Statistics of Income

SOI BULLETIN

Department of the Treasury
Internal Revenue Service

Volume 5, Number 2 Fall 1985

Contents of This Issue

Publication 1136 (Rev. 10-85)

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

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, D:R:S, Internal Revenue Service, Washington, DC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

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

Ralph B. Bristol, Jr., Chief, Tax Statistics, Office of Tax Analysis, provided overall policy review and comments. Robert A. Wilson and Bettye Jamerson were the technical editors of the publication. Clementine Brittain provided editorial assistance and copy preparation.

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COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

October 25, 1985

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

Dear Mr. Secretary:

I am transmitting the Fall 1985 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,

Roscoe Egger

Articles in Preparation for Upcoming Issues

— Sales of Capital Assets, 1981 and 1982
— Individual Income Tax Returns, Preliminary Data, 1984
— Corporation Income Tax Returns, Preliminary Data, 1983
— Exempt Charitable Organizations, 1982
— Estates, 1982-1984
— Marginal Tax Rates, 1983
— Private Activity Bonds, 1984

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Contents

Corrections to Summer 1985 Issue

1. Individual Income by ZIP Code Area, 1979 and 1982

pp. 13ff.	The asterisks (*) in Table 1, which were not explained, indicate that the data were combined to avoid disclosure of information about specific taxpayers.

2. Individual Income Tax Returns, 1984 Taxpayer Usage Study

p. 30.	"Over 80 percent...," instead of "Up to half...," of the 4 million increase in returns with a balance due were filed in April 1985.
p. 32.	Of those Form 1040 filers who claimed the two-earner "marital deduction," 95.4 percent rather than 97.5 percent filed a supporting Schedule W.
p. 35.	Table 15, not Table 14, shows returns filed with a paid preparer signature.

Private Foundation Information Returns, 1982

By Margaret Riley*

Private foundation giving to philanthropic organizations rose by $1.6 billion between 1979 and 1982 [1]. The $4.4 billion in contributions, gifts and grants (hereafter referred to as "grants") awarded by the 23,306 grantmaking private foundations represents an inflation-adjusted real increase of nearly 25 percent over grant payouts made in 1979, the last year for which statistics are available [2]. (See Table 1 for data on the various categories of private foundations.) These grants helped to support charitable programs and research in the areas of health, education, science, the arts, community development, social services and other causes deemed to serve the public good.

In addition to making a small number of grants, 3,105 "operating" foundations actively conducted charitable programs and provided direct services as a means of carrying out their philanthropic mission. Operating foundations, as a condition of such status, are required to expend substantially all of their income directly for the active conduct of their exempt purposes. In contrast, "nonoperating" foundations carry out exempt (charitable) activities in an indirect manner by making grants to other organizations that carry out these activities.

Approximately 3,300, or 13 percent, of the 25,363 nonoperating foundations did not make any grants for 1982. However, the majority were small organizations, and about 75 percent of them set aside funds earmarked for future charitable projects, made program-related investments, or incurred qualifying expenses for charitable purposes which met or exceeded the required minimum distribution for 1982. It should also be noted that many nonoperating foundations which do not make grants were formerly classified by the Internal Revenue Service (IRS) as public charities. If an organization fails to meet IRS' requirements for retaining its public charity status, that organization is reclassified as a private foundation. Most often, these reclassified organizations continue to operate as public charities, operating programs or providing direct services as opposed to making grants to accomplish a charitable purpose.

For 1982, it is estimated that there were 28,468 active private foundations (both grantmaking and nongrantmaking), an overall growth of 1.7 percent over 1979. The growth of foundations in asset classes of $100,000 and above increased at successively higher rates with each graduated asset bracket. This is not

Size of Fair Market Value of Assets	Number of Private Foundations¹ 1979	1982	Percent Change, 1979 to 1982
Total	27,980	28,468	1.7
Under $100,000²...	15,632	14,752	-5.6*
$100,000 under $1,000,000......	8,616	9,125	5.9
$1,000,000 under $10,000,000.....	3,131	3,771	20.4
$10,000,000 under $50,000,000.....	486	655	34.8
$50,000,000 or more.........	115	165	43.5

*Estimate should be used with caution because of the small sample size for this asset bracket.

[1] Includes former public charities reclassified as private foundations.

