610,348	11,116,225	2,648,173	10,758,498	9.5	12.7	30,271,375	111,984,479	23,516,741
22 percent	—	—	—	—	—	—	—	—	—	—	—	—
24 percent	6,302,772	146,669,128	114,007,949	13,168,835	17,434,926	3,160,520	16,944,653	11.6	14.9	24,237,593	88,495,084	21,238,820
26 percent	—	—	—	—	—	—	—	—	—	—	—	—
28 percent	5,684,178	158,752,694	126,819,817	12,002,708	21,963,694	3,360,758	21,460,979	13.5	16.9	17,934,821	65,905,537	18,453,550
30 percent	—	—	—	—	—	—	—	—	—	—	—	—
31 percent	—	—	—	—	—	—	—	—	—	—	—	—
32 percent	4,857,979	161,865,528	131,263,287	11,759,846	25,648,007	3,763,151	25,081,205	15.5	19.1	12,250,643	50,940,965	16,301,109
34 percent	—	—	—	—	—	—	—	—	—	—	—	—
36 percent	—	—	—	—	—	—	—	—	—	—	—	—
37 percent	2,980,574	117,136,842	96,068,457	6,950,476	21,053,442	2,571,676	20,687,542	17.7	21.5	7,392,664	30,334,553	11,223,785
39 percent	—	—	—	—	—	—	—	—	—	—	—	—
42 percent	—	—	—	—	—	—	—	—	—	—	—	—
43 percent	2,437,674	116,868,897	96,280,601	10,475,125	24,400,459	4,504,304	23,912,255	20.5	24.8	4,412,090	31,403,934	13,503,692
44 percent	—	—	—	—	—	—	—	—	—	—	—	—
46 percent	—	—	—	—	—	—	—	—	—	—	—	—
49 percent	994,567	62,917,745	51,300,449	5,749,721	15,468,482	2,817,383	15,024,985	23.9	29.3	1,974,416	19,663,577	9,635,153
50 percent maximum rate	61,441	7,904,376	6,458,384	2,771,932	2,596,060	1,385,966	2,398,683	30.3	37.1	407,164	21,464,121	10,732,080
54 percent	509,768	43,866,728	35,651,598	3,450,992	12,723,719	1,863,536	12,291,433	28.0	34.5	729,626	8,807,047	4,755,806
55 percent	—	—	—	—	—	—	—	—	—	—	—	—
59 percent	172,470	20,102,779	16,536,520	1,137,855	6,713,815	671,335	6,494,461	32.3	39.3	296,756	3,888,314	2,294,105
63 percent	—	—	—	—	—	—	—	—	—	—	—	—
64 percent	137,176	21,710,451	17,871,386	1,501,167	8,004,345	960,747	7,738,134	35.6	43.3	192,817	4,356,585	2,788,214
68 percent	45,801	10,236,487	8,468,402	626,919	4,126,686	426,305	3,986,440	38.9	47.1	73,069	2,003,533	1,362,402
70 percent	53,193	26,953,222	22,117,279	7,548,212	12,501,008	5,283,748	12,068,280	44.8	54.6	53,193	7,548,212	5,283,748

Footnote(s) at end of table.

Table 2. — Income Subject to Tax and Tax, Classified by Both the Marginal Rate and Each Rate at which Tax was Computed—Continued

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

Separate returns of husbands and wives												
Tax rate classes	Classified by the highest marginal rate at which tax was computed									Classified by each rate at which tax was computed		
	Number of returns	Adjusted gross income	Income subject to tax		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of —				
								Adjusted gross income	Income subject to tax			
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
All marginal rates	1,569,269	18,346,036	14,340,815	2,054,848	2,938,450	653,469	2,876,110	15.7	20.1	1,569,269	14,340,815	2,937,319
0 percent	177,456	460,766	157,337	157,337	—	—	—	—	—	1,569,269	2,519,545	—
14 percent	108,625	483,338	244,224	59,628	8,338	8,348	8,067	1.7	3.3	1,391,813	1,406,973	196,976
16 percent	134,522	663,308	440,005	70,416	30,921	11,267	30,281	4.6	6.9	1,283,188	1,276,516	204,243
18 percent	252,241	1,741,528	1,262,550	304,304	134,209	54,775	131,012	7.5	10.4	1,148,666	2,231,618	401,691
19 percent	—	—	—	—	—	—	—	—	—	—	—	—
21 percent	158,427	1,461,310	1,101,100	158,856	144,375	33,360	141,218	9.7	12.8	896,425	1,671,752	351,068
22 percent	—	—	—	—	—	—	—	—	—	—	—	—
24 percent	154,054	1,723,979	1,396,424	165,687	214,306	39,765	211,828	12.3	15.2	737,998	1,391,970	334,073
26 percent	—	—	—	—	—	—	—	—	—	—	—	—
28 percent	149,550	2,045,377	1,668,945	158,533	289,137	44,389	287,287	14.0	17.2	583,944	1,114,200	311,976
30 percent	—	—	—	—	—	—	—	—	—	—	—	—
31 percent	—	—	—	—	—	—	—	—	—	—	—	—
32 percent	151,706	2,506,065	2,036,978	171,343	396,661	54,830	393,447	15.7	19.3	434,394	920,466	294,549
34 percent	—	—	—	—	—	—	—	—	—	—	—	—
36 percent	—	—	—	—	—	—	—	—	—	—	—	—
37 percent	124,247	2,422,906	2,048,336	191,010	456,161	70,674	454,479	18.8	22.2	282,688	610,879	226,025
39 percent	—	—	—	—	—	—	—	—	—	—	—	—
42 percent	—	—	—	—	—	—	—	—	—	—	—	—
43 percent	96,548	2,274,094	1,899,022	200,135	480,408	86,058	471,938	20.8	24.9	158,441	528,168	227,112
44 percent	—	—	—	—	—	—	—	—	—	—	—	—
46 percent	—	—	—	—	—	—	—	—	—	—	—	—
49 percent	47,295	1,475,712	1,229,834	146,823	372,811	71,944	370,007	25.1	30.1	61,893	250,469	122,730
50 percent maximum rate	—	—	—	—	—	—	—	—	—	—	—	—
54 percent	10,486	442,260	373,477	59,012	135,405	31,867	125,799	28.4	33.7	14,598	111,646	60,289
55 percent	—	—	—	—	—	—	—	—	—	—	—	—
59 percent	1,849	109,151	89,204	10,088	37,033	5,952	35,533	32.6	39.8	4,112	37,018	21,840
63 percent	—	—	—	—	—	—	—	—	—	—	—	—
64 percent	677	59,304	48,655	11,623	23,532	7,439	21,066	35.5	43.3	2,263	53,652	34,337
68 percent	609	71,938	61,109	11,658	32,733	7,928	30,897	42.9	50.6	1,586	37,549	25,533
70 percent	977	405,000	283,615	178,394	182,419	124,876	163,252	40.3	57.6	977	178,394	124,876

Returns of heads of households												
Tax rate classes	Classified by the highest marginal rate at which tax was computed									Classified by each rate at which tax was computed		
	Number of returns	Adjusted gross income	Income subject to tax		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of —				
								Adjusted gross income	Income subject to tax			
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All marginal rates	6,928,550	86,490,890	63,169,721	9,771,105	10,111,952	2,172,820	9,408,129	10.9	14.9	6,928,550	63,180,957	10,120,484
0 percent	986,261	4,161,216	1,227,755	1,227,755	—	—	—	—	—	6,928,550	14,890,273	—
14 percent	1,003,269	6,401,960	3,353,102	1,046,122	146,646	146,457	21,044	0.3	0.6	5,942,289	11,418,064	1,598,529
16 percent	1,017,215	8,477,601	5,512,755	1,037,431	464,702	165,989	241,679	2.9	4.4	4,939,020	9,273,221	1,483,715
18 percent	1,007,358	10,642,986	7,629,313	1,082,177	829,500	194,792	736,598	6.9	9.7	3,921,805	7,493,961	1,348,913
19 percent	—	—	—	—	—	—	—	—	—	—	—	—
21 percent	—	—	—	—	—	—	—	—	—	—	—	—
22 percent	1,105,044	14,656,706	11,233,023	1,620,192	1,489,946	356,442	1,416,997	9.7	12.6	2,914,447	7,229,341	1,590,455
24 percent	714,319	11,967,074	9,487,068	1,058,967	1,473,245	254,152	1,434,472	12.0	15.1	1,809,403	4,563,236	1,095,177
26 percent	463,590	9,443,018	7,643,205	689,766	1,327,245	179,339	1,294,562	13.7	16.9	1,095,084	2,710,547	704,742
28 percent	—	—	—	—	—	—	—	—	—	—	—	—
30 percent	—	—	—	—	—	—	—	—	—	—	—	—
31 percent	363,388	8,912,045	7,377,393	763,942	1,438,902	236,822	1,410,870	15.8	19.1	631,494	2,184,904	677,320
32 percent	—	—	—	—	—	—	—	—	—	—	—	—
34 percent	—	—	—	—	—	—	—	—	—	—	—	—
36 percent	144,627	4,445,050	3,723,662	325,459	833,708	117,165	825,035	18.6	22.2	268,106	979,898	352,763
37 percent	—	—	—	—	—	—	—	—	—	—	—	—
39 percent	—	—	—	—	—	—	—	—	—	—	—	—
42 percent	50,018	1,900,892	1,542,680	102,164	385,969	42,909	379,744	20.0	24.6	123,479	491,508	206,433
43 percent	—	—	—	—	—	—	—	—	—	—	—	—
44 percent	—	—	—	—	—	—	—	—	—	—	—	—
46 percent	40,461	1,900,029	1,563,240	183,520	451,995	84,419	442,308	23.3	28.3	73,461	533,320	245,327
49 percent	—	—	—	—	—	—	—	—	—	—	—	—
50 percent maximum rate	4,254	428,035	344,729	154,603	136,857	77,301	109,787	25.6	31.8	12,934	594,102	297,051
54 percent	15,027	965,010	767,715	77,627	261,110	41,919	254,819	26.4	33.2	22,957	200,834	108,450
55 percent	—	—	—	—	—	—	—	—	—	—	—	—
59 percent	6,801	593,479	477,086	33,189	188,134	19,582	183,223	30.9	38.4	10,714	123,193	72,684
63 percent	2,609	306,897	242,719	22,470	107,170	14,156	100,768	32.8	41.5	4,812	73,202	46,117
64 percent	—	—	—	—	—	—	—	—	—	—	—	—
68 percent	2,340	384,921	305,202	31,430	146,482	21,372	139,268	36.2	45.6	3,853	107,063	72,803
70 percent	1,969	903,971	739,075	314,290	430,341	220,003	416,955	46.1	56.4	1,969	314,290	220,003

Footnote(s) at end of table.

Table 2.—Income Subject to Tax and Tax, Classified by Both the Marginal Rate and Each Rate at which Tax was Computed—Continued

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

Tax rate classes	Returns of single persons											
	Classified by the highest marginal rate at which tax was computed								Classified by each rate at which tax was computed			
	Number of returns	Adjusted gross income	Income subject to tax		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of —				
								Adjusted gross income	Income subject to tax			
(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	
All marginal rates	36,019,386	357,025,060	299,865,273	43,102,057	51,914,928	10,115,847	51,265,649	14.4	17.1	36,019,386	299,865,273	51,912,450
0 percent	8,009,325	18,037,969	8,989,040	8,989,040	—	—	—	—	—	36,019,386	73,392,891	—
14 percent	3,440,542	13,628,455	9,720,048	1,808,358	254,505	253,170	249,532	1.8	2.6	28,010,061	26,834,829	4,036,876
16 percent	2,613,978	13,343,878	10,153,103	1,267,647	604,811	202,824	589,685	4.4	5.8	24,569,519	23,223,188	3,715,710
18 percent	4,658,766	31,140,491	25,267,808	4,771,780	2,322,886	858,921	2,282,450	7.3	9.0	21,955,541	41,095,008	7,397,101
19 percent	3,735,714	32,925,711	27,946,654	3,666,928	3,260,700	696,716	3,257,092	9.9	11.7	17,296,775	30,789,050	5,849,920
21 percent	3,563,757	39,093,271	34,102,552	3,814,978	4,621,198	801,145	4,567,286	11.7	13.4	13,561,061	26,808,777	5,629,843
22 percent	—	—	—	—	—	—	—	—	—	—	—	—
24 percent	2,550,592	33,886,728	30,104,547	2,561,385	4,580,744	614,732	4,551,016	13.4	15.1	9,997,304	18,199,480	4,367,875
26 percent	1,950,944	30,351,170	27,156,209	1,989,912	4,535,098	517,377	4,489,219	14.8	16.5	7,446,712	13,531,025	3,518,067
28 percent	—	—	—	—	—	—	—	—	—	—	—	—
30 percent	2,164,725	40,072,828	35,658,602	3,188,334	6,596,225	956,500	6,539,699	16.3	18.3	5,495,768	13,847,871	4,154,301
31 percent	—	—	—	—	—	—	—	—	—	—	—	—
32 percent	—	—	—	—	—	—	—	—	—	—	—	—
34 percent	1,898,051	43,731,046	38,770,622	4,226,927	8,203,937	1,437,155	8,147,787	18.6	21.0	3,331,043	11,821,785	4,019,407
36 percent	—	—	—	—	—	—	—	—	—	—	—	—
37 percent	—	—	—	—	—	—	—	—	—	—	—	—
39 percent	723,766	21,179,197	18,635,220	1,626,961	4,519,052	634,515	4,464,505	21.1	24.0	1,432,992	5,385,859	2,100,485
42 percent	—	—	—	—	—	—	—	—	—	—	—	—
43 percent	—	—	—	—	—	—	—	—	—	—	—	—
44 percent	301,383	10,679,105	9,330,108	650,554	2,527,031	286,244	2,483,850	23.3	26.6	709,226	2,812,122	1,237,334
46 percent	—	—	—	—	—	—	—	—	—	—	—	—
49 percent	182,236	7,966,100	6,733,826	519,790	2,034,379	254,697	2,002,439	25.1	29.7	407,843	2,189,281	1,072,748
50 percent maximum rate	14,056	1,209,762	1,009,334	426,010	401,351	213,005	380,964	31.5	37.7	47,916	1,924,910	962,455
54 percent	—	—	—	—	—	—	—	—	—	—	—	—
55 percent	107,316	6,057,599	5,083,934	597,268	1,782,742	328,497	1,749,102	28.9	34.4	185,596	1,657,417	911,579
59 percent	—	—	—	—	—	—	—	—	—	—	—	—
63 percent	59,692	4,745,297	3,917,505	475,392	1,620,029	299,497	1,580,489	33.3	40.3	94,808	1,346,159	848,080
64 percent	—	—	—	—	—	—	—	—	—	—	—	—
68 percent	21,262	2,363,543	1,962,447	185,206	920,592	125,940	904,452	38.3	46.1	39,920	670,233	455,758
70 percent	23,281	6,612,910	5,323,714	2,335,586	3,109,646	1,634,910	3,026,082	45.8	56.8	23,281	2,335,586	1,634,910

(1) Less than 0.05 percent.

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

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

Foreign Income, Taxes and Credit on U.S. Corporation Returns, 1978

By Vergie Mose*

For Income Year 1978, corporations reduced their tentative U.S. income tax of \$107.9 billion by more than \$26 billion by using the foreign tax credit provisions of U.S. tax law. These provisions allowed a credit against the portion of U.S. income tax attributed to foreign source income for income taxes paid [1] to foreign countries. U.S. corporations primarily engaged in petroleum-related activities were the principal users of the foreign tax credit provisions. These corporations claimed \$17.1 billion in foreign tax credits which reduced their total U.S. corporate income tax from \$21.8 billion to \$4.7 billion, or 22 percent of what would otherwise have been their liability.

BACKGROUND

The foreign tax credit was designed to alleviate the double taxation that can occur for U.S. taxpayers with international sources of income because their foreign source income is typically subject to foreign as well as U.S. tax. For the purpose of computing a foreign tax credit for corporations, foreign source taxable income includes such items as foreign branch profits and dividends [2], interest and royalties remitted from foreign corporations. The foreign tax credit is subtracted from the U.S. tax on worldwide income to compensate for taxes paid to foreign countries on the foreign source income.

The amount of foreign tax credit that corporations could claim was subject to certain limitations. Beginning in 1976, corporations were required to compute the credit limitation on an overall basis, rather than country by country. They also were required to allocate their foreign income into five categories or "types of foreign income" [3]. For each type of foreign income reported, the foreign tax credit was limited to the smaller of the amount of foreign taxes available for credit or the portion of the U.S. tax imposed on that type of foreign source taxable income. The total foreign tax credit claimed was the sum of these separate types of income credits. In certain instances, the total foreign tax credit was reduced because U.S. corporations participated in international boycotts [4].

FOREIGN ACTIVITY FOR ALL CORPORATIONS

For 1978, foreign source taxable income amounted to \$65.2 billion for all corporations which claimed a foreign tax credit and filed supporting schedules for the credit. This amount was 46 percent of their \$141.7 billion of total taxable income (both domestic and foreign source income).

The importance of foreign source taxable income for those corporation returns with total assets of \$250 million or more is shown in Figure A. The foreign source taxable income for this group of large corporations accounted for 96 percent of total foreign source taxable income for all corporations, and 26 percent of total corporate taxable income, for 1978.

These same large companies reported \$39.6 billion of foreign taxes paid. This was 97 percent of the foreign taxes paid by all corporations for 1978.

The importance of these large companies on the total amount of foreign tax credit claimed for all corporations from 1972 through 1978 is shown in Figure B. These large corporations comprised over 91 percent of the total foreign tax credit for each of the years shown, with a high of 97 percent for 1978.

Finally, the foreign tax credit of \$25.5 billion offset 42 percent of the \$61.0 billion of U.S. corporate tax reported on returns with total assets of \$250 million or more. This compares to only \$900 million of foreign tax credit, or less than 2 percent of the \$46.9 billion of U.S. corporate tax, reported by smaller companies. Figure C shows foreign tax credit data as related to the U.S. corporate tax.

FOREIGN ACTIVITY OF PETROLEUM CORPORATIONS

The foreign operations of U.S. corporations with total assets of \$250 million or more that were primarily engaged in petroleum-related activities (oil and gas extraction and refining) have historically had the greatest impact on foreign income and tax data. As shown in Figure D, these corporations reported over one half of the total foreign source taxable income, more than three quarters of the total foreign taxes paid and more than two thirds of the foreign tax credit claimed by all large corporations. The impact of corporations primarily engaged in these industrial activities has become more pronounced since 1973 when Statistics of Income data first reflected the sharp rise in the world price of oil. Since that year corporations with operations in the Middle East have accounted for the major portion of all foreign income and taxes paid, and foreign tax credit claimed.

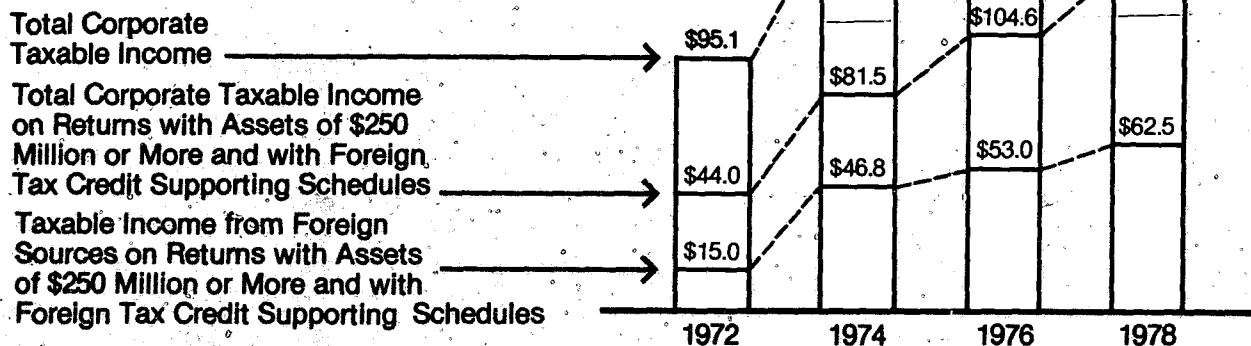
The foreign operations of U.S. corporations primarily engaged in petroleum-related activities have historically generated significantly more taxable income than their domestic operations. Foreign source taxable income accounted for 93 percent of the \$7.2 billion in worldwide taxable income for 1972. Even with an increase in domestic taxable income, foreign source taxable income accounted for 84 percent of the \$42.7 billion in worldwide taxable income for 1978.

Taxes paid to foreign governments far exceeded the allowable foreign tax credit. The largest portion of total foreign taxes paid were taxes paid on foreign income from oil and gas extraction. Those U.S. corporations primarily engaged in petroleum-related activities paid \$18 billion in foreign taxes on \$22.3 billion of foreign income from oil and gas extraction for 1978, or nearly half of the total \$40.7 billion in foreign taxes paid by all U.S. corporations which claimed a foreign tax credit and filed supporting schedules for the credit. However, beginning in 1976, U.S. corporations were not allowed to include all of the taxes paid on foreign oil and gas extraction taxable income in the computation of their foreign tax

*Foreign Returns Analysis Section. Prepared under the direction of James R. Hobbs, Chief.

Figure A

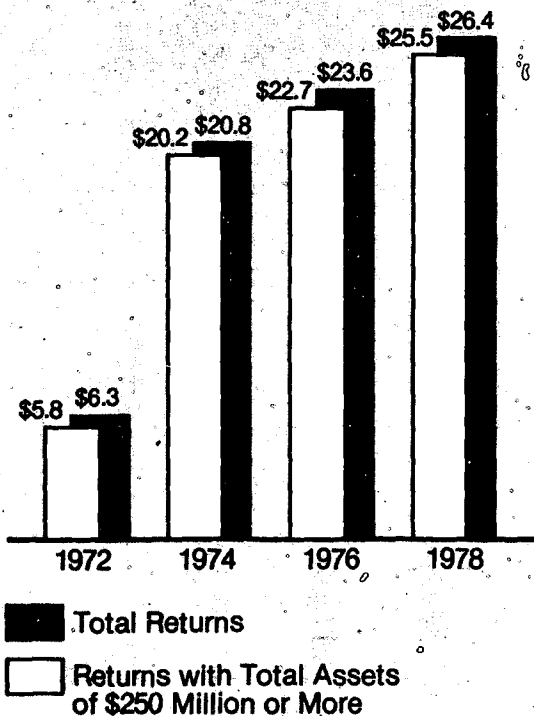
Total Corporate Taxable Income¹ and Taxable Income from Foreign Sources, 1972, 1974, 1976, and 1978 (Billions of Dollars)



¹Equals Income Subject to U.S. Tax in the Tables.

Figure B

Amount of Foreign Tax Credit Claimed, 1972, 1974, 1976, and 1978 (Billions of Dollars)



credit. Those taxes excluded from the computation of the foreign tax credit were taxes in excess of the U.S. tax rate applicable to the foreign oil and gas extraction taxable income. For 1978, corporations primarily engaged in petroleum-related activities were required to exclude \$7.5 billion of foreign taxes paid on foreign oil and gas extraction taxable income. Thus, the foreign oil and gas extraction taxes in excess of 48 percent of the foreign oil and gas extraction taxable income, were reduced to the 48 percent rate, which was equivalent to the basic U.S. corporate tax rate for 1978.

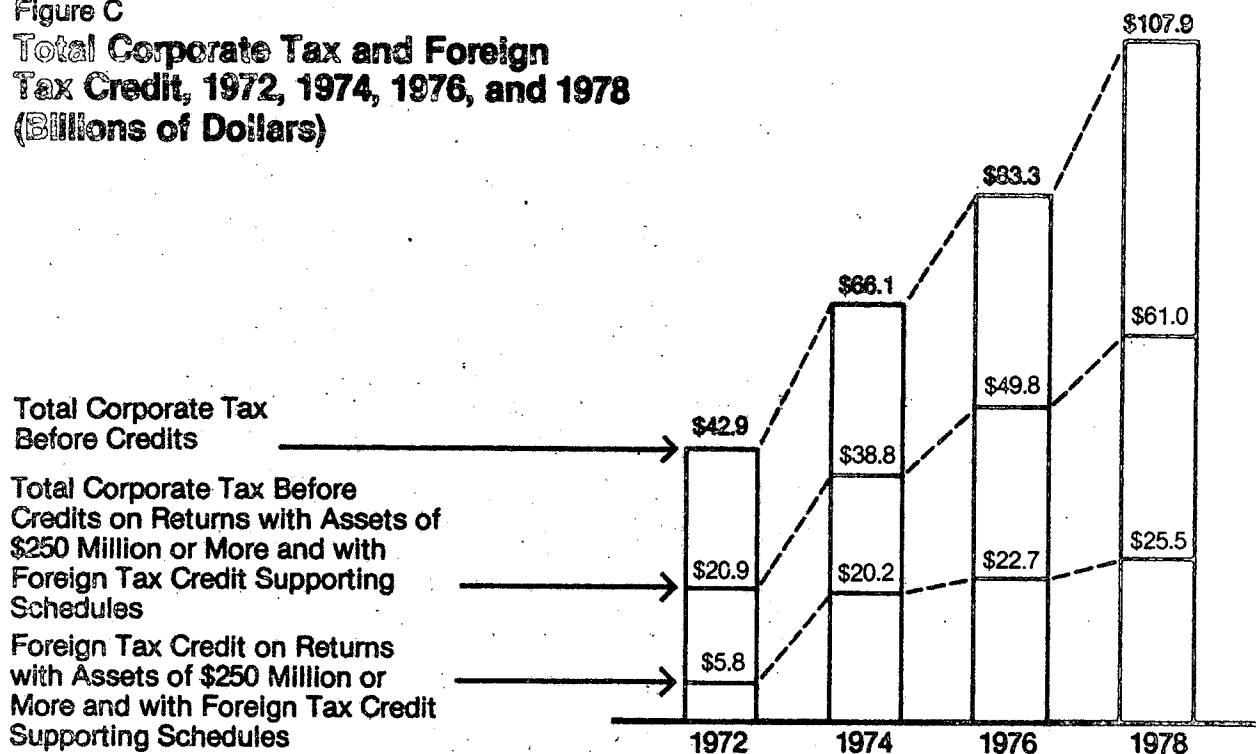
In 1978, large corporations primarily engaged in petroleum-related activities generated 84 percent of their \$42.7 billion of worldwide taxable income, or \$35.7 billion, from foreign operations and only 16 percent, or \$7.0 billion, from their domestic operations. The U.S. income tax on the foreign income was almost completely offset by \$16.9 billion in foreign tax credits, leaving a net U.S. tax of \$3.4 billion, almost entirely on domestic income.

DATA SOURCES AND LIMITATIONS

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations which claim a foreign tax credit provide supporting foreign income and tax data on the Form 1118, "Computation of Foreign Tax Credit - Corporations," attached to the U.S. income tax return. Forms 1120, 1120F, 1120L, and 1120M were the sources for the foreign tax credit data. The Form 1118 was the source of the foreign income and tax data for this article. Taxable income reported from foreign sources (including U.S. possessions) is defined under U.S. tax law. However, foreign taxes paid are defined by the tax statutes of the foreign countries (including U.S. possessions).

A certain amount of undercoverage of foreign income and tax data is attributable to various reasons. Less than one percent of the total foreign tax credit was

Figure C
Total Corporate Tax and Foreign
Tax Credit, 1972, 1974, 1976, and 1978
(Billions of Dollars)



claimed by U.S. corporations which did not provide foreign income and tax data to support the foreign tax credit claimed. Some corporations with foreign income and taxes operated at a deficit and had no U.S. tax liability and consequently could not claim a foreign tax credit. Data from such returns were excluded from this study. Corporations can choose to treat foreign taxes paid as a deduction from gross income as an alternative to the foreign tax credit on their U.S. income tax returns. However, because it is generally more advantageous to claim a credit against tax rather than reduce income by a deduction, it is probable that the number of corporations taking the deduction, as well as the foreign income and taxes involved, were negligible.

Data were derived from the unaudited returns of corporations which claimed a foreign tax credit that were included in the sample used for the 1978 returns contained in Statistics of Income--1978-1979, Corporation Income Tax Returns. The foreign tax credit claimed can be subject to change during audit when the acceptability of the foreign income and taxes reported for purposes of this credit is determined. Additionally, some corporations provided preliminary foreign income and tax data with their U.S. tax returns because not all the information on their foreign operations was available at the time the U.S. income tax return was filed.

Returns with total assets of \$250 million or more accounted for virtually all of the foreign tax credit reported on corporation income tax returns. Because these returns were sampled at the 100 percent rate, data from them are not affected by sampling variability.

Statistical studies on the foreign income and tax data of U.S. corporations which claim a foreign tax credit are conducted biennially in even years. A more complete explanation of the limitations of these data,

and explanations of the terms used and applicable law changes, can be found in Statistics of Income--1976 - 1979, Supplemental Report, International Income and Taxes, Foreign Income and Taxes Reported on U.S. Income Tax Returns and in Statistics of Income--1974, Supplemental Report, International Income and Taxes, Foreign Tax Credit Claimed on Corporation Income Tax Returns.

NOTES AND REFERENCES

- [1] "Taxes paid" include taxes paid, accrued, and deemed paid.
- [2] Includes dividends constructively received, i.e., certain undistributed profits of foreign subsidiaries under specially defined circumstances and dividend gross-up resulting from taxes deemed paid by U.S. parent corporations. Taxes were considered deemed paid upon actual or constructive receipt of a dividend from a related foreign corporation of which the U.S. corporation owned at least 10 percent of the voting stock.
- [3] The five types of foreign income were: Section 904(d) Interest Income, Dividends from a DISC or Former DISC, Foreign Oil Related Income and All Other Income from Sources Without the U.S.
- [4] Department of Treasury, The Operation and Effect of the International Boycott Provisions of the Internal Revenue Code - Third Report, May 1982.

Figure D.--Returns With Total Assets of \$250 Million or More and With Foreign Tax Credit Supporting Schedules:
Number of Returns, Foreign Income, Taxes, and Credit by Selected Industry, 1976 and 1978

[Money amounts are in millions of dollars]

Selected industry	Number of returns		Taxable income from all sources		Taxable income from foreign sources	
	1976	1978	1976	1978	1976	1978
	(1)	(2)	(3)	(4)	(5)	(6)
All industrial divisions.....	760	878	104,585	128,391	52,980	62,486
Mining.....	21	23	28,100	26,512	27,528	25,878
Oil and gas extraction.....	12	18	27,507	26,141	27,204	25,734
Manufacturing.....	372	418	58,295	75,540	19,306	26,268
Petroleum (including integrated) and coal products.....	20	22	16,072	16,555	8,658	10,000
Transportation and public utilities.....	45	50	6,414	9,339	275	751
Wholesale and retail trade.....	42	53	3,412	4,082	1,444	1,230
Finance, insurance, and real estate.....	256	307	7,556	11,587	4,080	7,914

Selected industry	U.S. tax before credits		Foreign taxes paid		Foreign tax credit claimed	
	1976	1978	1976	1978	1976	1978
	(7)	(8)	(9)	(10)	(11)	(12)
All industrial divisions.....	49,788	60,965	38,310	39,587	22,717	25,452
Mining.....	13,493	12,671	25,892	24,025	13,162	12,321
Oil and gas extraction.....	13,205	12,516	25,747	23,974	13,022	12,270
Manufacturing.....	27,597	35,693	10,490	13,442	7,957	11,210
Petroleum (including integrated) and coal products.....	7,637	7,808	6,528	6,870	4,070	4,664
Transportation and public utilities.....	3,089	4,527	90	199	83	209
Wholesale and retail trade.....	1,631	1,930	968	788	631	517
Finance, insurance, and real estate.....	3,593	5,516	767	993	771	1,066

All Corporation Returns with Foreign Tax Credit, 1978
Table 1. — Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry

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

Major industry	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income from foreign corporations	Foreign dividend income resulting from taxes deemed paid	Net income (less deficit)	Western Hemisphere Trade Corporation deduction	Income subject to U.S. tax
All industries	6,039	2,731,859,903	1,796,266,321	8,501,893	2,943,200	1,447,356	7,276,958	147,498,086	268,857	142,561,616
Agriculture, forestry, and fishing	9	1,633,613	97,676,765	7,597	5,847	634	5,936	103,692	1,084	101,311
Mining	105	50,471,693	60,052,513	61,414	85,018	87,047	74,746	27,231,316	14,191	27,121,931
Metal mining	103	7,316,905	2,940,884	28,106	10,752	66,694	53,129	34,192	1,423	32,744
Coal mining	10	1,232,362	660,081	8	5,837	8,927	59,783	53,937	1,423	53,937
Oil and gas extraction	76	41,206,748	55,304,710	33,002	74,266	21,359	21,338	26,747,618	12,769	26,660,408
Nonmetallic minerals, except fuels	6	695,676	966,637	299	—	—	21,338	81,988	—	80,042
Construction	116	8,534,397	16,348,106	71,106	18,990	13,651	59,313	704,463	1,074	675,989
General building contractors and operative builders	64	3,918,630	6,713,725	17,552	193	13,024	21,633	282,346	42	245,485
Heavy construction contractors	22	3,923,131	8,382,568	50,418	17,727	827	35,356	381,013	1,032	376,036
Special trade contractors	30	692,046	1,252,013	3,135	1,070	—	2,324	61,104	—	54,468
Manufacturing	2,549	889,115,482	1,124,016,521	7,590,313	2,642,568	1,192,396	6,269,826	87,001,347	228,816	84,978,786
Food and kindred products	137	60,440,550	98,781,530	455,427	97,975	33,159	366,375	5,284,416	3,164	5,225,963
Tobacco manufactures	6	27,857,988	18,678,737	88,264	39,469	8,917	23,269	1,951,839	857	1,845,058
Textile mill products	41	7,254,765	11,410,974	7,652	11,081	453	6,318	666,210	6	657,439
Apparel and other textile products	102	5,215,463	8,374,141	51,275	3,301	6,814	4,868	697,882	92	654,050
Lumber and wood products	52	15,408,766	16,131,979	9,969	11,655	21,038	16,766	1,483,589	411	1,468,530
Furniture and fixtures	25	1,755,079	3,180,407	2,805	796	311	2,335	242,951	16	241,037
Paper and allied products	58	22,347,453	27,573,586	223,370	70,536	4,351	150,765	2,229,733	594	2,258,577
Printing and publishing	133	16,715,304	20,277,112	66,857	10,038	4,233	53,036	2,585,907	564	2,530,130
Chemicals and allied products	246	86,394,291	101,803,456	804,122	403,944	368,637	750,493	9,889,879	16,473	9,765,879
Petroleum (including integrated) and coal products	34	199,091,888	283,457,038	1,677,404	30,612	253,165	1,434,337	17,543,110	144,004	16,595,962
Rubber and miscellaneous plastics products	124	15,640,008	21,718,078	140,694	25,512	8,449	100,350	1,018,026	714	1,010,410
Leather and leather products	17	1,875,856	3,407,505	1,019	407	—	80,145	283,904	5	268,543
Stone, clay, and glass products	51	17,031,867	20,673,804	104,509	28,732	22,583	1,881,511	1,881,511	1,044	1,856,514
Primary metal industries	89	67,827,966	69,355,412	188,772	77,227	48,314	125,998	3,201,718	25,551	3,090,796
Refabricated metal products	288	27,100,523	35,175,620	195,689	48,725	17,574	130,438	2,620,199	2,716	2,570,990
Machinery, except electrical	626	92,117,029	99,100,975	1,428,462	520,203	180,852	1,466,143	12,302,289	14,813	12,216,422
Electrical and electronic equipment	257	87,200,453	96,281,593	565,280	415,408	64,744	328,687	6,906,963	6,355	6,762,183
Motor vehicles and equipment	37	100,664,712	131,383,083	1,189,556	440,166	21,404	831,972	11,019,884	6,247	10,953,858
Transportation equipment, except motor vehicles	115	16,934,604	24,855,771	111,159	160,298	100,488	115,542	1,592,339	526	1,411,423
Instrument and related products	115	16,732,460	22,502,378	220,072	221,749	41,846	190,445	2,776,024	4,316	2,760,955
Miscellaneous manufacturing and manufacturing not allocable	133	8,125,566	10,743,335	42,766	18,728	2,865	30,156	812,964	336	807,547
Transportation and public utilities	245	220,730,315	140,823,557	150,256	26,786	44,245	95,176	9,813,545	11,839	9,696,547
Transportation	187	52,232,609	49,505,667	74,033	3,796	12,316	45,872	2,467,130	8,499	2,424,217
Communication	23	138,724,562	67,303,783	56,559	10,047	18,052	40,438	6,297,553	1,053	6,229,896
Electric, gas, and sanitary services	35	29,763,144	24,014,187	19,665	12,943	13,877	8,466	1,048,863	2,286	1,032,374
Wholesale and retail trade	545	92,870,202	204,694,391	283,166	122,726	76,257	566,986	5,932,586	7,066	5,666,730
Wholesale trade	430	41,536,735	102,433,843	167,834	119,109	69,151	483,895	2,571,536	6,179	2,498,791
Groceries and related products	29	1,458,705	3,997,790	711	546	140	533	69,703	—	65,417
Machinery, equipment, and supplies	86	5,849,986	8,849,986	7,033	12,617	497	5,139	397,928	640	379,195
Miscellaneous wholesale trade	315	36,209,064	82,596,068	160,661	105,946	67,942	476,174	2,113,904	5,336	2,054,179
Drugs, drug proprietaries and druggists	8	90,113	172,166	240	—	—	—	6,961	—	6,294
Chemicals and allied products	14	11,969,937	1,201,419	4,389	1,512	5,500	3,006	45,164	2,689	36,921
Petroleum and petroleum products	36	23,622,417	68,465,553	56,490	104,434	46,169	439,700	959,055	2,850	944,913
Other miscellaneous wholesale trade	257	51,333,466	102,250,547	115,332	3,619	16,273	35,466	1,102,734	2,850	1,066,050
Retail trade	115	51,333,466	102,250,547	115,332	3,619	7,106	85,141	3,361,061	867	3,167,939
Building materials, garden supplies, and mobile home dealers	3	901,301	1,902,019	7	1,45	5,379	56,538	45,081	—	44,992
General merchandise stores	14	33,250,166	54,335,926	81,000	1,114	5,379	56,538	1,804,559	355	1,626,255
Food stores	9	7,400,246	29,151,129	23,389	1,114	5,379	56,538	1,804,559	355	1,626,255
Automotive dealers and service stations	3	101,320	158,828	32	—	802	27	2,805	56	2,720
Apparel and accessory stores	11	529,729	1,120,858	37	—	—	—	113,253	—	113,034
Furniture and home furnishings stores	5	21,354	266,968	191	—	—	16,219	16,219	—	13,016
Eating and drinking places	36	2,929,330	5,362,069	4,208	1,038	566	2,129	385,375	477	381,515
Miscellaneous retail stores	34	6,010,021	9,970,749	6,468	321	289	5,672	446,152	—	440,872
Finance, insurance, and real estate	1,433	1,445,935,382	222,990,092	259,239	11,789	20,724	132,744	14,893,712	3,119	12,517,865
Banking	220	831,702,125	65,241,043	93,068	—	9,516	42,782	3,667,527	1,690	3,511,412
Credit agencies other than banks	40	48,646,648	12,998,089	36,185	1,410	9,516	18,523	657,007	317	638,798
Security, commodity brokers and services	51	15,369,568	2,667,151	1,307	3,741	705	18,725	155,162	561	127,502
Insurance	258	440,050,411	137,640,697	52,236	264	4,883	14,710	9,255,437	547	7,286,920
Insurance agents brokers and services	74	2,380,023	1,574,957	12,861	319	360	8,150	394,046	—	388,673
Real estate	349	4,446,044	2,287,192	1,843	319	107	538	382,900	13	340,146
Holding and other investment companies except bank holding companies	441	3,138,573	781,004	61,730	6,056	4,615	45,807	357,631	—	244,425
Services	1,034	22,540,019	23,333,296	78,802	29,356	12,202	70,251	1,866,397	1,667	1,607,438
Hotels and other lodging places	14	1,763,544	1,872,306	3,416	—	—	—	1,462,210	1,112	1,421,142
Personal services	43	1,031,086	1,189,905	6,200	1,773	—	5,314	72,965	104	72,174
Business services	559	7,520,989	9,848,742	48,918	1,773	1,012	40,340	761,142	104	736,979
Auto repair, miscellaneous repair services	5	894,758	639,333	639,333	—	—	—	65,859	—	58,859
Amusement and recreational services	101	8,900,442	7,684,042	18,428	22,955	5,914	18,489	198,533	1,330	600,609
Other services	312	2,429,186	3,083,175							