[2] Includes returns with assets zero or unreported.

surprising as many organizations that were in a lower asset class in 1979 grew into a higher class by 1982. In the asset range of less than $100,000, there appears to be a 5.6-percent decrease in the number of foundations. However, because of the small number of returns studied with assets below $100,000, this apparent decline also could be attributed to sampling variability. (See the coefficients of variation explained in the "Data Sources and Limitations" section of this article.) [3]

The Ford Foundation clearly maintained its position as the front-runner in terms of the

*Foreign Special Projects Section. Prepared under the direction of Marvin Schwartz, Acting Chief.

size of asset holdings and amount of grants awarded [4]. While Ford remained well ahead of all other foundations, some foundations had assets in, or near, the billion-dollar range. Excluding the J. Paul Getty Museum Trust, which is classified as an operating foundation and for 1982 had nearly $2 billion in assets, Figure A lists foundations which reported fair market value of assets above $500 million. Also provided in Figure A are data on ledger assets, grants paid, and the 5-year carryover of distributions made in excess of the amount required. These 11 largest organizations held 19.2 percent of all assets owned by private foundations, and were responsible for 8.6 percent of the dollar value of all grants paid.

Figure A
Private Foundations with Fair Market Value (FMV) Assets Over $500 Million, 1982
(Millions of Dollars)

Rank	Name	FMV Assets	Ledger Assets	Grants Paid	Excess Distributions Carryover
1	Ford Foundation	3,529.2	3,529.2	103.9	8.0
2	Robert Wood Johnson Foundation	1,310.6	508.9	7.5	21.5
3	Andrew W. Mellon Foundation	1,089.7	774.2	59.3	3.9
4	Rockefeller Foundation	1,006.2	809.2	28.5	5.1
5	The MacArthur Foundation	990.3	707.5	22.3	—
6	Pew Memorial Trust	854.9	329.7	57.5	—
7	Fundacao Calouste Gulbenkian	847.9	211.2	27.0	—
8	Lilly Endowment	705.3	138.1	42.5	10.7
9	Kresge Foundation	681.5	519.2	8.9	3.1
10	The Hewlett Foundation	531.5	531.5	12.4	1.0
11	Carnegie Corporation of N.Y.	511.3	416.7	13.4	—

The four foundations listed which show no excess distributions carryover did not distribute the minimum amount required for 1982 because they first had to apply a portion of their 1982 distributions against amounts remaining undistributed from 1981. Foundations have until the end of their next tax year to distribute the minimum amount required for the current year before they are liable for the excise tax levied on undistributed income. This 1-year grace period provides to foundations the opportunity to plan systematically their grantmaking activity to correspond with their investment performance.

To measure private foundation philanthropic giving, the contributions reported by foundations on returns filed with the Internal Revenue Service (IRS) for 1982 were compared to those reported to IRS by all other private sources [5]. Foundations accounted for approximately one dollar out of every ten contributed from a private donor.

Type of Donor	Contributions ($ Billions)	Percent of Total
Total	45.11	100.0%
Individuals [6]	34.05	75.5
Foundations [7]	4.43	9.8
Corporations [8]	2.91	6.5
Bequests [9]	2.25	5.0
Trusts & Estates [10]	1.42	3.1

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

Government social welfare expenditures, a measure of public philanthropy compiled by the Social Security Administration [11], can also be used as a comparative base to show the magnitude of public versus private support for philanthropic programs. The amount of social welfare expenditures for Fiscal Year 1982, adjusted to exclude $302.6 billion for social security insurance benefit payments, was $291.8 billion. These public expenditures were about 6 times greater than total private contributions and about 66 times greater than the contributions of private foundations.

If administrative and direct operating expenses incurred in the conduct of foundations' charitable purposes are added to the amount of the contributions they paid out, the resulting total charitable expenditures of all foundations for 1982 were $5.2 billion. Compared to the Gross National Product (GNP) for 1982, Government social welfare expenditures (minus the social security portion) comprised 9.5 percent of GNP while private foundation charitable expenditures were less than 0.2 percent of GNP. However, the nature of systematic foundation funding provides an opportunity for initiating innovative research, programs, and test projects which the Government cannot undertake because of political, legislative, or budgetary constraints. In the wake of recent budget cuts in many Government-supported programs, some foundations are thinking more about public-private partnerships. Although they do not believe their role should be solely one of filling Federal philanthropic spending gaps, these foundations foresee situations where the formation of creative public-private partnerships to devise new approaches to social needs can produce positive results [12].