All Corporation Returns with Foreign Tax Credit, 1978

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

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

Major industry	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	Investment credit	Work incentive (WIN) credit	Jobs credit	U.S. income tax after credits	Foreign income and taxes reported on Form 1118	
	Total	U.S. normal tax surtax and alternative tax							Gross income excluding branch operations and specially allocable income (less loss)	
									Total	Dividends
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All industries	67,612,312	67,217,374	26,357,629	114,889	6,978,326	8,837	158,067	33,994,560	88,471,154	11,234,228
Agriculture, forestry, and fishing.....	*48,105	*47,801	*13,210	—	*2,825	—	*434	*31,636	*36,783	*8,232
Mining	12,961,042	12,933,613	12,512,804	—	84,855	21	2,237	361,125	40,095,945	148,461
Metal mining	*131,277	*112,608	*63,516	—	*24,709	*21	*200	*42,831	*312,059	*93,799
Coal mining	28,066	23,568	1,662	—	7,445	—	276	18,683	4,004	7
Oil and gas extraction	12,762,553	12,759,312	12,445,728	—	45,440	—	1,512	269,874	39,775,437	54,355
Nonmetallic minerals, except fuels	39,145	38,126	1,899	—	7,261	—	248	29,738	4,444	299
Construction	319,841	317,596	116,160	32	34,735	5	4,110	164,798	1,399,659	85,374
General building contractors and operative builders.....	115,906	114,713	47,271	—	8,543	4	2,827	57,261	1,000,783	30,577
Heavy construction contractors	178,307	177,313	64,748	—	24,298	—	688	88,574	352,131	51,886
Special trade contractors	25,628	25,569	4,141	32	1,895	2	595	18,963	46,745	2,911
Manufacturing	40,140,573	39,913,110	11,654,365	114,856	3,724,346	8,111	97,972	24,540,923	31,597,396	10,064,933
Food and kindred products	2,490,138	2,468,962	539,536	—	221,068	212	4,043	1,725,278	1,577,391	493,381
Tobacco manufactures	877,449	875,304	49,588	—	61,405	7	421	766,027	300,003	109,181
Textile mill products	314,039	311,401	10,102	—	47,041	79	1,498	255,320	43,798	10,037
Apparel and other textile products	312,112	311,650	58,148	716	10,272	20	1,821	241,137	169,661	59,850
Lumber and wood products	544,585	532,498	20,702	—	111,981	32	1,803	410,067	65,804	30,729
Furniture and fixtures	114,475	114,203	3,134	—	6,027	11	1,196	104,107	8,490	3,116
Paper and allied products	997,446	985,411	188,575	—	136,008	61	2,341	670,462	587,300	228,077
Printing and publishing	1,187,732	1,184,683	88,113	—	56,332	23	3,809	1,039,454	267,772	72,055
Chemicals and allied products	4,652,865	4,618,173	1,156,059	68,723	459,520	119	8,355	2,960,087	3,467,538	1,324,734
Petroleum (including integrated) and coal products.....	7,827,924	7,808,000	4,665,179	—	669,057	38	1,395	2,492,255	9,695,325	2,452,118
Rubber and miscellaneous plastics products	479,904	477,205	112,400	—	47,915	83	3,985	315,522	462,276	150,133
Leather and leather products	127,418	127,246	2,493	—	4,257	6	700	119,962	7,234	1,019
Stone, clay, and glass products	863,607	860,614	114,947	—	121,010	88	2,533	625,028	370,150	127,093
Primary metal industries	1,453,274	1,428,102	323,530	—	272,763	353	5,114	851,513	1,192,176	240,782
Fabricated metal products	1,212,044	1,205,636	197,825	4,066	90,503	109	12,992	906,550	546,401	216,553
Machinery, except electrical	5,857,218	5,817,270	1,914,522	40,582	374,340	506	18,006	3,509,262	5,657,429	1,711,163
Electrical and electronic equipment	3,205,824	3,186,838	724,615	618	361,428	453	12,882	2,105,827	2,341,699	638,514
Motor vehicles and equipment	5,252,376	5,237,253	1,037,232	—	523,050	5,532	3,823	3,682,738	3,046,938	1,527,770
Transportation equipment, except motor vehicles	663,557	660,882	150,742	—	58,454	184	2,339	451,839	842,095	218,339
Instruments and related products	1,323,550	1,319,681	255,019	151	73,316	116	4,695	990,252	803,571	396,095
Miscellaneous manufacturing and manufacturing not allocable	383,037	382,098	41,903	—	18,601	77	4,220	318,236	144,346	54,195
Transportation and public utilities	4,688,583	4,605,377	222,436	—	2,307,067	135	6,418	2,152,528	3,126,213	195,246
Transportation	1,135,308	1,128,478	113,735	—	640,185	21	4,182	377,185	2,232,184	86,301
Communication	3,058,095	2,987,333	61,965	—	1,515,178	67	1,212	1,479,673	601,279	75,402
Electric, gas, and sanitary services	495,180	489,565	46,736	—	151,704	47	1,023	295,670	292,750	33,542
Wholesale and retail trade	2,670,084	2,655,477	594,197	—	255,550	260	14,317	1,805,761	2,213,899	360,240
Wholesale trade	1,166,808	1,159,829	478,029	—	60,735	74	8,587	619,383	1,894,210	238,292
Groceries and related products	29,464	29,225	1,271	—	1,696	—	324	26,174	9,483	851
Machinery, equipment, and supplies	171,737	170,588	16,403	—	10,405	7	2,087	142,834	116,031	8,175
Miscellaneous wholesale trade	965,606	960,016	460,354	—	48,635	67	6,176	450,375	1,768,696	229,265
Drugs, drug proprietaries and druggists' sundries.....	*2,880	*2,880	*161	—	*62	—	*300	*2,358	*1,357	*240
Chemicals and allied products	*17,720	*17,487	*5,904	—	*1,380	—	*350	*10,086	*10,194	*9,889
Petroleum and petroleum products	451,681	450,742	391,335	—	7,522	6	443	52,376	978,523	145,711
Other miscellaneous wholesale trade	493,325	488,906	62,957	—	39,670	60	5,083	385,555	778,621	73,425
Retail trade	1,503,277	1,495,648	116,169	—	194,814	186	5,730	1,186,378	319,689	121,949
Building materials, garden supplies, and mobile home dealers.....	19,579	19,542	54	—	2,599	—	186	16,739	229	—
General merchandise stores	776,417	773,269	72,361	—	84,485	47	1,273	618,252	177,641	86,380
Food stores	260,578	258,507	23,771	—	40,512	19	709	195,567	51,887	23,981
Automotive dealers and service stations	1,219	1,202	26	—	166	—	—	1,027	74	32
Apparel and accessory stores	*54,098	*54,030	*100	—	*1,893	—	*200	*51,905	*537	—
Furniture and home furnishings stores	5,670	5,663	21	—	412	—	101	5,137	283	191
Eating and drinking places	177,695	176,709	6,828	—	35,233	5	1,359	134,268	48,414	4,639
Miscellaneous retail stores	208,020	206,726	13,006	—	29,514	115	1,903	163,483	40,624	6,726
Finance, insurance, and real estate	5,934,398	5,901,127	1,103,998	—	428,752	265	20,116	4,381,263	8,721,923	269,387
Banking	1,665,897	1,650,174	767,374	—	231,829	112	9,504	657,077	6,709,895	102,584
Credit agencies other than banks	313,386	303,677	42,742	—	38,192	6	891	231,554	346,937	36,930
Security, commodity brokers and services	58,676	58,648	4,790	—	11,582	—	414	41,889	33,289	1,616
Insurance	3,464,158	3,459,856	221,016	—	128,002	147	7,116	3,107,873	1,402,939	40,966
Insurance agents brokers and services	176,200	176,037	11,867	—	3,533	—	1,158	159,642	48,703	13,420
Real estate	154,073	152,216	4,742	—	14,282	—	763	134,286	29,458	1,928
Holding and other investment companies except bank holding companies	102,009	100,519	51,466	—	1,331	—	270	48,943	150,702	71,942
Services	847,302	840,892	140,459	—	140,102	40	12,433	554,268	1,279,332	102,357
Hotels and other lodging places	*65,090	*64,317	*6,100	—	*5,958	*7	*182	*52,843	*25,213	*3,416
Personal services	*34,691	*34,120	*6,558	—	*4,752	*1	*321	*22,959	*19,307	*6,200
Business services	341,154	337,123	60,653	—	41,241	22	8,114	231,124	302,537	50,220
Auto repair, miscellaneous repair services	*28,138	*27,982	*54	—	*5,573	*3	*400	*22,108	*849	—
Amusement and recreational services	285,105	284,804	48,138	—	71,714	4	1,362	163,887	619,810	36,064
Other services	93,125	92,545	18,856	—	10,864	4	2,054	61,347	311,616	6,457
Nature of business not allocable	2,383	2,381	(1)	—	95	—	30	2,258	3	—

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit, 1978

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

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

Major industry	Foreign income and taxes reported on Form 1118 — Continued									
	Gross income excluding branch operations and specially allocable income (less loss) — Continued							Oil and gas extraction gross income (less loss)		
	Dividend gross-up	Interest income	Rents, royalties and license fees	Service income	Net capital gain	Partnership income (net)	Other income	Total	From extraction of oil or gas	From sale of business assets
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
All industries	7,273,586	7,028,592	5,362,957	5,994,460	1,256,205	321,684	49,999,442	44,855,608	42,327,668	573,735
Agriculture, forestry, and fishing	*5,936	*439	*429	—	—	—	*21,748	—	—	—
Mining	74,746	30,132	60,764	215,950	142,514	219,886	39,203,493	24,109,549	24,067,497	7,752
Metal mining.....	*53,129	*8,425	*4,073	*306	*3,382	—	*148,945	—	—	—
Coal mining.....	—	660	33	—	—	(¹)	3,303	3,285	3,285	—
Oil and gas extraction.....	21,338	20,915	56,646	215,618	139,132	217,502	39,049,931	24,106,264	24,064,213	7,752
Nonmetallic minerals, except fuels.....	279	131	12	25	—	2,383	1,314	—	—	—
Construction	59,135	11,294	22,314	1,105,267	3,201	10,423	102,653	24,443	24,443	—
General building contractors and operative builders.....	21,633	3,861	7,572	902,299	146	3,913	30,782	24,443	24,443	—
Heavy construction contractors.....	35,356	7,198	11,100	167,464	3,054	6,510	69,563	—	—	—
Special trade contractors.....	2,146	236	3,641	35,503	—	—	2,308	—	—	—
Manufacturing	6,267,623	1,574,727	4,248,150	1,585,162	1,016,190	31,386	6,809,224	11,747,282	9,750,571	549,320
Food and kindred products.....	366,375	95,985	190,118	59,180	16,287	-9,445	365,510	—	—	—
Tobacco manufactures.....	23,269	10,895	44,692	288	88	—	111,389	36,863	36,863	—
Textile mill products.....	6,319	3,063	15,056	5,506	1,347	384	2,085	—	—	—
Apparel and other textile products.....	44,868	13,862	47,675	926	197	—	2,064	—	—	—
Lumber and wood products.....	16,592	11,071	5,254	208	-2,029	-44	4,025	17	—	—
Furniture and fixtures.....	2,335	233	2,344	29	400	—	35	—	—	—
Paper and allied products.....	150,765	38,762	122,091	10,079	4,202	-212	33,536	—	—	—
Printing and publishing.....	53,036	10,276	61,203	8,066	1,696	2,273	59,166	—	—	—
Chemicals and allied products.....	750,493	135,680	574,299	89,722	106,617	3,891	482,103	224,006	223,720	-24
Petroleum (including integrated) and coal products.....	1,434,337	658,359	114,121	135,677	606,634	6,677	4,287,401	11,468,393	9,471,986	549,344
Rubber and miscellaneous plastics products.....	100,350	22,931	143,070	14,420	12,996	-147	18,522	—	—	—
Leather and leather products.....	604	188	1,888	10	51	—	3,474	—	—	—
Stone, clay, and glass products.....	80,145	24,532	72,094	24,435	18,042	610	23,198	—	—	—
Primary metal industries.....	125,998	46,044	167,729	7,222	99,491	22,263	482,646	11,530	11,530	—
Fabricated metal products.....	130,439	24,589	107,332	6,219	22,820	—	38,448	2,101	2,101	—
Machinery, except electrical.....	1,485,284	237,198	1,658,128	63,698	18,072	376	483,510	—	—	—
Electrical and electronic equipment.....	327,737	107,730	527,563	490,548	71,970	4,007	173,631	4,371	4,371	—
Motor vehicles and equipment.....	831,972	82,783	144,978	281,524	7,932	745	169,234	—	—	—
Transportation equipment, except motor vehicles.....	115,542	22,795	69,551	377,406	20,485	—	17,977	—	—	—
Instruments and related products.....	190,445	20,005	146,520	6,527	4,451	—	39,528	—	—	—
Miscellaneous manufacturing and manufacturing not allocable.....	30,719	7,727	32,044	3,473	4,439	7	11,742	—	—	—
Transportation and public utilities	95,156	49,993	129,230	2,314,630	2,025	4,728	335,207	144,545	141,364	2,892
Transportation.....	45,872	15,145	46,455	1,860,109	-507	-1,181	179,990	6,998	6,709	—
Communication.....	40,438	15,906	69,113	359,976	-895	4,113	37,227	—	—	—
Electric, gas, and sanitary services.....	8,846	18,942	13,663	94,545	3,427	1,796	117,990	137,547	134,655	2,892
Wholesale and retail trade	568,553	259,132	66,699	67,772	9,605	8,820	873,077	8,812,357	8,337,984	2,153
Wholesale trade.....	483,840	250,163	52,094	59,968	4,307	8,804	796,743	8,797,203	8,324,974	10
Groceries and related products.....	533	1,723	3,318	377	—	—	2,681	—	—	—
Machinery, equipment, and supplies.....	5,139	3,539	31,196	28,425	3,438	795	35,325	—	—	—
Miscellaneous wholesale trade.....	478,168	244,902	17,580	31,166	869	8,009	758,737	8,797,203	8,324,974	10
Drugs, drug proprietaries and druggists' sundries.....	(¹)	*1,116	—	—	—	—	—	—	—	—
Chemicals and allied products.....	*3,008	*212	*3,425	*3	—	—	*-6,341	—	—	—
Petroleum and petroleum products.....	439,700	20,771	376	3,546	76	—	368,344	8,778,845	8,306,616	10
Other miscellaneous wholesale trade.....	35,460	222,802	13,779	27,618	793	8,009	396,734	18,358	18,358	—
Retail trade.....	84,714	8,969	14,605	7,804	5,299	16	76,334	15,153	13,010	2,143
Building materials, garden supplies, and mobile home dealers.....	—	229	—	—	—	—	—	—	—	—
General merchandise stores.....	56,538	5,040	202	1,735	—	-11	27,757	—	—	—
Food stores.....	20,638	1,091	3,426	235	2,556	—	-41	—	—	—
Automotive dealers and service stations.....	27	—	—	—	—	—	16	—	—	—
Apparel and accessory stores.....	—	—	*435	—	—	—	*102	—	—	—
Furniture and home furnishings stores.....	8	59	—	24	—	—	—	(¹)	—	—
Eating and drinking places.....	1,831	1,702	7,829	1,729	1,002	27	29,655	—	—	—
Miscellaneous retail stores.....	5,672	849	2,712	4,081	1,741	—	18,845	15,153	13,010	2,143
Finance, insurance, and real estate	132,731	5,095,102	274,208	298,045	49,595	42,921	2,559,933	17,432	5,808	11,618
Banking.....	42,782	4,214,273	192,711	49,728	25,424	-10,215	2,092,608	—	—	—
Credit agencies other than banks.....	19,633	202,465	30,955	1,264	172	27,798	27,720	—	—	—
Security, commodity brokers and services.....	123	22,907	—	8,346	20	—	277	—	—	—
Insurance.....	14,710	636,575	29,396	217,108	10,322	24,922	428,939	5,814	5,808	—
Insurance agents brokers and services.....	9,150	2,338	2,917	18,099	216	263	2,300	—	—	—
Real estate.....	528	9,972	15,868	441	89	53	580	—	—	—
Holding and other investment companies except bank holding companies.....	45,805	6,573	2,362	3,059	13,352	101	7,509	11,618	—	11,618
Services	69,707	7,770	561,162	407,634	33,074	3,521	94,108	—	—	—
Hotels and other lodging places.....	*1,640	*264	*25	*1,881	—	—	*17,986	—	—	—
Personal services.....	*5,314	*488	*142	*1,761	*9	—	*5,394	—	—	—
Business services.....	40,340	5,420	42,575	119,335	27,825	1,374	15,447	—	—	—
Auto repair, miscellaneous repair services.....	—	*234	*114	*1	—	—	*499	—	—	—
Amusement and recreational services.....	18,489	937	513,870	1,948	166	616	47,721	—	—	—
Other services.....	3,925	427	4,436	282,708	5,073	1,531	7,060	—	—	—
Nature of business not allocable	—	2	(¹)	—	—	—	—	—	—	—

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit, 1978

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

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

Foreign income and taxes reported on Form 1118 — Continued										
Major industry	Oil and gas extraction gross income (less loss) — Continued				Deductions other than from branch operations and specially allocable income					
	Dividends from foreign corporations	Includable income of Controlled Foreign Corporations	Partnership income	Total	Deductions allocable to specific types of income					Deductions not allocable to specific types of income
					Total	Rental, royalty and licensing expenses		Service expenses	Other deductions	
						Depreciation, depletion and amortization	Other			Total
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
All industries	1,898,817	25,909	29,479	35,524,891	25,971,466	158,615	554,378	3,378,020	21,880,453	9,553,425
Agriculture, forestry, and fishing	—	—	—	*1,474	*1,428	—	—	—	*1,428	*46
Mining	6,558	—	27,741	14,371,229	14,223,596	32,913	17,828	125,451	14,047,404	147,633
Metal mining	—	—	—	*137,549	*131,012	*15,167	*3,402	*20	*112,423	*6,537
Coal mining	—	—	—	(¹)	(¹)	—	—	—	(¹)	—
Oil and gas extraction	6,558	—	27,741	14,232,280	14,091,381	17,746	14,426	125,430	13,933,779	140,900
Nonmetallic minerals, except fuels	—	—	—	1,399	1,202	—	—	1	1,201	197
Construction	—	—	—	1,089,944	1,059,442	2,782	29,168	972,220	55,272	30,501
General building contractors and operative builders	—	—	—	887,268	866,312	105	27,667	828,717	9,823	20,956
Heavy construction contractors	—	—	—	170,526	167,833	2,659	1,354	118,541	45,278	2,694
Special trade contractors	—	—	—	32,150	25,298	17	147	24,961	171	6,852
Manufacturing	1,420,033	25,909	1,448	10,496,056	6,087,897	35,020	218,484	901,477	4,932,916	4,408,159
Food and kindred products	—	—	—	369,241	236,003	13	4,056	9,855	222,079	133,238
Tobacco manufactures	—	—	—	182,161	112,266	—	1,185	—	111,081	69,895
Textile mill products	—	—	—	11,127	9,409	9	1,341	427	7,631	1,718
Apparel and other textile products	—	—	—	30,534	16,965	74	4,164	514	12,213	13,569
Lumber and wood products	—	—	17	13,339	5,252	1,239	2,222	152	1,639	8,087
Furniture and fixtures	—	—	—	1,004	361	—	49	41	272	642
Paper and allied products	—	—	—	134,078	34,701	38	598	2,109	31,958	99,376
Printing and publishing	—	—	—	64,379	43,373	467	5,760	3,966	33,180	21,006
Chemicals and allied products	310	—	—	1,007,609	429,732	1,073	4,026	30,847	393,786	577,877
Petroleum (including integrated) and coal products	1,419,723	25,909	1,431	3,844,976	2,932,534	127	3,029	73,005	2,856,374	912,442
Rubber and miscellaneous plastics products	—	—	—	116,056	27,622	1,986	4,705	3,839	17,092	88,434
Leather and leather products	—	—	—	124	100	—	—	17	83	24
Stone, clay, and glass products	—	—	—	78,195	21,942	428	2,775	13,402	5,338	56,252
Primary metal industries	—	—	—	565,889	498,371	9,587	66,966	43,661	378,157	67,518
Fabricated metal products	—	—	—	111,453	40,457	1,216	2,044	2,806	34,390	70,997
Machinery, except electrical	—	—	—	1,557,446	339,382	7,388	14,333	38,045	279,617	1,218,063
Electrical and electronic equipment	—	—	—	1,027,753	532,180	9,162	79,093	96,500	347,425	495,573
Motor vehicles and equipment	—	—	—	761,810	369,641	311	5,698	223,973	139,659	392,169
Transportation equipment, except motor vehicles	—	—	—	419,195	388,835	147	14,236	349,554	24,898	30,360
Instruments and related products	—	—	—	171,580	36,202	1,725	596	7,852	26,029	135,378
Miscellaneous manufacturing and manufacturing not allocable	—	—	—	28,109	12,570	32	1,608	912	10,018	15,539
Transportation and public utilities	—	—	289	2,455,465	1,222,136	34,453	31,961	795,426	360,295	1,233,329
Transportation	—	—	289	1,874,156	667,368	4,515	3,613	582,602	76,638	1,206,788
Communication	—	—	—	350,362	327,538	5,127	15,062	129,738	177,612	22,824
Electric, gas, and sanitary services	—	—	—	230,947	227,229	24,811	13,286	83,087	106,046	3,717
Wholesale and retail trade	472,220	—	—	1,053,950	529,974	4,918	4,425	43,285	477,345	523,976
Wholesale trade	472,220	—	—	971,816	469,211	3,874	2,994	42,394	419,949	502,605
Groceries and related products	—	—	—	2,586	2,095	(¹)	1,981	113	—	491
Machinery, equipment, and supplies	—	—	—	58,448	46,948	—	35	36,859	10,054	11,501
Miscellaneous wholesale trade	472,220	—	—	910,782	420,169	3,874	979	5,422	409,895	490,613
Drugs, drug proprietaries and druggists' sundries	—	—	—	*361	*4	—	—	—	*4	*357
Chemicals and allied products	—	—	—	*1,491	*1,169	—	—	—	*1,169	*323
Petroleum and petroleum products	472,220	—	—	348,798	336,500	—	—	1,149	335,350	12,298
Other miscellaneous wholesale trade	—	—	—	560,132	82,497	3,874	979	4,272	73,372	477,635
Retail trade	(¹)	—	—	82,134	60,763	1,044	1,431	891	57,396	21,371
Building materials, garden supplies, and mobile home dealers	—	—	—	23	—	—	—	—	—	23
General merchandise stores	—	—	—	34,247	21,889	—	—	206	21,683	12,358
Food stores	—	—	—	1,407	1,294	—	—	290	1,004	113
Automotive dealers and service stations	—	—	—	—	—	—	—	—	—	—
Apparel and accessory stores	—	—	—	*10	—	—	—	—	—	*10
Furniture and home furnishings stores	(¹)	—	—	—	—	—	—	—	—	—
Eating and drinking places	—	—	—	32,221	26,082	—	198	58	25,827	6,139
Miscellaneous retail stores	—	—	—	14,226	11,498	1,044	1,233	338	8,883	2,728
Finance, insurance, and real estate	6	—	—	5,287,026	2,185,961	38,235	184,140	253,884	1,709,702	3,101,065
Banking	—	—	—	4,446,753	1,750,844	14,646	148,813	34,836	1,552,549	2,695,909
Credit agencies other than banks	—	—	—	246,724	95,345	18,994	18,907	4,740	52,704	151,379
Security, commodity brokers and services	—	—	—	13,834	13,827	—	—	7,950	5,877	7
Insurance	6	—	—	526,747	303,715	3,341	15,813	198,272	86,290	223,032
Insurance agents brokers and services	—	—	—	16,163	8,910	—	—	7,487	1,422	7,253
Real estate	—	—	—	13,060	2,377	1,239	601	251	286	10,683
Holding and other investment companies except bank holding companies	—	—	—	23,745	10,943	15	5	349	10,574	12,803
Services	—	—	—	789,748	661,032	10,294	68,371	286,276	296,091	108,714
Hotels and other lodging places	—	—	—	*10,876	—	—	—	—	—	*10,876
Personal services	—	—	—	4,301	*2,140	—	—	*524	*1,616	*2,161
Business services	—	—	—	137,042	88,805	814	15,446	60,519	12,026	48,237
Auto repair, miscellaneous repair services	—	—	—	*490	*423	—	—	—	—	*67
Amusement and recreational services	—	—	—	382,518	338,394	8,813	51,750	13,386	264,445	24,124
Other services	—	—	—	254,520	231,270	244	1,175	211,848	18,003	23,250
Nature of business not allocable	—	—	—	2	—	—	—	—	—	2

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit, 1978

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

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

Major industry	Foreign income and taxes reported on Form 1118 — Continued									
	Deductions other than from branch operations and specially allocable income — Continued			Deductions from oil and gas extraction income			Taxable income (less loss)			
	Deductions not allocable to specific types of income — Continued			Total	Allocable to specific types of income	Not allocable to specific types of income	Before loss recapture			
	Research and development expenses	Interest expenses	General and administrative expenses				Total	Foreign branch income	Specially allocable income (Section 863(B))	Other than from branch operations and specially allocable income
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)
All industries	94,859	283,614	245,599	21,491,295	18,853,852	2,637,443	65,150,411	11,274,653	929,496	52,946,263
Agriculture, forestry, and fishing	—	—	—	—	—	—	*35,310	—	—	*35,310
Mining	377	28,578	10,581	10,980,579	8,977,468	2,003,112	26,329,075	602,653	1,706	25,724,716
Metal mining	—	—	—	—	—	—	*177,239	*2,729	—	*174,510
Coal mining	—	—	—	—	—	—	4,004	—	—	4,004
Oil and gas extraction	377	28,578	10,581	10,980,579	8,977,468	2,003,112	26,143,653	598,790	1,706	25,543,157
Nonmetallic minerals, except fuels	—	—	—	—	—	—	4,179	1,134	—	3,045
Construction	—	42	—	6,153	5,904	249	322,734	13,142	-123	309,716
General building contractors and operative builders	—	—	—	6,153	5,904	249	113,493	101	-123	113,516
Heavy construction contractors	—	42	—	—	—	—	193,064	11,459	—	181,605
Special trade contractors	—	—	—	—	—	—	16,177	1,582	—	14,595
Manufacturing	90,947	87,000	230,106	2,370,598	1,747,758	622,840	27,582,786	5,605,850	875,595	21,101,340
Food and kindred products	2,363	7,646	20,773	—	—	—	1,259,126	40,789	10,188	1,208,149
Tobacco manufactures	—	—	—	5,340	5,340	—	137,925	-12,731	32,814	117,842
Textile mill products	—	—	—	—	—	—	33,217	340	206	32,672
Apparel and other textile products	—	—	—	—	—	—	146,427	7,233	66	139,127
Lumber and wood products	46	190	56	—	—	—	67,669	38	15,165	52,465
Furniture and fixtures	2	(1)	3	—	—	—	7,487	—	—	7,487
Paper and allied products	96	874	2,522	—	—	—	469,228	1,583	14,423	453,222
Printing and publishing	—	37	171	—	—	—	245,366	37,098	4,874	203,393
Chemicals and allied products	28,987	13,963	32,096	49,430	49,430	—	3,021,265	436,045	125,290	2,459,930
Petroleum (including integrated) and coal products	—	2,084	—	2,311,991	1,689,151	622,840	10,004,839	4,121,778	32,713	5,850,348
Rubber and miscellaneous plastics products	21,072	12,267	20,673	—	—	—	352,431	4,766	1,445	346,220
Leather and leather products	—	—	—	—	—	—	7,778	668	—	7,110
Stone, clay, and glass products	1,100	1,307	1,366	—	—	—	306,050	13,512	583	291,955
Primary metal industries	3,583	6,115	6,592	—	—	—	835,440	204,937	4,217	626,286
Fabricated metal products	3,372	6,463	12,676	1,149	1,149	—	501,946	63,736	3,262	434,948
Machinery, except electrical	7,030	8,529	14,143	—	—	—	4,437,551	182,806	154,761	4,099,983
Electrical and electronic equipment	2,787	8,536	2,167	2,688	2,688	—	1,772,694	380,798	77,949	1,313,946
Motor vehicles and equipment	12,857	16,455	113,054	—	—	—	2,659,456	56,279	318,048	2,285,129
Transportation equipment, except motor vehicles	5,824	982	1,032	—	—	—	429,079	4,035	2,144	422,900
Instruments and related products	696	712	1,481	—	—	—	774,751	61,838	80,922	631,991
Miscellaneous manufacturing and manufacturing not allocable	1,133	839	1,300	—	—	—	113,062	302	-3,477	116,237
Transportation and public utilities	—	835	443	60,229	58,793	1,437	808,392	87,188	50,456	670,749
Transportation	—	—	—	58	58	—	448,595	36,508	54,060	358,028
Communication	—	—	—	—	—	—	244,205	13,526	-20,239	250,917
Electric, gas, and sanitary services	—	835	443	60,171	58,735	1,437	115,591	37,154	16,635	61,803
Wholesale and retail trade	—	2,284	(1)	8,068,754	8,062,863	5,890	1,464,847	306,125	-1,227	1,159,949
Wholesale trade	—	327	(1)	8,063,216	8,057,326	5,890	1,194,291	272,723	-826	922,394
Groceries and related products	—	—	—	—	—	—	6,755	-142	—	6,897
Machinery, equipment, and supplies	—	114	—	—	—	—	80,174	22,591	—	57,582
Miscellaneous wholesale trade	—	213	(1)	8,063,216	8,057,326	5,890	1,107,363	250,274	-826	857,914
Drugs, drug proprietaries and druggists' sundries	—	—	—	—	—	—	*1,258	*261	—	*996
Chemicals and allied products	—	—	—	—	—	—	*14,431	*5,728	—	*8,703
Petroleum and petroleum products	—	183	—	8,056,727	8,050,837	5,890	857,527	228,500	-699	629,725
Other miscellaneous wholesale trade	—	30	(1)	6,489	6,489	—	234,147	15,784	-127	218,489
Retail trade	—	1,956	—	5,538	5,538	—	270,556	33,402	-401	237,555
Building materials, garden supplies, and mobile home dealers	—	—	—	—	—	—	206	—	—	206
General merchandise stores	—	—	—	—	—	—	166,310	22,916	—	143,394
Food stores	—	—	—	—	—	—	51,939	1,459	—	50,479
Automotive dealers and service stations	—	—	—	—	—	—	74	—	—	74
Apparel and accessory stores	—	—	—	—	—	—	*527	—	—	*527
Furniture and home furnishings stores	—	—	—	—	—	—	283	—	—	283
Eating and drinking places	—	1,929	—	—	—	—	18,700	2,506	—	16,194
Miscellaneous retail stores	—	27	—	5,538	5,538	—	32,517	6,520	-401	26,398
Finance, insurance, and real estate	2,374	164,795	3,962	4,982	1,066	3,916	8,083,929	4,646,339	2,692	3,434,897
Banking	2,374	164,757	2,503	—	—	—	6,733,045	4,471,631	-1,728	2,263,142
Credit agencies other than banks	—	—	—	—	—	—	143,236	40,824	2,199	100,213
Security, commodity brokers and services	—	—	—	—	—	—	25,037	5,581	1	19,455
Insurance	—	38	1,459	4,893	977	3,916	1,005,287	126,875	2,220	876,192
Insurance agents brokers and services	—	—	—	—	—	—	32,846	305	—	32,540
Real estate	—	—	—	—	—	—	17,522	1,124	—	16,398
Holding and other investment companies except bank holding companies	—	—	—	89	89	—	126,956	—	—	126,956
Services	1,160	79	506	—	—	—	523,339	13,355	398	509,586
Hotels and other lodging places	—	—	—	—	—	—	*15,681	*1,344	—	*14,337
Personal services	—	—	—	—	—	—	*15,093	*87	—	*15,006
Business services	1,160	79	506	—	—	—	178,428	12,586	347	165,495
Auto repair, miscellaneous repair services	—	—	—	—	—	—	*359	—	—	*359
Amusement and recreational services	—	—	—	—	—	—	251,244	-6,048	—	257,292
Other services	—	—	—	—	—	—	62,533	5,387	50	57,096
Nature of business not allocable	—	—	—	—	—	—	1	—	—	1