CHARACTERISTICS OF THE PRIVATE FOUNDATION UNIVERSE

A private foundation is a nonprofit corporation, association or trust with a narrow source of funds which operates or supports social, educational, scientific, charitable, religious and other programs dedicated to improving the general welfare of society. By IRS definition, a private foundation is an organization which qualifies for tax exempt status under Internal Revenue Code section 501(c)(3) and is not a church; school; hospital; medical research organization; an organization with broad public support (public charity); an organization which is operated by, or in connection with, any of the above described organizations; or an organization which tests for public safety. The primary difference between foundations and public charities lies in the sources of their funding. Foundations usually receive their funds from an individual, a family or a corporation, while, as their name implies, public charities' funds are derived mainly from a large number of sources within the general public.

Another distinction of a private foundation is that it primarily makes grants to other nonprofit organizations, such as public charities, rather than directly operating its own charitable programs. (An exception is the operating foundation which is described below.) As noted earlier, some organizations which are classified as private foundations were formerly public charities whose status as such was revoked because they failed to maintain the required minimum of support from public sources. While classified as private foundations, they generally continue to operate as public charities.

Foundations form a diverse community distinguished by a wide range of characteristics, including asset size; sources of support; size of managing staff; type of control; and grant size, type, and recipient. Foundations can be classified into two broad categories, operating and nonoperating. While the great majority of foundations are nonoperating (generally grantmaking) organizations, some use their funds to actively operate charitable programs, rarely making contributions or grants to other organizations. These are called operating foundations.

Nonoperating foundations include independent and company-sponsored foundations. Independent foundations can be general-purpose, special-purpose or family foundations [13]. The general-purpose foundation supports a broad range of charitable endeavors while the special-purpose foundation concentrates on limited fields of interest. Family foundations are established with a gift from a single donor and are operated or controlled by members of the donor's family. Some large independent foundations operate with staffs whose members are unrelated to the foundation's donor(s). All of the domestic foundations listed in Figure A are independent foundations.

Company foundations are closely related to the corporations which sponsor them. Many of their grants support charitable activities and improvement projects in the locality in which the company is based, or are made to tax-exempt organizations to conduct charitable research in areas related to the company's interests. Although contributions to company-sponsored foundations usually correspond to the profits of the corporation, i.e., more corporate giving in good years and less in poor years, they have the ability to maintain and control their endowment in a way to provide a steady flow of grants, even when corporate profits are down. Alcoa Foundation, General Motors Foundation, and Western Electric Fund are three of the largest company-sponsored foundations.

Community foundations are established to make grants for nonprofit programs conducted in a specific community or region [14]. Although largely publicly supported by the citizens and businesses of the community, and therefore excluded from IRS' private foundation definition (and also from the statistics presented in this report), community foundations account for a respectable portion of grantmaking philanthropic activity in the private sector. For example, 234 community foundations for 1982 made grants estimated at $233.8 million, an amount equal to 5.0 percent of total foundation giving [15]. It should be noted, however, that $102.2 million of total community foundation grants can be attributed solely to the San Francisco Foundation, the New York Community Trust, the Cleveland Foundation, and the Chicago Community Trust.

FINANCIAL DATA AND CHARITABLE DISTRIBUTIONS

The $47.2 billion in market value assets of the 820 largest private foundations, those with asset holdings of $10 million or more, comprised 75 percent of all assets held by foundations for 1982. In contrast, 84 percent of the foundation population, holding assets worth less than $1 million, accounted for only 6 percent of the total, or $3.7 billion (see Figure B). Assets of all foundations rose by 41 percent between 1979 and 1982. Total receipts increased by 52 percent, while deductions rose by 65 percent. The resulting net income (less deficit) for 1982 was $3.3 billion, a growth of 33 percent from 1979 [16]. The graphic depiction of aggregate foundation receipts, assets (fair market value), and grants paid in Figure C shows that constant dollar increases in these financial data were 19, 11, and 23 percent, respectively.