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit, 1978

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

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

Major industry	Foreign income and taxes reported on Form 1118 — Continued									
	Taxable income (less loss) — Continued		Foreign taxes available for credit							
	Recapture of prior year foreign losses	After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Total	Paid or accrued:			
							Tax withheld at source on			Other taxes paid or accrued on
	(51)	(52)	(53)	(54)	(55)	(56)	Dividends	Interest	Rents, royalties and license fees	Branch income
All Industries	96,775	65,053,636	52,064,242	7,848,217	59,912,459	33,373,811	903,173	368,238	427,628	5,036,283
Agriculture, forestry, and fishing	—	*35,310	*13,238	*510	*13,748	*7,218	—	*54	*59	—
Mining	2,869	26,326,205	36,253,031	5,844,432	42,097,463	24,277,648	5,701	3,648	6,321	478,045
Metal mining	—	*177,239	*84,997	*1,617	*86,614	*17,793	*1,547	*1,706	*418	*1,234
Coal mining	—	4,004	1,654	—	1,654	1,654	1	99	3	—
Oil and gas extraction	2,869	26,140,783	36,164,219	5,842,815	42,007,035	24,256,544	4,096	1,835	5,896	476,233
Nonmetallic minerals, except fuels	—	4,179	2,161	—	2,161	1,658	57	9	1	579
Construction	6,336	316,398	139,660	5,726	145,386	68,781	5,673	318	1,006	6,336
General building contractors and operative builders	5,625	107,868	58,084	5,598	63,682	31,200	1,016	38	112	—
Heavy construction contractors	18	193,047	77,585	128	77,713	35,810	4,229	232	612	5,702
Special trade contractors	693	15,483	3,991	—	3,991	1,771	427	48	282	634
Manufacturing	79,401	27,503,385	13,295,106	1,715,718	15,010,824	7,818,266	814,474	76,144	345,061	4,066,313
Food and kindred products	8,326	1,250,800	577,766	352	578,118	192,460	54,495	5,857	21,228	31,001
Tobacco manufactures	—	137,925	124,794	6,508	131,302	36,776	2,774	4,753	4,688	21
Textile mill products	—	33,217	10,762	—	10,762	3,886	1,115	399	1,405	255
Apparel and other textile products	—	146,427	58,381	—	58,381	13,061	3,922	352	5,767	2,305
Lumber and wood products	—	67,669	22,024	—	22,024	3,583	1,751	1,359	230	172
Furniture and fixtures	—	7,487	3,334	—	3,334	854	412	33	301	—
Paper and allied products	45	469,182	189,291	—	189,291	38,386	22,192	4,148	9,670	1,304
Printing and publishing	98	245,268	89,997	55	90,052	33,622	8,270	1,164	4,406	16,883
Chemicals and allied products	657	3,020,607	1,243,481	16,867	1,260,347	442,680	107,787	12,793	61,605	209,832
Petroleum (including integrated) and coal products	27,922	9,976,917	5,725,698	1,685,974	7,411,672	5,436,284	74,504	7,218	6,248	3,385,745
Rubber and miscellaneous plastics products	1,411	351,020	147,063	2	147,065	46,156	20,434	1,482	18,511	1,730
Leather and leather products	—	7,778	4,264	9	4,273	2,191	145	19	429	229
Stone, clay, and glass products	—	306,500	119,516	258	119,773	34,995	14,857	1,959	8,963	5,879
Primary metal industries	27,427	808,013	423,501	4,712	428,213	144,811	20,541	3,508	15,463	73,381
Fabricated metal products	5,033	496,913	207,708	6	207,715	65,838	23,705	1,291	9,117	27,324
Machinery, except electrical	166	4,437,385	1,960,811	122	1,960,933	454,218	178,071	19,638	101,985	109,271
Electrical and electronic equipment	6,834	1,765,860	815,380	811	816,191	324,406	62,032	5,625	35,673	153,790
Motor vehicles and equipment	—	2,659,456	1,078,726	13	1,078,739	237,969	174,192	6,171	18,398	22,891
Transportation equipment, except motor vehicles instruments and related products	1,480	773,271	260,298	30	260,328	66,980	30,059	1,339	10,788	22,051
Miscellaneous manufacturing and manufacturing not allocable	—	113,062	48,413	—	48,413	10,006	5,073	502	2,650	622
Transportation and public utilities	1,438	806,953	255,470	5,347	260,817	117,480	11,149	2,802	13,193	17,072
Transportation	7	448,588	123,629	1,869	125,498	41,993	3,540	1,151	5,727	5,202
Communication	—	244,205	63,397	—	63,397	22,943	4,008	1,348	6,245	6,120
Electric, gas, and sanitary services	1,431	114,161	68,445	3,478	71,923	52,544	3,601	304	1,221	5,749
Wholesale and retail trade	3,940	1,460,907	750,044	273,024	1,023,068	301,940	30,765	7,522	5,659	200,930
Wholesale trade	2,559	1,191,733	606,415	273,024	879,439	270,200	17,543	6,150	4,117	195,755
Groceries and related products	—	6,755	1,412	—	1,412	697	22	174	80	233
Machinery, equipment, and supplies	—	80,174	17,886	—	17,886	11,326	503	347	1,546	6,979
Miscellaneous wholesale trade	2,559	1,104,804	587,117	273,024	860,141	258,177	17,018	5,630	2,491	188,543
Drugs, drug proprietaries and druggists' sundries	—	*1,258	*261	—	*261	*192	*36	*4	—	*153
Chemicals and allied products	*1,887	*12,544	*7,740	—	*7,740	*4,653	*1,357	*51	*428	*2,808
Petroleum and petroleum products	401	857,126	505,419	273,006	778,425	226,604	10,146	1,134	6	177,140
Other miscellaneous wholesale trade	270	233,877	73,697	19	73,716	26,728	5,479	4,441	2,057	8,443
Retail trade	1,382	269,174	143,629	—	143,629	31,740	13,223	1,372	1,543	5,175
Building materials, garden supplies, and mobile home dealers	—	206	53	—	53	53	—	53	—	—
General merchandise stores	—	166,310	97,060	—	97,060	15,652	10,689	854	26	1,914
Food stores	1,321	50,818	25,424	—	25,424	3,937	853	114	564	808
Automotive dealers and service stations	—	74	29	—	29	9	—	—	—	—
Apparel and accessory stores	—	*527	*107	—	*107	*73	—	—	*46	—
Furniture and home furnishings stores	—	283	21	—	21	13	—	9	—	—
Eating and drinking places	—	18,700	7,288	—	7,288	4,967	699	154	673	1,088
Miscellaneous retail stores	61	32,456	13,647	—	13,647	7,043	981	188	233	1,365
Finance, insurance, and real estate	209	8,083,720	1,182,216	3,455	1,185,671	897,213	27,025	278,939	32,698	255,506
Banking	—	6,733,045	798,484	10	798,494	674,690	9,927	236,126	28,867	200,561
Credit agencies other than banks	—	143,236	49,399	2,853	52,051	24,046	8,429	8,407	381	2,193
Security, commodity brokers and services	—	25,037	4,205	235	4,441	3,649	125	182	—	3,114
Insurance	209	1,005,078	251,477	557	252,034	179,713	3,201	30,444	1,462	48,242
Insurance agents brokers and services	—	32,846	11,590	—	11,590	2,247	1,441	58	70	228
Real estate	—	17,522	5,008	—	5,008	4,359	202	1,026	1,849	1,168
Holding and other investment companies except bank holding companies	—	126,956	62,053	—	62,053	8,508	2,700	695	68	—
Services	2,581	520,757	175,477	4	175,482	85,264	8,386	811	23,631	12,081
Hotels and other lodging places	*1,127	*14,554	*8,047	—	*8,047	*4,320	—	*15	*3	*1,493
Personal services	—	*15,093	*8,550	—	*8,550	*2,123	*948	*72	*84	—
Business services	266	178,162	82,087	3	82,090	25,633	4,822	586	2,500	8,066
Auto repair; miscellaneous repair services	—	*359	*54	—	*54	*54	—	*17	—	—
Amusement and recreational services	14	251,230	48,432	1	48,433	29,568	2,289	*35	20,709	1,453
Other services	1,174	61,359	28,307	—	28,307	23,566	427	11	392	985
Nature of business not allocable	—	1	(¹)	—	(¹)	(¹)	—	(¹)	(¹)	—

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit, 1978

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

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

Major industry	Foreign income and taxes reported on Form 1118 — Continued						
	Foreign taxes available for credit — Continued			Deemed paid	Carryover	Foreign tax credit computed	
	Service income (61)	Partnership income (62)	Other income (63)			Before reduction for international operations (66)	After reduction for international operations (69)
All industries.....	234,717	93,581	26,311,192	7,278,632	19,260,016	26,344,731	26,344,670
Agriculture, forestry, and fishing.....	—	5,936	7,106	5,936	594	13,210	13,210
Mining.....	11,177	65,115	23,707,641	74,746	17,745,069	12,512,775	12,512,774
Manufacturing.....	12	(1)	12,876	53,129	15,892	63,516	63,516
Food and kindred products.....	4,811	41	75,026	366,553	19,105	539,756	539,611
Textile mill products.....	94	—	28,746	26,527	71,256	49,588	49,588
Apparel and other textile products.....	424	—	258	44,869	549	10,102	10,102
Lumber and wood products.....	4	—	573	16,592	452	58,027	58,027
Furniture and fixtures.....	395	—	66	15,265	1,849	20,377	20,377
Paper and allied products.....	73	1,181	878	150,765	146	3,134	3,134
Printing and publishing.....	4,257	910	45,643	53,095	3,394	188,573	188,573
Chemicals and allied products.....	78,015	20	45,453	751,393	66,305	88,120	88,120
Petroleum (including integrated) and coal products.....	14,135	2,626	2,038	1,853,554	541,045	1,155,969	1,155,969
Rubber and miscellaneous plastics products.....	2,200	36	1,853,554	1,231,343	58	4,665,180	4,665,180
Leather and leather products.....	1,232	—	1,752	100,350	558	112,416	112,400
Stone, clay, and glass products.....	591	3,735	2,355	80,146	4,628	2,493	2,493
Primary metal industries.....	306	—	27,532	126,732	156,639	322,824	322,824
Fabricated metal products.....	2,442	143	4,888	130,435	11,439	197,797	197,789
Machinery, electrical, and electronic equipment.....	18,753	2,626	45,806	1,485,686	20,846	1,912,494	1,912,008
Motor vehicles and equipment.....	14,135	126	2,038	327,619	163,965	723,325	723,309
Transportation equipment, except motor vehicles.....	7,483	—	3,484	81,972	8,798	1,037,232	1,037,231
Instruments and related products.....	179	—	2,564	190,506	37,955	150,851	150,742
Miscellaneous manufacturing and manufacturing not allocable.....	584	(1)	575	30,719	2,841	255,175	254,955
Transportation and public utilities.....	27,043	2,036	44,185	95,415	7,698	41,903	41,903
Transportation.....	16,637	148	9,589	40,436	37,632	113,637	113,637
Communication.....	1,017	1,899	30,390	8,105	10,274	61,965	61,965
Electric, gas, and sanitary services.....	8,389	—	30,390	8,105	10,274	46,736	46,736
Wholesale and retail trade.....	7,532	—	49,531	568,720	152,409	591,519	591,511
Wholesale trade.....	6,726	—	39,909	484,006	125,233	475,945	475,937
Groceries and related products.....	94	—	53	53	183	1,271	1,271
Machinery, equipment, and supplies.....	1,229	—	722	5,139	1,421	16,382	16,382
Miscellaneous wholesale trade.....	5,403	—	39,092	478,335	123,629	458,289	458,284
Drugs, drug propolietaries and druggists sundries.....	—	—	—	—	—	—	—
Chemicals and allied products.....	938	—	10	37,240	93	5,904	5,904
Petroleum and petroleum products.....	4,465	—	1,843	439,987	111,954	391,338	391,333
Other miscellaneous wholesale trade.....	806	—	9,622	35,480	11,527	60,887	60,887
Retail trade.....	—	—	—	84,714	27,175	115,574	115,574
Building materials, garden supplies, and mobile home dealers.....	—	—	—	—	—	53	53
General merchandise stores.....	391	—	1,777	56,538	24,870	72,335	72,335
Food stores.....	20	—	1,576	20,638	848	23,643	23,643
Automotive dealers and service stations.....	—	—	3	27	—	26	26
Apparel and accessory stores.....	—	—	26	—	34	82	82
Furniture and home furnishings stores.....	286	—	2,066	1,831	490	6,407	6,407
Eating and drinking places.....	105	—	4,172	5,672	932	21	21
Miscellaneous retail stores.....	5,076	13,334	286,636	133,220	155,236	1,100,988	1,100,988
Finance, insurance, and real estate.....	1,083	43	198,084	42,850	80,954	767,858	767,858
Banking.....	—	2,819	818	19,633	6,372	42,705	42,705
Credit agencies other than banks.....	228	—	—	123	669	3,975	3,975
Security, commodity brokers and services.....	3,637	10,319	82,408	15,131	57,190	218,951	218,951
Insurance.....	46	108	295	9,150	193	11,573	11,573
Insurance agents brokers and services.....	13	12	89	528	121	4,491	4,491
Real estate.....	—	—	—	—	—	—	—
Holding and other investment companies except bank holding companies.....	70	33	4,941	45,805	7,740	51,435	51,435
Services.....	25,448	1,305	13,603	68,724	20,493	138,193	138,193
Hotels and other lodging places.....	—	—	—	—	—	—	—
Personal services.....	20	—	2,808	1,640	2,087	6,081	6,081
Business services.....	8,640	702	1,090	5,314	1,113	6,658	6,658
Auto repair, miscellaneous repair services.....	1	—	317	40,357	16,099	60,128	60,128
Amusement and recreational services.....	646	69	1	18,489	377	54	54
Other services.....	18,142	534	5,075	3,925	817	48,132	48,132
Nature of business not allocable.....	—	—	—	—	—	(1)	(1)

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

†Less than \$500 per return.

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

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed, 1978

Table 2. — Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets

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

Size of total assets	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid	Net income (less deficit)	Western Hemisphere Trade Corporation deduction	Income subject to U.S. tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	5,219	2,708,678,170	1,781,831,854	8,498,048	2,926,552	1,446,428	7,273,586	146,555,196	268,852	141,684,455
Zero assets	68	—	4,787,670	12,288	5,092	105	7,326	206,808	71	203,918
\$1 under \$1,000,000	1,062	449,617	802,144	1,971	54	—	375	85,785	—	73,404
\$1,000,000 under \$10,000,000	1,479	6,093,357	10,085,096	37,009	28,813	1,224	23,763	916,901	3,502	860,971
\$10,000,000 under \$50,000,000	976	23,861,865	37,200,618	116,121	74,698	17,557	89,781	3,176,946	2,231	3,062,221
\$50,000,000 under \$100,000,000	364	25,927,803	36,658,721	129,897	61,403	25,172	96,308	2,710,145	4,459	2,570,122
\$100,000,000 under \$250,000,000	392	63,313,382	80,925,993	297,805	142,594	52,527	226,622	6,718,058	4,268	6,522,404
\$250,000,000 under \$500,000,000	252	88,482,348	101,853,868	443,842	221,703	67,379	374,569	8,109,883	22,359	7,860,000
\$500,000,000 under \$1,000,000,000	195	137,500,143	140,354,679	543,187	239,437	100,009	422,064	10,159,496	15,981	9,871,223
\$1,000,000,000 or more	431	2,363,049,655	1,369,163,066	6,915,928	2,152,758	1,182,454	6,032,780	114,471,174	215,981	110,660,193

Size of total assets	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	Investment credit	Work incentive (WIN) credit	Jobs credit	U.S. income tax after credits	Foreign income and taxes reported on Form 1118	
	Total	U.S. normal tax, surtax, and alternative tax							Foreign income and taxes reported on Form 1118	
									Gross income excluding branch operations and specially allocable income (less loss)	
									Total	Dividends
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Total	67,199,697	66,807,729	26,343,630	75,064	6,927,231	8,819	152,156	33,692,797	88,471,154	11,234,228
Zero assets	97,638	94,435	14,469	—	13,529	2	682	68,956	591,227	12,682
\$1 under \$1,000,000	25,314	25,219	3,609	71	572	—	3,744	17,318	119,513	1,971
\$1,000,000 under \$10,000,000	387,828	386,126	70,871	1,421	17,186	39	21,472	276,839	437,132	49,943
\$10,000,000 under \$50,000,000	1,441,847	1,435,601	194,140	18,078	77,506	252	37,897	1,113,975	876,034	136,305
\$50,000,000 under \$100,000,000	1,208,326	1,201,735	151,250	2,236	98,714	111	17,828	938,187	576,192	160,365
\$100,000,000 under \$250,000,000	3,073,506	3,058,520	457,406	19,256	204,827	201	20,689	2,371,127	1,791,976	347,855
\$250,000,000 under \$500,000,000	3,720,583	3,697,178	678,706	34,003	309,733	453	11,996	2,685,692	2,225,836	532,162
\$500,000,000 under \$1,000,000,000	4,632,004	4,599,692	728,643	—	472,420	293	10,528	3,420,121	2,948,303	665,868
\$1,000,000,000 or more	52,612,649	52,309,223	24,044,536	—	5,732,744	7,467	27,320	22,800,582	78,904,939	9,327,078

Foreign income and taxes reported on Form 1118 — continued										
Size of total assets	Gross income excluding branch operations and specially allocable income (less loss) — continued			Total gross income (less loss) from extraction of oil or gas	Total deductions excluding branch operations and specially allocable income	Total deductions from oil and gas extraction income	Taxable income (less loss)			
	Dividend gross-up	Interest	Other income				Before loss recapture			
							Total	Foreign branch income	Specially allocable income (Section 863(B))	Other than from branch operations and specially allocable income
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Total	7,273,586	7,028,592	62,934,748	44,855,608	35,524,891	21,491,295	65,150,411	11,274,853	929,496	52,946,263
Zero assets	7,326	316,497	254,722	2,174	487,296	—	101,239	—965	—1,728	103,931
\$1 under \$1,000,000	375	513	116,655	—	87,091	—	35,017	—	2,595	32,421
\$1,000,000 under \$10,000,000	23,763	7,257	356,169	11,805	230,110	3,187	243,545	35,804	719	207,022
\$10,000,000 under \$50,000,000	89,781	29,938	620,009	155,689	393,535	38,758	560,169	75,269	2,401	482,499
\$50,000,000 under \$100,000,000	96,308	30,743	288,775	48,767	163,363	18,145	446,416	24,194	9,393	412,829
\$100,000,000 under \$250,000,000	226,622	83,490	1,134,010	268,264	823,747	16,258	1,277,877	289,558	20,089	968,230
\$250,000,000 under \$500,000,000	374,569	99,950	1,219,155	498,985	807,861	116,815	1,753,826	300,441	35,410	1,417,975
\$500,000,000 under \$1,000,000,000	422,064	261,493	1,598,878	164,279	1,130,144	95,273	1,998,714	177,134	3,421	1,818,159
\$1,000,000,000 or more	6,032,780	6,198,710	57,346,372	43,705,645	31,401,743	21,202,860	58,733,609	10,373,217	857,195	47,503,196

Footnotes at end of table.

Table 2. — Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets — Continued

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

Size of total assets	Foreign income and taxes reported on Form 1118 — continued									
	Taxable income (less loss) — continued		Foreign taxes available for credit							
	Recapture of prior year foreign losses	After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Paid or accrued on:				
						Total	Dividends	Interest	Rents, royalties and license fees	Branch income
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
Total	96,775	65,053,836	52,064,242	7,848,217	59,912,459	33,373,811	903,173	368,238	427,628	5,036,283
Zero assets	—	101,239	15,916	9	15,925	8,235	2,005	4,426	373	105
\$1 under \$1,000,000	819	34,198	7,193	—	7,193	6,468	195	25	1,158	—
\$1,000,000 under \$10,000,000	3,711	239,834	92,618	—	92,618	52,242	2,804	772	9,628	12,849
\$10,000,000 under \$50,000,000	815	559,353	242,099	10,371	252,471	129,201	13,147	2,641	12,547	32,475
\$50,000,000 under \$100,000,000	2,187	444,229	180,115	7,358	187,474	66,318	17,639	2,029	9,867	10,727
\$100,000,000 under \$250,000,000	6,863	1,271,013	539,166	115,184	654,350	357,544	26,780	3,601	18,488	252,693
\$250,000,000 under \$500,000,000	4,024	1,749,803	732,808	88,756	821,566	414,216	46,372	6,129	26,852	208,415
\$500,000,000 under \$1,000,000,000	5,866	1,993,048	796,870	10,144	807,014	317,052	62,457	12,013	42,023	77,515
\$1,000,000,000 or more	72,689	58,660,920	49,457,456	7,616,392	57,073,849	32,022,535	731,774	336,602	306,891	4,441,503

Size of total assets	Foreign income and taxes reported on Form 1118 — continued					
	Foreign taxes available for credit — continued			Foreign tax credit computed		
	Paid or accrued on	Total deemed paid	Carryover available for credit	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations
	Other income	(41)	(42)	(43)	(44)	(45)
Total		26,638,490	7,278,632	19,260,016	26,345,731	1,060
Zero assets		1,326	7,327	363	14,469	—
\$1 under \$1,000,000		5,090	375	351	3,609	—
\$1,000,000 under \$10,000,000		26,190	23,763	16,613	70,879	3
\$10,000,000 under \$50,000,000		68,391	89,831	33,438	194,233	12
\$50,000,000 under \$100,000,000		26,057	96,613	24,542	151,259	—
\$100,000,000 under \$250,000,000		55,983	227,084	69,722	457,410	4
\$250,000,000 under \$500,000,000		126,648	374,643	32,706	678,708	1
\$500,000,000 under \$1,000,000,000		123,044	423,059	66,903	728,950	308
\$1,000,000,000 or more		26,205,764	6,035,936	19,015,377	24,046,213	732

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

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed, 1978

Table 3.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed

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

Type of foreign income for which separate credit was computed	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid	Net income (less deficit)	Western Hemisphere Trade Corporation deduction	Income subject to U.S. tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	5,219	2,708,678,170	1,781,831,854	8,498,048	2,926,552	1,446,428	7,273,586	146,555,196	268,852	141,684,455
Certain interest income	313	382,368,177	427,537,467	2,027,049	971,795	357,947	2,045,567	32,860,719	128,595	32,218,420
Dividends received from DISC's	61	113,420,624	142,101,978	1,184,482	790,340	156,024	909,685	13,614,938	18,779	13,530,682
Foreign oil related income	101	324,157,674	412,837,361	1,911,265	304,746	360,629	1,961,311	48,569,783	178,526	47,581,777
Income from U.S. possessions not elsewhere included	352	448,589,922	344,545,413	2,859,168	285,030	330,096	2,427,327	26,636,733	49,103	25,432,360
All other foreign source income	4,811	2,637,951,289	1,699,285,650	8,459,410	2,907,397	1,440,263	7,235,464	119,767,807	264,116	115,043,912

Type of foreign income for which separate credit was computed	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	Investment credit	Work incentive (WIN) credit	Jobs credit	U.S. income tax after credits	Foreign income and taxes reported on Form 1118	
	Total	U.S. normal tax, surtax, and alternative tax							Gross income, excluding branch operations and specially allocable income (less loss)	
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	Total	Dividends
Total	67,199,697	66,807,729	26,343,630	75,064	6,927,231	8,819	152,156	33,692,797	88,471,154	11,234,228
Certain interest income	15,170,366	15,074,973	4,624,651	38,384	1,575,959	2,290	9,526	8,919,557	404,653	—
Dividends received from DISC's	6,498,155	6,475,880	1,170,297	—	697,956	5,170	3,738	4,620,994	783,150	779,335
Foreign oil related income	22,663,578	22,623,159	17,918,202	—	1,002,875	230	3,009	3,739,263	49,110,493	2,311,480
Income from U.S. possessions not elsewhere included	12,204,811	12,087,789	3,832,263	4,441	2,184,109	345	7,994	6,175,660	269,507	16,235
All other foreign source income	54,422,773	54,035,941	14,448,658	36,299	6,858,391	8,798	146,690	32,923,937	37,903,351	8,127,179

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118—continued									
	Gross income excluding branch operations and specially allocable income (less loss)—continued			Total gross income (less loss) from extraction of oil or gas	Total deductions excluding branch operations and specially allocable income	Total deductions from oil and gas extraction income	Taxable income (less loss)			
	Dividend gross-up	Interest income	Other income				Before loss recapture			
	(21)	(22)	(23)	(24)	(25)	(26)	Total	Foreign branch income	Specially allocable income (Section 863(B))	Other than from branch operations and specially allocable income
Total	7,273,586	7,028,592	62,934,748	44,855,608	35,524,891	21,491,295	65,150,411	11,274,653	929,496	52,946,263
Certain interest income	—	404,653	—	—	125,192	—	279,461	—	—	279,461
Dividends received from DISC's	3,815	—	—	—	299,986	—	483,164	—	—	483,164
Foreign oil related income	1,802,997	404,178	44,591,837	44,855,608	17,865,987	21,491,295	36,461,654	5,192,802	24,346	31,244,506
Income from U.S. possessions not elsewhere included	14,528	6,662	232,084	—	154,185	—	143,681	31,736	—3,378	115,323
All other foreign source income	5,452,246	6,213,099	18,110,827	—	17,079,541	—	27,782,452	6,050,115	908,528	20,823,809

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118—continued									
	Taxable income (less loss)—continued			Foreign taxes available for credit						
	Recapture of prior year foreign losses	After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Paid or accrued on:				
	(31)	(32)	(33)	(34)	(35)	Total	Dividends	Interest	Rents, royalties and license fees	Branch income
Total	96,775	65,053,636	52,064,242	7,848,217	59,912,459	33,373,811	903,173	368,238	427,628	5,036,283
Certain interest income	1,954	277,507	13,233	—	13,233	12,994	—	12,994	—	—
Dividends received from DISC's	—	483,164	4,309	—	4,309	481	—	481	—	—
Foreign oil related income	32,793	36,428,861	42,375,084	7,833,404	50,208,488	29,975,045	59,197	1,391	6,604	4,148,152
Income from U.S. possessions not elsewhere included	—	143,681	38,857	—	38,857	23,724	550	946	1,865	8,912
All other foreign source income	62,028	27,720,424	9,632,759	14,813	9,647,572	3,361,567	842,945	352,907	419,158	879,219

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118—continued						
	Foreign taxes available for credit—continued			Foreign tax credit computed			
	Paid or accrued on—continued	Total deemed paid	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations	
	Other income	(41)	(42)	(43)	(44)	(45)	(46)
Total	26,638,490	7,278,632	19,260,016	26,345,731	1,060	26,344,670	
Certain interest income	—	—	239	13,190	—	—	—
Dividends received from DISC's	—	3,828	—	4,281	—	—	—
Foreign oil related income	25,759,701	1,802,997	18,430,446	17,424,843	—	—	—
Income from U.S. possessions not elsewhere included	11,450	14,528	606	35,280	—	—	—
All other foreign source income	867,338	5,457,279	828,725	8,868,136	—	—	—

NOTE: The data in columns 1-18 pertain to the total activity of the domestic parent corporation. Since many firms compute a foreign tax credit for more than one type of foreign income, the data in these columns are not additive. The data in columns 45 and 46 are reported as corporate totals only, not by type of income. Form 1118 detail may not add to totals because of rounding.

1982 Crude Oil Windfall Profit Tax, First Quarter

By Michael Alexander*

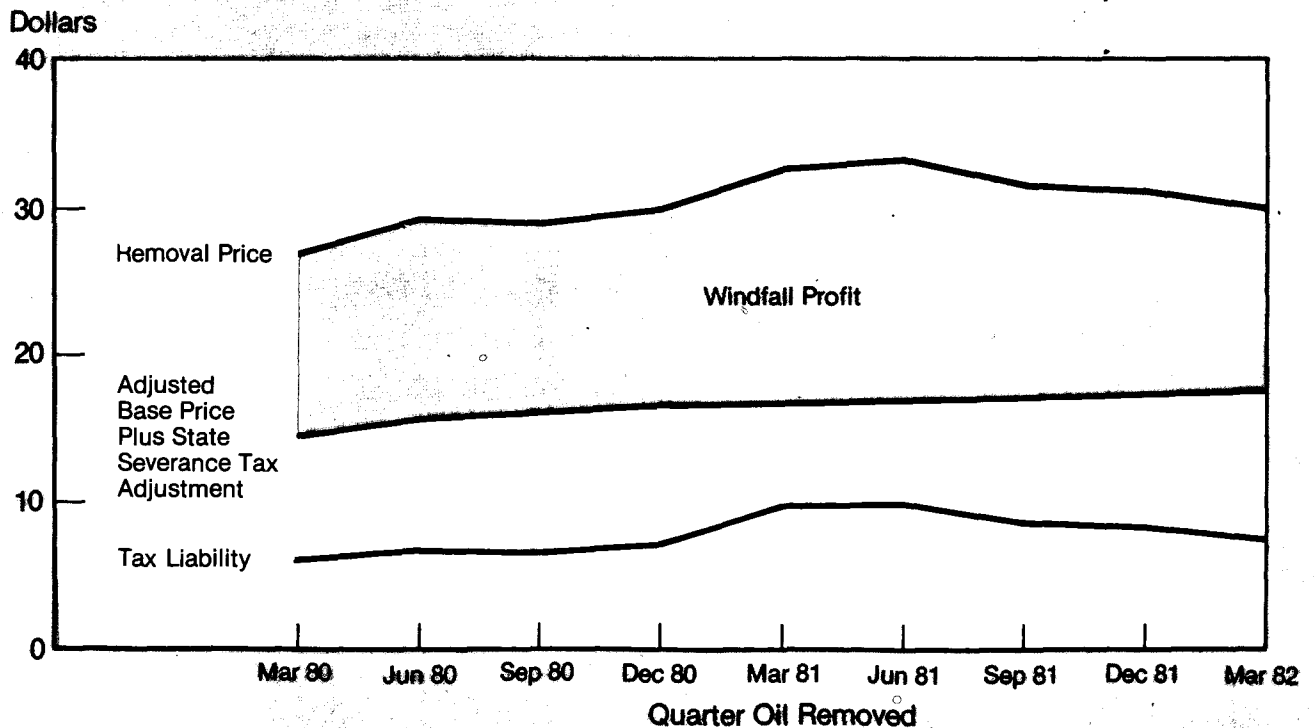
The first quarter of 1982 continued the declining trend in the windfall profit tax liability that has existed since the first quarter of 1981. The tax liability for the first quarter of 1982 amounted to slightly more than \$5 billion after adjustments, bringing the total since the inception of the Crude Oil Windfall Tax Act to almost \$41 billion.

The windfall profit tax liability after adjustments decreased from the first quarter of 1981 to the first quarter of 1982 by \$2.2 billion or 31 percent. The average windfall profit tax per barrel declined from \$9.58 for the first quarter of 1981 to \$7.42 for the first quarter of 1982, a drop of over 22 percent. This decrease in tax liability can be attributed to a combination of factors: declining prices; an increase

in the amount of oil taxed at independent producer rates, which are generally lower; a reduction in oil taxed at higher rates; and tax law changes.

The quarter ending March 1982 marked the third consecutive quarter that the average removal price (generally the price for which the oil is sold) decreased. The average price per barrel reached a high of \$33 in the second quarter of 1981 and then declined continually to slightly less than \$30 for the first quarter of 1982. The downward trend in the removal price can be attributed to the decrease in U.S. demand for oil and gasoline, a result of a sluggish economy and continued conservation efforts. An abundant supply of foreign crude oil relative to worldwide demand also created a downward force on removal prices for U.S. domestic crude oil.

Components of Windfall Profit Tax Liability: Averages per Barrel by Quarter Oil Removed



NOTE: Because of price controls during 1980, there were cases where the removal price was less than the adjusted base price and no Form 6047 was filed. The data in the figure are based on information reported.

*Prepared under the direction of Michael Coleman, Chief, Special Projects Section, Foreign Statistics Branch.

There were two major tax law changes, affecting oil removed in 1982, as a result of the Economic Recovery Tax Act of 1981. The tax rate for newly discovered oil was reduced from 30 percent to 27.5 percent. The average withholding rate for newly discovered oil for the first quarter of 1982 was 27.8 percent, which was the result of some taxes being withheld at the 30 percent rate. Another tax law change replaced the royalty owners tax credit with a more liberal exemption from the windfall profit tax for specified amounts of royalty production. Previously a \$2,500 credit for windfall profit tax paid by royalty holders (\$1,000 for 1980) was allowed. The new law provides a two barrel per day exemption for qualified royalty owners. Slightly less than 7 million barrels of oil were certified as exempt royalty oil in the first quarter of 1982.

The windfall profit tax liability is also affected by certain adjustments. The adjustments can result from errors in withholding or from the net income limitation, which limits the windfall profit to 90 percent of the net income per barrel of oil. When either of these occur, the depositing or withholding agent is responsible for correcting the error, to the extent possible, by adjusting the amounts withheld in succeeding quarters. The large adjustments occurring in the last quarter of each year (see the summary of adjustments below) are largely due to the net income limitation. At year end, many taxpayers found they had overestimated their tax liability for previous quarters (because of having overestimated their net income) and therefore made negative adjustments on their fourth quarter returns to compensate for the

previous over-depositing. It is interesting to note that the first quarter of 1981 had a positive adjustment and the first quarter of 1982 had a negative adjustment. The positive adjustment appears to be the result of confusion in the first year of the windfall profit tax, where the withholding or depositing agents were making year end corrections prior to preparing year end information returns, Form 6248. The first quarter of 1982 represents a more stable situation where the adjustments are mostly the result of net income limitations.

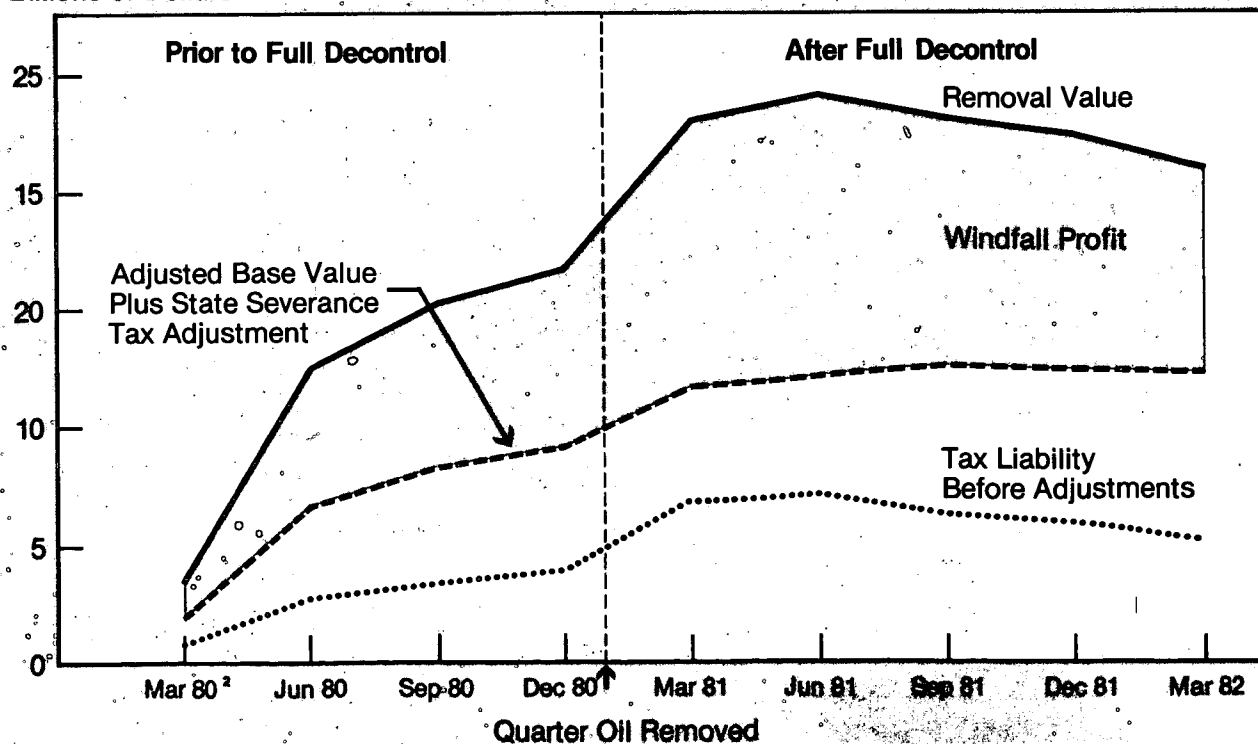
Windfall Profit Tax Before and After Adjustments
(Millions)

Quarter Ending	Tax-Before Adjustments	Adjustments	Tax-After Adjustments
Total	\$42,740	-\$1,870	\$40,870
Mar. 1980 ^{1/}	788	---	788
June 1980	2,842	-21	2,821
Sept. 1980	3,413	-88	3,325
Dec. 1980	3,918	-927	2,991
Mar. 1981	6,953	+242	7,195
June 1981	7,253	-107	7,146
Sept. 1981	6,344	-251	6,093
Dec. 1981	6,007	-497	5,510
Mar. 1982	5,222	-221	5,001

^{1/} One month only.