Sources of Income and Deductions

Dividend and interest income was the largest source of foundation receipts for 1982. While

Figure B

Number of Foundations and Their Assets, By Size of Total Fair Market Value of Assets, 1982

(Money amounts are in billions of dollars)

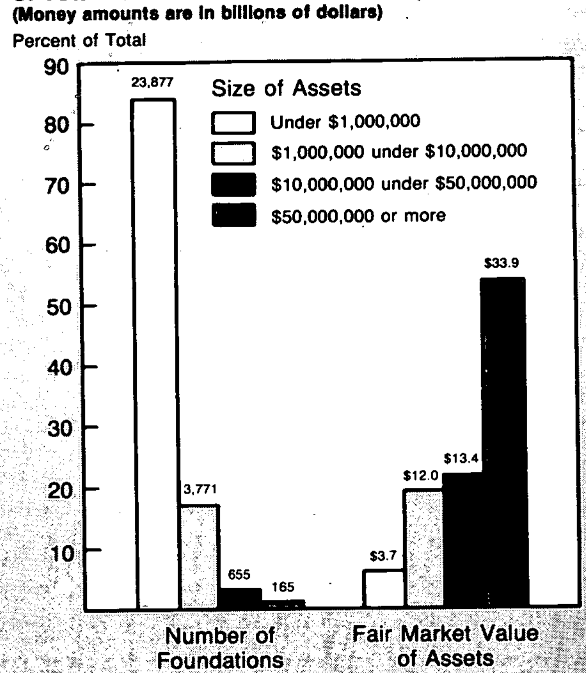
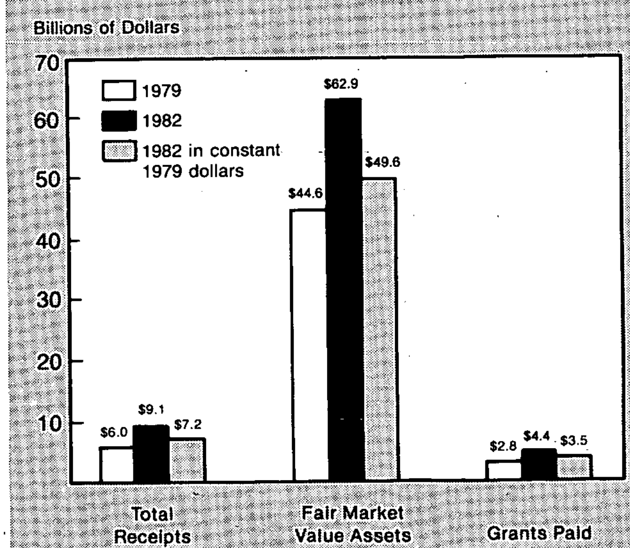


Figure C

Measure of Total Receipts, Total Assets, and Grants Paid, 1979 and 1982



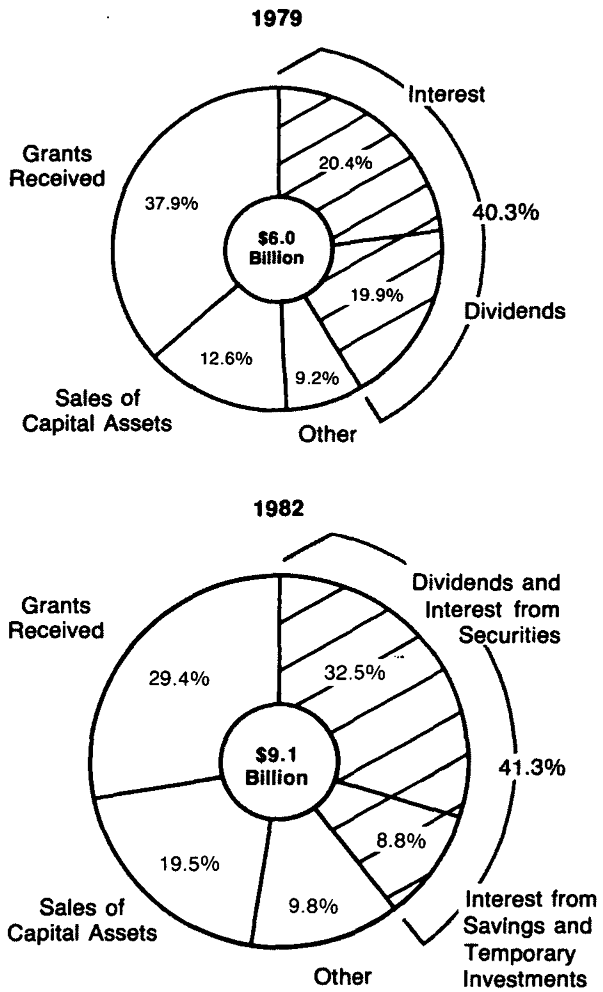
these items together also ranked as the number-one income source for the large foundations, contributions dominated as the leading income source for organizations with assets under $1 million. The primary source of receipts for foundations with assets of $1 million to $10 million was nearly equally split between interest and dividend income and contributions. The reliance upon contributions from outside sources as a major form of support is more common for small organizations. As their assets increase, foundations usually develop larger and more diverse investment portfolios, freeing them from dependence on large amounts of contributions. Most large foundations have received a single substantial bequest or endowment which serves as their primary base from which to produce income and further increase their assets. These endowed foundations rely on their investments to produce income and, therefore, do not need to depend heavily on the receipt of contributions.

The most significant shift in the composition of total income, shown in Figure D, between 1979 and 1982 occurred in sales of capital assets and in contributions, gifts and grants received. The increase in sales of capital assets possibly indicates that foundations are beginning to restructure their investment portfolios, a newfound freedom made available by a 1981 tax law change which eliminated the requirement for foundations to pay out all of their investment income for charitable purposes. (The effect of the law change is explained more fully in the "Composition of Assets" section of this article.)

Because of a 1981 IRS return form change in the method of reporting dividends and interest, these income items individually cannot be compared between 1979 and 1982. For 1982, total interest was reported separately either as amounts received from securities investments (which also included dividends received from stocks) or amounts received from savings accounts and temporary cash investments, such as certificates of deposit, money market funds, and U.S. Treasury bills that mature in less than one year. Taken as an aggregate amount, however, the proportion of total receipts attributable to dividend and interest income for 1982 remained virtually unchanged from 1979. The average annual prime rate charged by banks was 12.7 percent in 1979, rose erratically to 18.9 percent in 1981, and then steadily declined to 14.9 percent in 1982 [17]. During the same period, corporate profits (in current dollars) fell 30 percent to their lowest level since 1976 [18]. Economic conditions leading up to, and including, the harsh recession of 1982 contributed to the decline in profits and likely resulted in dividends on stocks which were lower than they would have been in a nonrecessionary period. Despite the fluctuations in interest rates and dividends paid on investments, the amount of foundation dividend and interest income rose by $1.4 billion between 1979 and 1982.

Compared to the investment income received by individuals from interest and dividends,

Figure D
Major Sources of Income, 1979 and 1982



foundations fared much worse in the rate at which these items grew from 1979 to 1982. Foundation income from these sources increased 56 percent, from $2.4 billion to $3.8 billion, at the same time as the increase for individuals was 94 percent, from $108.9 billion to $211.1 billion. The investment outlook for foundations should improve after 1982 because of the law change mentioned above which freed them from the constraint of having to distribute all of their interest and dividend income each year. (For an explanation of how the law change affected the structure of foundation investment portfolios, see the discussion of the "total return" philosophy in the "Composition of Asset" section of this article.)

Foundations must report both total expenses as recorded on their books of account, and the part of those expenses which can be attributed to the direct conduct of their charitable mission. Charitable-purpose expenditures are reported separately from total expenses because the IRS recognizes, as a qualifying distribution for purposes of meeting the required minimum payout, only the part of an expense item allocable to charitable purposes (as opposed to the production of income or other noncharitable purposes). Effective with Tax Year 1985, Congress placed a cap on the amount of administrative expenses incurred in making grants which a foundation can apply as a qualifying distribution. The Treasury Department has been mandated to conduct a study of foundation administrative expenses and to submit findings to Congress upon its completion.

Depreciation and depletion are allowed as deductions on a foundation's books, but may not be treated as a charitable-purpose expenditure because the entire cost of a charitable-use asset is treated as a qualifying distribution when the asset is acquired. Figure E shows nonoperating foundation expenses as reported on their books and distributions for their charitable purposes. The portion of nonoperating foundations' expenses which was directly related to activities which constituted their charitable purposes totalled $4.7 billion. For ease of comparison, the three categories of nonoperating foundation asset sizes shown in the figure are described as small, medium, and large. Across all three asset sizes, contributions, gifts and grants made up the largest single share of total expenses, reported both on the books and as a charitable disbursement. More than 93 percent of aggregate charitable-purpose expenses were in the form of grants paid. A distant second to grants was "other expenses," at 2.4 percent of total charitable disbursements. The remaining eight categories of itemized expenses accounted altogether for only 4.2 percent of the total.

The ratio of direct charitable-purpose expenditures to expenses reported on the books reveals different charitable distribution patterns for the three foundation sizes. Small foundations have much lower ratios for the three categories related to paid staff--officer compensation, other salaries, and employee benefits (including pension plan contributions). Since small foundations usually are operated by volunteers and fund programs of smaller size, they do not have the personnel expenses of larger foundations for reviewing grant proposals, administrative record-keeping of grant programs, and research and ongoing involvement in new grantmaking program activities.