Components of Windfall Profit Tax Liability Before Adjustments: Aggregate Values By Quarter Oil Removed

Billions of Dollars



¹Some returns report windfall profit tax liability only; therefore, data for removal value, adjusted base value and state severance tax adjustment have been adjusted to reflect totals as if all returns reported this detail.

²One month only.

DATA SOURCES AND LIMITATIONS

The Quarterly Federal Excise Tax Return, Form 720, is the form on which the windfall profit tax is reported. Form 6047, Windfall Profit Tax, shows how the tax is computed and is filed as an attachment to Form 720. Returns are due two months after the end of the quarter in which the oil is removed. Data are based on all returns with a tax liability of \$1 million or more before adjustments and a 10 percent sample of all other returns.

DEFINITIONS

Brief definitions of the terms used in the tables are given below.

Adjusted Base Price.--The base price multiplied by the inflation adjustment, which is derived from the "implicit price deflator" published by the Department of Commerce, Bureau of Economic Analysis, in the Survey of Current Business.

Adjustments to Liability.--Corrections applied to the current quarter's liability in order to correct for the net income limitation and over- and under-withholding in previous quarters.

Base Price.--For tier one oil, the upper tier ceiling price, as defined by Department of Energy price control regulations, which would have applied to the oil had it been produced and sold in May 1979, reduced by 21 cents. For tiers two and three oil, the base prices were \$15.20 and \$16.55, respectively, adjusted for grade and quality.

Crude Oil.--The term applies only to natural crude petroleum and does not include synthetic petroleum, such as oil from shale or tar sands. It does, however, include natural gas liquids treated as crude oil under the June 1979 energy pricing regulations issued by the Department of Energy.

Exempt Alaskan Oil.--Oil from a reservoir other than the Sadlerochit reservoir that has been commercially exploited by any well north of the Arctic Circle; and oil produced north of the divides of the Alaska and Aleutian Ranges, and at least 75 miles from the nearest point of the Trans-Alaskan Pipeline System.

Exempt Charitable Oil.--Oil produced from economic interests held by qualified charitable medical facilities, educational institutions, and child care organizations (as defined in Internal Revenue Code section 170), if such interest was held on January 21, 1980, and at all times thereafter; and oil produced from interests held by a church on January 21, 1980, if, prior to January 22, 1980, the net proceeds of such oil were dedicated to the support of a medical facility, educational institution, or child care facility.

Exempt Governmental Oil.--Oil produced from an economic interest held by a State or political subdivision (including agencies and instrumentalities), the net income from which is used for public purposes.

Exempt Indian Oil.--Oil produced from mineral interests held by or on behalf of Indian tribes or individuals on January 21, 1980, which is one of the following: (a) production received by Indian tribes and individuals from Tribal Trust Lands (the title to such land is held by the United States in trust for the tribes), (b) production from land or mineral interests held by an Indian tribe eligible for services provided to Indians by the Secretary of the

Interior, or (c) oil proceeds which are paid into the U.S. Treasury to the credit of tribal or native trust funds pursuant to law. This exemption also applies to production of any Alaskan Native Corporation prior to 1991.

Exempt Royalty Oil.--Qualified royalty owners are exempt from the windfall profit tax on two barrels of oil per day for each day of the calendar quarter for oil removed after December 31, 1981. For 1985 and thereafter, three barrels per day will be exempt.

Net Income Limitation.--The windfall profit on a barrel of oil may not exceed 90 percent of the net income attributable to the barrel.

Removal Price.--Generally, the price for which a barrel of oil is sold. In some instances, a constructive sale price is used.

Sadlerochit Oil.--Crude oil production from the Sadlerochit reservoir in the Prudhoe Bay oil field in Alaska.

State Severance Tax Adjustment.--A State severance tax is a tax imposed by a State with respect to the extraction of oil. The windfall profit is reduced by the amount by which the severance tax exceeds that which would have been imposed had the oil been valued at its adjusted base price.

Stripper Oil.--In general, oil from a property from which the average daily production per well has been 10 barrels or less for any consecutive 12-month period after 1972.

Tier One Oil.--All domestically-produced crude oil other than any oil classified in tier two or three, or explicitly exempted from the tax by the Act. This includes the bulk of domestic oil from reservoirs proven to be productive before 1979.

Tier Two Oil.--Any oil which is from a stripper well property within the meaning of the June 1979 Department of Energy pricing regulations and oil from a U.S. economic interest in a Naval Petroleum Reserve.

Tier Three Oil, Heavy Oil.--All crude oil which is (1) produced from property which had a weighted average gravity of 16.0 degrees or less on the American Petroleum Institute (API) scale, corrected to 60 degrees Fahrenheit, for the last month of production prior to July 1979 or (2) oil from a property with a weighted average gravity of 16.0 degrees API or less, corrected to 60 degrees Fahrenheit, for the taxable period.

Tier Three Oil, Incremental Tertiary Oil.--Production in excess of a base level on a property on which a qualified tertiary recovery project (one which utilizes one of several specific chemical, fluid or gaseous recovery methods to extract oil not recoverable using standard techniques) has been undertaken. The non-incremental oil (i.e., the amount of production up the base level) remains in the otherwise applicable tier.

Tier Three Oil, Newly Discovered Oil.--Crude oil that is sold after May 31, 1979, and that is produced from (1) an outer continental shelf area for which the lease was entered into on or after January 1, 1979, and from which there was no production in Calendar Year 1978 or (2) an on-shore property developed after Calendar Year 1978.

Windfall Profit.--The excess of the removal price of the barrel of oil over the sum of the adjusted base price and the severance tax adjustment.

Crude Oil Windfall Profit Tax, 1982

Table 1.--Windfall Profit Tax Liability by Oil Tier and Tax Rate for Quarter Ending March 1982 Aggregate Components of Windfall Profit

[Money amounts are in millions of dollars]

Oil tier and tax rate	Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total.....	668,452	19,991	11,211	447	8,346	4,966
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent.....	307,914	9,882	4,684	221	4,977	3,483
Taxed at 50 percent.....	29,510	980	462	31	487	243
Tier one, Sadlerochit oil:						
Taxed at 70 percent.....	117,751	2,389	1,818	76	495	346
Taxed at 50 percent.....	20	1	-	-	-	-
Tier two oil:						
Taxed at 60 percent.....	51,698	1,662	960	30	672	403
Taxed at 30 percent.....	33,336	1,102	637	21	444	133
Tier three oil (taxed at 30 percent):						
Newly discovered oil ¹	88,511	2,936	1,926	58	952	265
Incremental tertiary oil.....	9,564	321	194	7	120	36
Heavy oil.....	30,149	718	529	1	188	56
Returns with total tax liability only.....	-	-	-	-	-	256 ²

Table 2.--Windfall Profit Tax Liability For Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate For the Quarter Ending March 1982 Average Daily Production and Average Dollars per Barrel

Oil tier and tax rate	Daily production (000's)	Removal price	Adjusted base price	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
All returns, total.....	7,427	\$29.91	\$16.77	\$.66	\$12.49	\$7.42
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent.....	3,421	32.09	15.21	.71	16.17	11.31
Taxed at 50 percent.....	328	33.22	15.65	1.05	16.52	8.25
Tier one, Sadlerochit oil:						
Taxed at 70 percent.....	1,308	20.28	15.44	.64	4.20	2.93
Taxed at 50 percent.....	(³)	28.30	15.17	.69	12.44	6.22
Tier two oil:						
Taxed at 60 percent.....	574	32.14	18.56	.58	13.00	7.79
Taxed at 30 percent.....	370	33.05	19.12	.62	13.31	3.99
Tier three oil: (taxed at 30 percent):						
Newly discovered oil ¹	983	33.17	21.76	.66	10.75	2.99
Incremental tertiary oil.....	106	33.54	20.29	.72	12.53	3.75
Heavy oil.....	335	23.80	17.53	.02	6.25	1.87

¹Newly discovered oil is taxed at 27.5 percent beginning in 1982; however, some returns continue to withhold at the 30 percent rate.²Includes \$14 million for returns that reported by tier and type, but did not report data for columns 1-5 in Table 1.³Less than 1,000 barrels.

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

Table 3.--Exempt Oil Volume by Tier and Category, Quarter Ending March 1982 (Thousands of barrels)

	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total.....	32,796	19,222	3,708	9,301	274	291
Exempt governmental interest.....	17,934	14,813	829	2,034	125	133
Exempt charitable interest.....	1,163	601	271	183	95	13
Exempt Indian oil.....	1,230	551	452	217	3	8
Exempt Alaskan oil.....	5,771	154	3	5,613	-	1
Exempt Royalty oil.....	6,697	3,103	2,152	1,254	51	137

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

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Selected Statistical Series

Table 1.-- Individual Income Tax Returns: Selected Income and Tax Items for Selected Years, 1970-1981

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

Item	1970	1975	1978	1979	1980	1981 (Preliminary)
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
All returns.....	74,279,831	82,229,332	89,771,551	92,694,302	93,902,469	95,284,813
Joint returns.....	42,376,365	44,140,085	44,483,348	44,855,141	45,243,211	45,750,313
Sources of income:						
Salaries and wages:						
Number of returns.....	66,965,659	73,520,046	80,278,349	83,200,646	83,802,109	84,199,098
Amount.....	531,883,892	795,399,462	1,090,291,855	1,229,251,389	1,349,842,802	1,489,233,708
Interest received:						
Number of returns.....	32,630,355	40,378,240	46,107,411	47,885,069	49,019,575	49,706,957 ¹
Amount.....	22,021,267	43,433,554	61,222,522	73,875,462	102,009,444	139,901,533 ¹
Taxable pensions and annuities:						
Number of returns.....	3,249,558	5,088,937	6,373,564	6,866,851	7,373,704	8,173,818
Amount.....	7,878,808	20,886,871	32,743,819	37,346,510	43,339,736	52,079,899
Dividends (after exclusion):						
Number of returns.....	7,729,939	8,853,491	9,425,819	9,881,105	10,738,982	16,500,857 ¹
Amount.....	15,806,924	21,892,126	30,206,475	33,482,508	38,761,253	48,470,224 ¹
Net capital gain less loss:						
Number of returns.....	7,962,663	7,574,823	8,711,086	8,641,573	8,929,474	9,432,857
Amount.....	9,006,683	14,071,893	23,231,376	28,448,300	29,659,600	29,281,172
Business net income less loss:						
Number of returns.....	6,159,985	7,242,542	8,194,375	8,562,834	8,881,119	9,567,696
Amount.....	30,554,201	39,421,478	53,546,508	56,564,467	55,129,154	53,611,092
Total adjustments:						
Number of returns.....	6,370,552	9,024,255	10,576,655	11,543,369	13,148,919	14,097,241
Amount.....	7,665,251	15,101,999	22,364,088	24,778,484	28,614,061	31,466,384
Individual Retirement Arrangement:						
Number of returns.....	N/A	1,211,794	1,925,853	2,451,955	2,564,421	3,434,455
Amount.....	N/A	1,436,443	2,497,307	3,198,788	3,430,894	4,773,035
Self-Employed Retirement (Keogh):						
Number of returns.....	591,655	595,892	548,925	590,189	568,936	568,636
Amount.....	847,692	1,603,788	1,804,243	2,029,300	2,007,666	2,062,043
Adjusted gross income.....	631,692,540	947,784,873	1,302,447,386	1,465,394,530	1,613,731,497	1,779,359,494
Exemptions:						
Total number.....	204,126,402	212,202,596	219,867,696	224,691,732	227,925,098	230,987,875
Number, age 65 or over.....	8,904,331	9,937,208	10,996,804	11,322,713	11,847,168	13,119,268
Total amount.....	127,531,204	159,140,845	164,900,772	223,891,529	227,569,280	230,897,764
Total deductions:						
Number of returns.....	73,862,448	81,585,541	85,473,429	87,202,857	88,491,251	90,254,513
Amount.....	120,549,755	233,181,778	304,282,120	332,957,555	346,000,155	400,137,637
Total itemized deductions:						
Number of returns.....	35,430,047	26,074,061	25,756,298	26,483,877	28,950,282	31,515,624
Amount.....	88,178,487	122,260,601	164,432,406	184,168,669	218,028,139	255,370,622
Medical and dental expense.....	10,585,749	11,422,312	12,203,983	12,915,626	14,972,082	17,629,757
Taxes paid.....	32,014,673	44,141,289	59,506,835	60,674,905	69,404,275	79,888,089
Interest paid.....	23,929,477	38,885,282	60,681,144	74,427,045	91,187,006	107,686,938
Contributions.....	12,892,732	15,393,331	19,691,249	22,210,838	25,809,608	30,924,436
Taxable income:						
Number of returns.....	59,593,598	65,852,602	85,280,660	86,932,978	88,104,696	89,805,882
Amount.....	401,154,285	595,492,866	1,062,190,322	1,157,247,646	1,279,985,360	1,415,615,526
Income tax before credits:						
Number of returns.....	59,596,755	65,854,734	73,087,283	74,243,824	76,135,819	78,974,594
Amount.....	84,156,695 ²	132,452,044	203,803,653	220,099,516	256,294,315	295,662,844
Total tax credits.....	369,610	8,069,846	17,085,591	6,780,186	7,215,839	11,430,046
General tax credit.....	N/A	5,020,477	10,248,475	N/A	N/A	3,405,381 ³
Investment credit.....	30,554	1,593,150	2,926,988	3,313,836	3,288,415	3,897,559
Foreign tax credit.....	169,623	381,985	901,030	850,212	1,341,645	1,426,830
Child care credit.....	N/A	N/A	654,304	793,143	956,439	1,147,591
Credit for the elderly.....	167,656	128,968	145,255	131,734	134,993	122,552
Residential energy credit.....	N/A	N/A	576,545	473,603	562,141	602,430
Earned income credit.....	N/A	252,141	152,934	495,500	451,366	453,095
Income tax after credits.....	83,787,323	124,382,197	186,718,062	213,319,330	249,078,475	284,232,797
Additional tax for tax preferences..	121,988	144,100	1,514,475	1,175,188	1,262,964	1,617,053
Total income tax:						
Number of returns.....	59,317,371	61,490,737	68,688,305	71,694,983	73,906,244	76,682,212
Amount.....	83,909,311	124,526,297	188,232,537	214,494,519	250,341,440	285,849,851

See notes following Table 6.

Table 2.-- Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Years, 1970-1980

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

Item	1970	1975	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of businesses.....	9,399,653	10,881,969	11,345,616	12,017,953	12,329,982	12,701,597
Number with net income.....	6,675,680	7,385,833	7,748,976	8,254,536	8,330,818	8,215,438
Inventory, end of year.....	12,153,615	17,164,511	19,148,274	21,822,890	24,074,447	24,052,000
Business receipts.....	237,726,748	339,221,398	393,871,922	443,354,851	487,807,384	505,884,882
Total deductions.....	204,512,011	294,610,138	342,482,951	384,327,565	427,048,596	450,434,899
Cost of sales and operations.....	133,526,775	185,745,453	211,918,200	218,590,325	229,441,138	237,154,342
Payroll.....	25,324,395	33,064,066	36,395,668	40,576,849	42,366,149	41,985,964
Taxes paid.....	5,229,009	7,435,330	8,582,206	9,362,245	9,903,005	10,102,834
Interest paid.....	3,818,791	7,255,904	9,042,180	10,869,976	13,629,184	16,241,787
Depreciation.....	10,049,833	15,815,144	18,299,280	21,206,674	24,170,602	25,796,183
Pension and profit sharing plans...	75,386	131,267	141,566	129,775	140,976	146,181
Net income less deficit.....	33,214,737	44,611,260	51,388,971	59,027,286	60,758,789	55,449,987
Net income.....	39,335,180	57,272,242	66,571,503	75,329,052	80,277,325	80,306,493
Deficit.....	6,120,443	12,660,982	15,182,532	16,301,766	19,518,536	24,856,506

See notes following Table 6.

Table 3.-- Partnership Returns: Selected Income Statement and Balance Sheet Items for Selected Years, 1970-1980

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

Item	1970	1975	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships.	936,133	1,073,094	1,153,398	1,234,157	1,299,593	1,379,654
Number with net income.....	639,795	661,134	710,256	761,753	765,575	774,173
Number of partners.....	3,697,818	4,950,634	6,079,860	6,121,455	6,954,767	r8,419,899
Total assets.....	116,752,751	235,468,301	296,098,262	353,699,180	447,130,068	597,503,923
Inventory, end of year.....	n.a.	11,985,431	n.a.	17,202,990	n.a.	33,218,272
Total receipts.....	93,348,080	148,417,529	180,848,961	219,192,109	258,197,936	291,998,115
Business receipts.....	90,208,834	142,505,781	171,424,236	207,731,266	242,653,710	271,108,832
Interest received.....	942,304	2,477,173	3,102,538	4,346,928	7,246,203	10,869,323
Net gain, noncapital assets.....	121,505	359,566	611,861	957,426	980,769	1,101,630
Total deductions.....	83,557,684	140,679,959	167,584,793	204,745,300	242,992,028	283,749,460
Cost of sales and operations.....	46,040,874	64,672,843	75,853,364	87,217,203	102,096,671	113,885,668
Payroll.....	12,276,160	17,074,875	19,964,455	22,252,594	26,092,084	r29,332,070
Taxes paid.....	3,159,258	5,770,918	6,914,357	7,364,870	8,328,583	9,553,145
Interest paid.....	4,470,206	12,097,100	13,455,385	16,022,804	21,275,551	28,362,385
Depreciation.....	4,578,820	10,108,834	12,334,740	14,519,760	17,662,667	21,576,189
Pension and profit-sharing plans..	84,956	190,127	251,395	260,432	311,926	384,955
Net income less deficit.....	9,790,396	7,737,570	13,264,168	14,446,809	15,205,908	8,248,655
Net income.....	14,419,124	22,431,931	28,929,500	33,689,343	40,000,896	45,061,756
Deficit.....	4,628,728	14,694,361	15,665,332	19,242,534	24,794,987	36,813,100

See notes following Table 6.