Medium size foundations claimed a larger percentage of their interest expense as a direct charitable expenditure. This is probably due to the fact that, in proportion to their total assets, medium foundations hold approximately two-to-three times more land,

Figure E.--Nonoperating Foundations: Expenses Per Books (EPB), Disbursements for Charitable Purposes (DCP), and Ratio of Charitable Disbursements to Expenses Per Books, by Size of Total Fair Market Value of Assets, 1982

[Money amounts are in millions of dollars]

Expense Item	Total			Size of Total Fair Market Value of Assets: Less than $1,000,000		
	EPB (1)	DCP (2)	Ratio (3)	EPB (4)	DCP (5)	Ratio (6)
Total expenses	5,260.77	4,670.65	88.8	923.07	875.10	94.8
Contributions, gifts, grants	4,423.31	4,364.34	98.7	863.88	854.76	98.9
Compensation of officers	89.80	49.50	55.1	8.22	1.42	17.3
Other salaries and wages	86.37	68.52	79.3	2.86	1.21	42.3
Pension plans, employee benefits	25.02	17.44	69.7	1.17	0.23	19.7
Professional services	122.13	35.69	29.2	12.78	3.86	30.2
Interest	15.31	2.66	17.4	1.44	0.19	13.2
Taxes	153.52	6.56	4.3	7.32	0.91	12.4
Depreciation and depletion	29.68	N/A	N/A	1.77	N/A	N/A
Occupation	16.41	13.47	82.1	0.94	0.80	85.1
Other expenses	299.22	112.47	37.6	22.69	14.90	65.7

Expense Item	Size of Total Fair Market Value of Assets--continued: $1,000,000 Under $10,000,000			$10,000,000 or more		
	EPB (7)	DCP (8)	Ratio (9)	EPB (10)	DCP (11)	Ratio (12)
Total expenses	1,228.61	1,174.20	95.6	3,109.08	2,618.35	84.2
Contributions, gifts, grants	1,080.82	1,118.16	103.5[1]	2,478.61	2,391.42	96.5
Compensation of officers	23.66	11.23	47.5	57.93	36.85	63.6
Other salaries and wages	12.77	10.17	79.7	70.74	57.14	80.8
Pension plans, employee benefits	1.34	1.23	91.8	22.51	16.00	71.1
Professional services	33.68	9.55	28.4	75.66	22.28	29.4
Interest	2.13	0.63	29.6	11.73	2.01	17.1
Taxes	31.77	2.14	6.7	114.43	3.51	3.1
Depreciation and depletion	6.73	N/A	N/A	21.18	N/A	N/A
Occupation	2.55	1.91	74.9	12.93	10.76	83.2
Other expenses	33.18	19.17	57.8	243.36	78.39	32.2

N/A - Not Applicable.

[1]While foundations are required to use the cash method of accounting to report disbursements for their charitable purposes, they have an option to use either the cash or accrual method in reporting expenses on their books. Using the accrual method for expenses on the books can result in a ratio which exceeds 100 percent.

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

buildings and equipment which are used for charitable purposes than the other foundation sizes.

The proportion of charitable-purpose expenditures allocated by large organizations for taxes was small in comparison to foundations in the other two groups. Large foundations hold more than twice as much depreciable investment property compared to the other foundations, so they pay more in real estate taxes. Since real estate taxes on investment property can be reported as a total expense item, but are not includable as an exempt purpose expense item, the ratio for taxes paid by large foundations is lower than the ratio for the small and medium size foundations. The excise tax on investment income paid by all three foundation asset categories is not deductible by nonoperating foundations as a charitable-purpose expenditure.

Composition of Assets

Total fair market value of foundation assets for 1982 showed an increase from 1979 of 41 percent. Investments in securities constituted the greatest share of market assets held by foundations, with holdings of cash placing second. Holdings in long-term investments other than in securities accounted for the next largest portion of assets.

For 1982, foundations held a total investment in stocks and bonds having a fair market value of $49.8 billion. These investments earned dividends and interest totalling $3.0 billion, a yield of 6.0 percent. It has been argued by some that foundations fail to obtain a reasonable rate of return on their stock and bond investments [20]. To test this argument, a base for comparison was constructed for 1982 using measures of average yield for composite investments: 1982 dividend yields on common stocks of the 500 corporations included in the Standard and Poor's composite average and the 1982 yield for the composite U.S. Treasury long-term bond average [21]. Had foundations invested in these composite assets in the same proportions as they invested in stocks and bonds in 1979 (stocks and bonds together were reported as a single amount on the 1982 information return), they would have enjoyed a significantly higher return of 8.5 percent. However, it was only beginning in 1982 that foundations could restructure their portfolios to take advantage of the 1981 law change in the payout rule. (See the discussion of the law change below.)

An examination of yield data for various fair market value asset distributions revealed that as asset size increased the yield on security investments decreased, from a high of 8.9 percent earned by foundations holding assets worth less than $100,000 to a low of 5.3 percent earned by those holding assets worth $50 million or more. This may support the theory that the investment strategies of larger foundations (traditionally more heavily invested in securities than smaller foundations) were significantly affected by a pre-1982 payout rule which required foundations to distribute for charitable purposes the greater of their current investment income or 5 percent of their investment assets (both amounts subject to further adjustments).

Because of the decline in the real value of foundation securities caused by high inflation rates and the requirement to pay out their current investment income (if greater than 5 percent of investment assets), many foundations opted for a "total return" philosophy on stocks and bonds which takes into account not only dividends, but also appreciation. These foundations were inclined to hold greater concentrations of securities which had lower income yields but the potential for higher appreciation values.

Under the new payout rule, enacted in late 1981, foundations no longer are required to make distributions out of current income in excess of 5 percent of their investment assets. The new law offers foundations an opportunity to restructure their investment portfolios to include securities which produce higher rates of return. In so doing, yields in excess of 5 percent could be put back into their endowments. While the percent yield on securities held by larger foundations remains comparatively low for 1982, the increase in sales of capital assets mentioned in the "Sources of Income and Deductions" section tends to suggest a changing trend in foundation investment practices.

Market Value Asset Size	Investments in Securities ($ Millions)	Interest and Dividend Income From Securities ($ Millions)	Percent Yield
Total.......	49,822.6	2,970.2	6.0%
Under $100,000[1]......	176.9	15.7	8.9
$100,000 under $1,000,000.....	1,975.8	174.1	8.0
$1,000,000 under $10,000,000....	8,080.0	566.8	7.8
$10,000,000 under $50,000,000....	10,017.1	646.1	6.5
$50,000,000 or more......	29,572.8	1,567.5	5.3

[1] Includes returns with assets zero or unreported.

Assets in terms of book value rose at nearly the same rate as market value assets, by 39 percent from 1979 to 1982. Since 1981 was the first year for which foundations were required to report their asset components at market value on the Form 990-PF return, comparisons of 1982 data to earlier years must be presented using amounts reported on the foundations' books. Also effective with 1981, the reporting of securities on the information return was not required to be separated into stocks, bonds, and Government obligations as in previous years. Comparison is therefore limited to the aggregate amount of securities as reported for 1982. Securities, long the most prominent type of assets in the portfolios of foundations, continued an upward trend increasing by 89 percent since 1974 [22]. For all 3 years presented in the table below, holdings of securities in terms of their proportion to total assets remained constant at 78 percent.

Type of Asset	Income Year 1974	1979	1982	Percent Change, 1979 to 1982
	($Billions)[1]			
Total........	25.5	34.7	48.2	39%
Securities[2].....	19.9	26.9	37.4	39
Cash, total	1.2	2.0	4.6	131
Savings and interest-bearing accounts	0.8	1.4	4.2	190
Non-interest-bearing accounts......	0.4	0.6	0.5	-15
Depreciable assets and land held for charitable purposes.......	0.3	0.6	1.1	77
Accounts and notes receivable.....	1.0	0.8	0.9	22
Other...........	3.1	4.3	4.1	-5

[1]Assets used were the book value reported.
[2]Includes corporate stocks, corporate bonds, and Government obligations.

The large increase in total cash held by foundations in general is attributable to savings and temporary cash investments, which rose by 190 percent between 1979 and 1982. For foundations with assets of $10 million or more, the increase was 338 percent. Even though a downward trend in interest rates began in mid-1982, the average annual prime rate was still significantly higher for 1982 than it was for 1979, 14.86 percent compared to 12.67 percent. Still riding on the thrust of interest rates which had reached an all-time high during 1981, foundations evidently continued to funnel more income into short-term investments for 1982.