Selected Statistical Series

Table 4.-- Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970-1980

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

Item	1970	1975	1977	1978	1979 ¹	1980 (Revised)
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
Total.....	1,665,477	2,023,647	2,241,887	2,376,779	2,577,801	2,710,538
Number with net income.....	1,008,337	1,226,208	1,424,528	1,523,648	1,599,322	1,596,632
Small Business Corporation returns.....	257,475	358,413	428,204	478,679	518,550	545,389
Domestic International Sales Corporation returns.....	N/A	6,431	6,665	7,208	8,066	8,665
Total assets.....	2,634,706,564	4,286,556,273	5,326,389,281	6,014,452,008	6,844,891,231	7,617,238,403
Inventories.....	190,401,642	317,718,545	396,032,639	442,652,820	504,315,590	534,806,547
Investments in Government obligations.....	196,625,390	316,131,699	380,540,830	403,628,383	421,441,738	472,059,737
Net capital assets, except land ²	552,838,384	825,107,002	1,001,921,728	1,115,564,447	1,264,872,322	1,418,605,742
Total liabilities.....	1,882,295,401	3,189,491,468	3,975,418,416	4,519,695,153	5,125,337,041	5,672,850,147
Short-term debt ³	170,884,261	272,123,551	319,805,729	380,851,818	452,958,194	504,802,288
Long-term debt ³	362,700,303	586,703,526	694,119,251	780,536,053	885,515,693	986,663,932
Net worth.....	752,411,163	1,097,064,806	1,350,970,865	1,494,756,856	1,719,554,190	1,944,388,256
Total receipts.....	1,750,776,503	3,198,627,860	4,128,304,478	4,714,602,615	5,615,625,519	6,361,284,012
Business receipts.....	1,620,886,576	2,961,729,640	3,813,925,121	4,353,704,519	5,152,613,019	5,731,616,337
Interest on Government obliga- tions.....	9,687,116	17,264,405	22,177,902	25,381,712	30,420,365	38,061,592
Other interest.....	61,883,309	126,034,505	154,491,738	195,479,301	259,146,298	328,802,958
Rents and royalties.....	16,524,889	26,932,271	38,773,512	38,164,761	40,303,671	53,821,391
Net long-term capital gain reduced by net short-term capital loss.....	5,481,580	8,364,523	11,916,138	14,679,876	20,005,538	24,910,957
Net gain, noncapital assets.....	5,315,562	7,757,287	11,169,250	12,137,078	15,397,176	20,117,615
Dividends received from domestic corporations.....	5,238,421	8,818,282	13,932,345	13,321,287	16,863,766	18,654,800
Dividends received from foreign corporations.....	3,466,515	5,467,726	8,275,849	9,277,932	12,715,084	14,563,353
Total deductions.....	1,682,778,847	3,052,674,597	3,908,781,721	4,467,196,877	5,331,970,825	6,125,365,155
Cost of sales and operations.....	1,146,263,273	2,129,928,467	2,725,009,554	3,113,421,507	3,721,782,971	4,204,905,905
Taxes paid.....	49,523,243	81,530,302	104,282,166	116,155,070	128,172,063	163,003,622
Interest paid.....	62,055,010	129,307,921	152,865,323	192,403,316	261,530,850	344,612,542
Contributions or gifts.....	797,029	1,202,130	1,789,747	2,084,022	2,294,755	2,358,554
Depreciation.....	52,941,266	86,295,664	106,972,692	121,299,900	138,490,396	157,345,828
Pension, profit-sharing, stock bonus, and annuity plans.....	12,225,912	26,526,129	36,463,699	41,825,415	46,583,431	51,529,310
Net income less deficit.....	65,901,614	142,636,826	219,243,043	246,867,473	285,300,630	239,006,542
Net income.....	83,710,924	169,483,336	245,274,490	274,519,721	322,517,550	296,787,201
Deficit.....	17,809,310	26,846,510	26,031,447	27,652,248	37,216,920	57,780,659
Income subject to tax.....	72,374,437	146,589,287	212,501,782	239,631,773	280,155,155	246,598,486
Income tax before credits ⁴	32,910,634	65,769,822	95,627,563	106,976,893	119,157,964	103,831,172
Tax credits, total.....	5,414,940	26,452,791	39,605,284	43,501,607	54,229,274	42,167,741
Foreign tax credit.....	4,548,986	19,987,724	26,006,028	26,357,629	36,828,057	24,861,315
Investment credit.....	865,954	6,459,746	11,038,404	12,897,172	14,678,306	15,102,812
Income tax after credits ⁴	27,495,694	39,317,031	56,022,279	63,475,286	64,928,690	61,663,431
Additional tax for tax preferences.....	265,249	156,740	263,316	340,519	433,649	438,820
Total income tax after credits.....	27,838,775	39,691,517	56,735,169	64,386,838	66,120,672	62,974,695

See notes following Table 6.

Table 5.-- Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1979-82

[Money amounts are in millions of dollars]

Quarter and fiscal year	Total	Source of revenue				
		Individual income taxes ¹	Corporation income taxes	Excise taxes ²	Employment taxes ³	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
1979						
Total.....	460,412	251,546	71,448	19,050	112,850	5,519
October 1978 to December 1978..	91,796	49,563	14,745	4,983	21,154	1,351
January 1979 to March 1979.....	108,284	60,070	14,124	4,468	28,237	1,385
April 1979 to June 1979.....	149,817	82,684	28,304	4,731	32,775	1,323
July 1979 to September 1979....	110,515	59,228	14,275	4,868	30,684	1,460
1980						
Total.....	519,375	287,548	72,380	24,619	128,330	6,498
October 1979 to December 1979..	105,947	58,899	14,894	4,902	25,755	1,497
January 1980 to March 1980.....	122,422	68,723	15,074	4,250	32,850	1,524
April 1980 to June 1980.....	166,827	91,480	28,360	7,335	38,036	1,617
July 1980 to September 1980....	124,179	68,447	14,051	8,132	31,689	1,861
1981						
Total.....	606,799	332,850	73,733	40,420	152,886	6,910
October 1980 to December 1980..	118,804	67,081	14,527	7,305	28,193	1,698
January 1981 to March 1981.....	143,899	77,467	14,844	10,082	39,878	1,628
April 1981 to June 1981.....	196,970	108,600	29,204	11,963	45,510	1,692
July 1981 to September 1981....	147,126	79,702	15,158	11,069	39,304	1,893
1982						
Total.....	r632,241	r352,609	r65,991	r36,779	r168,718	r8,143
October 1981 to December 1981..	137,570	71,526	15,898	10,577	37,654	1,915
January 1982 to March 1982.....	154,128	85,930	14,722	9,426	41,751	2,299
April 1982 to June 1982.....	196,506	113,852	23,115	8,389	49,165	1,986
July 1982 to September 1982....	r144,036	r81,301	r12,256	r8,387	r40,148	r1,943

See notes following Table 6.

Selected Statistical Series

Table 6.--Classes of Excise Taxes by Selected Fiscal Years, 1970-1982

[Money amounts are in thousands of dollars]

Selected class of tax	1970	1975	1980	1981
	(1)	(2)	(3)	(4)
Alcohol taxes, total.....	4,746,382	5,350,858	5,704,768	5,688,413
Distilled spirits.....	3,501,538	3,865,162	3,945,377	3,837,640
Wine.....	163,337	177,113	211,538	244,445
Beer.....	1,081,507	1,308,583	1,547,853	1,606,328
Tobacco taxes, total.....	2,094,212	2,315,090	2,446,416	2,583,857
Cigarettes.....	2,036,101	2,261,116	2,402,857	2,538,674
Cigars.....	56,834	51,226	39,500	40,742
Other.....	1,277	2,748	4,059	4,441
Manufacturers excise taxes, total.....	6,683,061	5,516,611	6,487,421	6,088,156
Gasoline and lubricating oil.....	3,517,586	4,071,465	4,326,549	4,108,716
Tires, tubes and tread rubber.....	614,795	697,660	682,624	668,902
Motor vehicles, bodies, parts, etc.....	1,753,327	662,556	1,088,696	914,524
Black lung taxes.....	-	-	251,288	237,097
Other.....	797,353	84,930	138,264	158,917
Retailers excise taxes and special fuels, total.....	108	404,187	560,144	587,486
Miscellaneous excise taxes, total.....	2,342,442	3,306,077	6,359,198	19,773,803
Telephone and teletype.....	1,469,562	2,023,744	1,117,834	998,503
Air transportation.....	250,802	850,567	1,748,837	1,326,829
Highway use tax.....	135,086	207,663	263,272	266,225
Crude oil windfall profits.....	-	-	3,051,719	16,930,548
Environmental taxes.....	-	-	-	61,264
Other.....	486,992	224,103	177,536	190,434

Selected class of tax	Fiscal year 1982 quarter ending				1982 total
	Dec. 1981	Mar. 1982	June 1982	Sept. 1982	
	(5)	(6)	(7)	(8)	(9)
Alcohol taxes, total.....	1,369,147	1,227,818	1,360,635	1,502,209	5,459,810
Distilled spirits.....	994,190	822,081	875,938	942,311	3,634,519
Wine.....	60,216	57,022	77,417	24,332	218,987
Beer.....	314,741	348,715	407,281	535,566	1,606,303
Tobacco taxes, total.....	653,343	588,809	611,915	685,428	2,539,495
Cigarettes.....	643,537	579,657	602,470	673,383	2,499,046
Cigars.....	8,687	7,959	8,383	10,636	35,666
Other.....	1,120	1,193	1,062	1,409	4,784
Manufacturers excise taxes, total.....	1,571,307	1,576,431	1,610,776	1,624,385	6,382,900
Gasoline and lubricating oil.....	1,066,785	1,070,549	1,084,495	1,099,027	4,320,856
Tires, tubes and tread rubber.....	186,144	142,504	148,941	139,197	616,785
Motor vehicles, bodies, parts, etc.....	222,728	260,029	197,766	204,322	884,845
Black lung taxes.....	71,730	80,394	130,979	143,517	426,620
Other.....	23,920	22,955	48,595	38,322	133,794
Retailers excise taxes and special fuels, total.....	154,587	154,556	152,806	166,676	628,625
Miscellaneous excise taxes, total.....	5,568,507	4,256,630	5,974,399	9,013,517	24,813,053
Telephone and teletype.....	265,170	294,784	185,752	174,043	919,749
Air transportation.....	283,763	280,722	285,463	304,870	1,154,818
Highway use tax.....	23,484	46,635	35,344	151,866	257,329
Crude oil windfall profits.....	4,897,236	3,535,776	5,346,061	8,256,853	22,035,927
Environmental taxes.....	67,357	64,061	62,012	59,473	252,903
Other.....	31,497	34,652	59,767	66,412	192,327

See notes on following page.

Selected Statistical Series

Footnotes for Tables 1-6

General footnotes

N/A - Not applicable

n.a. - Not available

r - Revised

Table 1

[1] The 1981 data for interest and dividends are before exclusion. The combined amount of interest and dividends in adjusted gross income (after the exclusion) was \$177,710,950,000, reported on 34,146,670 returns. For 1980, there was no exclusion applicable to interest income. For comparison purposes with 1980, 14,567,903 returns had dividends before exclusion amounting to \$40,375,626,000.

[2] Includes surcharge of \$2,018,078,000.

[3] For 1981 only, this was the 1.25 percent rate reduction credit applicable to all returns with income tax before credits, as provided by the Economic Recovery Tax Act of 1981.

SOURCE: Statistics of Income, Individual Income Tax Returns, appropriate years. Tax law changes have affected the comparability of the data. See the specific Statistics of Income reports for a description of those law changes.

Table 2

SOURCE: Statistics of Income, Sole Proprietorship Returns, appropriate years. Tax law changes have affected the comparability of the data. See the specific Statistics of Income reports for a description of those law changes.

Table 3

SOURCE: Statistics of Income, Partnership Returns, for appropriate years. Tax law changes have affected the comparability of the data. See the specific Statistics of Income reports for a description of those law changes.

Table 4

[1] Data were derived using a different weighting procedure than that used in earlier years. Therefore, 1979 data will not agree with previously published 1979 data.

[2] Net capital assets, except land, consisted of depreciable, depletable, and intangible assets less accumulated depreciation, depletion and amortization.

[3] Short-term debt is the abbreviated title given to mortgages, notes and bonds payable in less than 1 year. Long-term debt is the abbreviated title given to mortgages, notes and bonds payable in 1 year or more.

[4] Consists of normal tax, surtax, and alternative tax for Tax Years 1970 through 1978, and regular tax and alternative tax for Tax Years 1979 and 1980.

SOURCE: Statistics of Income, Corporation Income Tax Returns, appropriate years. Tax law changes have affected the comparability of the data. See the appropriate Statistics of Income reports for a description of those law changes.

Table 5

[1] Consists of amounts paid by individuals or corporations as estimated tax payments or amounts withheld by employers prior to return filing, payments made with the return, and any subsequent payments.

[2] Consists of taxes imposed on selected products, services, and activities, such as those on alcohol and tobacco products and the windfall profit tax on domestically produced crude oil.

[3] Composed largely of payroll taxes levied on salaries and wages, such as social security, railroad retirement, and unemployment taxes.

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

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch.

Table 6

NOTES: For 1970 and 1975, fiscal year was defined as July of the previous year through June of the year noted. For 1980, 1981, and 1982, fiscal year was defined as October of the previous year through September of the year noted.

Additional detail is published in the Annual Report of the Commissioner of Internal Revenue.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch.

Appendix

GENERAL DESCRIPTION OF STATISTICS OF INCOME SAMPLE PROCEDURES AND DATA LIMITATIONS

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI publications (see References). More technical information is available, upon request, from the Statistics of Income Division.

SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of audit. The samples are based on such criteria as: principal business activity; presence or absence of a schedule; State from which filed; size of adjusted gross income (or deficit) or largest of specific income (or loss) items; total assets or size of business and farm receipts.

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of one percent to one hundred percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints on the allowable total cost or total sample size for the program.

For most SOI studies, returns are computer designated based on the Taxpayer Identification Number (TIN) which is either the Social Security Number (SSN) or Employer Identification Number (EIN). In some cases, the ending digits of each TIN are compared to a set of numbers randomly selected for each sample class. If the TIN ending digits are in the set, then the return is designated for the sample. Otherwise, it is not designated.

Alternatively, a fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for the return's sample stratum, then it is designated. Otherwise, it is not.

Under either method of selection, the TIN's designated from one year's study are for the most part selected for the next study, so that a large proportion of the new sample are repeaters. This longitudinal character of the sample design improves the estimates of change from one study to the next.

METHOD OF ESTIMATION

In general, weighting factors are obtained by dividing the computer count of returns filed for a sample stratum by the actual number of returns secured for the sample. These weighting factors are then used to inflate the sample results to total population levels. During sampling, lists of the returns designated are checked against the returns secured for the sample to insure that the sample designated is the same as the sample selected. Special searches are made for returns not initially secured so that any bias from nonresponse is minimal.

For the individual income tax returns sample, weighting factors are computed for each sample class within each Internal Revenue district, even though the district is not used to designate the sample. This is an example of post-stratified estimation and is used to improve the estimates for the States. Usage of post-stratified estimation is being studied for other SOI studies.

SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples would usually vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented and expressed as a percentage. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to re-create the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68% confidence interval estimate:

150,000	(sample estimate)
x 0.02	(coefficient of variation)
= 3,000	(standard error of estimate)

150,000	(sample estimate)
± 3,000	(standard error)
= 147,000 - 153,000	(68% confidence interval)

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, multiply the standard error by two before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained on request by writing to the Statistics of Income Division, D:R:S, Internal Revenue Service, Washington, D.C. 20224

NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling errors, there are other sources of errors which may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, early cut-off of sampling, etc. More extensive information on nonsampling errors is presented in SOI reports, when appropriate.

In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Missing entries are imputed during statistical processing by utilizing other information on the return and accompanying schedules. Data may be disaggregated and recombined during editing to achieve consistent statistical definitions. In the future, SOI studies will make use of earlier returns of the same taxpayer to check current data, for instance the industry code. Also, research on better methods of imputing missing data is being conducted.

Quality of the basic data abstracted at the processing centers is controlled by a continuous sampling verification system. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically processed returns as a further check. Prior to tabulation, numerous computer tests are applied to each return record to check for inconsistencies.

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

TABULAR CONVENTIONS

Estimates of frequencies and money amounts that are considered unreliable, due to the small sample size on which they are based, are noted by an asterisk (*) to the left of the data item(s) in the tabulations. The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100 percent rate.

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

REFERENCES

- [1] Statistics of Income--1980, Individual Income Tax Returns (see especially pages 11-14)
- [2] Statistics of Income--1978-79, Corporation Income Tax Returns (see especially pages 11 to 19)
- [3] Statistics of Income--1980, Partnership Returns (see especially pages 5-7)
- [4] Statistics of Income--1979-80, Sole Proprietorship Returns (see especially pages 5 to 8)
- [5] Statistics of Income--1976-1979, International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (see especially pages 13-15 and 85-87)
- [6] Statistics of Income--1973, Sales of Capital Assets Reported on Individual Income Tax Returns (see especially pages 17 to 20)
- [7] Statistics of Income--1976, Estate Tax Returns (see especially pages 11 to 12)
- [8] Statistics of Income--1974-1978, Private Foundations (see especially pages 9 to 16)

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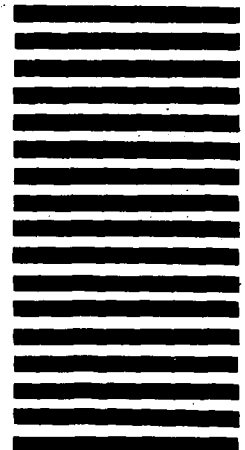
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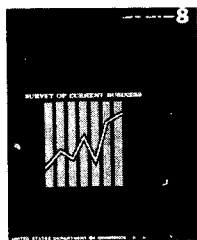
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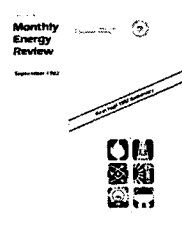
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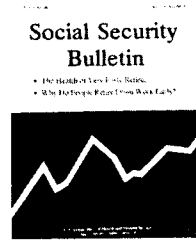
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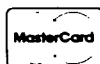
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