For foundations with less than $100,000 in book value assets, holdings of cash and securities switched their positions of importance, with cash comprising 41 percent of assets and securities ranking second at 37 percent. The book value of land and depreciable assets held for charitable purposes (as opposed to investment purposes) also rose significantly between 1979 and 1982, although their dollar amount remained small in relation to total assets.

There was an increase in all components of liabilities from 1979 to 1982. The increases ranged from 42 percent for mortgages and all other notes payable to 216 percent for accounts payable. Foundations reported total liabilities that were 73 percent higher for 1982 than they were for 1979. However, as a ratio to total assets, liabilities for these 2 years differed by only 1 percent, with liabilities for 1979 being 4 percent of assets and for 1982, 5 percent. Traditionally, the proportion of liabilities has remained relatively low from year-to-year because foundations normally do not borrow funds but operate principally using contributions they receive and income from investments. (Foundation income from investments which were purchased with borrowed funds are subject to the unrelated business income tax under the debt-financed provisions of the Internal Revenue Code.)

Excise Tax on Net Investment Income

Approximately 24,000 private foundations incurred excise taxes totalling $111.4 million on their net investment income for 1982. The amount of excise tax reported increased by 78 percent between 1979 and 1982.

The excise tax on net investment income is a type of "audit" tax levied on foundations under the Tax Reform Act of 1969 to provide funds for IRS oversight of foundation activities and enforcement of laws governing their exempt status. Since the excise tax is computed as a specified percentage of income earned on investments (after allowance for certain expenses), its burden is borne most heavily by foundations with more successful investment portfolios [23]. As the asset size of a foundation grows, it relies more on investments for the production of income. This results in larger excise tax payments in proportion to asset size for the larger foundations.

Charitable Distributions

The following discussion of foundation charitable distributions excludes operating foundations. Because they disburse their funds for the active conduct of charitable projects, operating foundations are not subject to the distribution requirement. All references to foundations in this section on charitable distributions are for nonoperating foundations.

Private foundations are required to distribute annually a minimum amount for charitable purposes. This computed minimum amount is based on 5 percent of a monthly average of their investment assets after allowances are deducted for indebtedness incurred in acquiring the assets and any cash reserved for charitable activities. The result of the computation is called the "minimum investment return." Foundations are then allowed additional adjustments to the minimum investment return, including deductions for the excise tax on net investment income and taxes on any "unrelated business income." The adjusted minimum investment return, called the "distributable amount," is the actual amount foundations must distribute for charitable purposes during their annual accounting period. A foundation is subject to a two-tier system of penalty taxes for any portion of the distributable amount which it fails to pay out for charitable causes by the end of its next accounting period.

Amounts which qualify toward meeting the minimum required distribution include foundation expenditures for accomplishing its charitable purpose; program-related investments; amounts paid to acquire assets directly used, or held for use, in carrying out its charitable function; and any amounts set aside for future payment for a specific charitable project. These amounts are called "qualifying distributions." Foundations may also utilize carryovers (amounts paid out in excess of the amount required) from 5 previous years' grantmaking to meet the minimum payout requirement.

As discussed earlier, the distributable amount prior to 1981 was defined as the greater of "adjusted net income" (current income derived from the ownership of property or from income-producing activities, whether charitable or not, less allowable expenses) or the minimum investment return. With the enactment of the Economic Recovery Tax Act of 1981, Congress changed the definition to limit the computation of the distributable amount to the minimum investment return without regard to the adjusted net income. The change was intended to provide relief to foundations during a period of high inflation (1981 saw the height of inflation rates) [24]. High inflation rates tended to decrease the real value of a foundation's net income. If the distributable amount was based on the entire amount of a foundation's adjusted net income (the real portion plus the inflation-produced portion), the gradual effect would be an erosion of the real value of its investment assets [25].

The data presented in Figure F show the effect of the 1981 tax law change on the amount foundations were required to expend for charitable purposes for 1982. Under the pre-1982 rules, foundations would have been required to pay out $4 billion, $1.6 billion more than was required for 1982. Private nonoperating foundations for 1982 made qualifying distributions of $4.9 billion, over twice the amount required to be distributed. The effect of the revised distribution calculation is further demonstrated by a comparison of the distributable amount for 1979 to that for 1982, in constant 1979 dollars, which shows a 23-percent real decline between the two years. Although nonoperating foundations collectively made qualifying distributions for 1982 that exceeded the distributable amount required under both the existing and previous laws, organizations with $10 million or more in assets as a group distributed $126.8 million less than the amount that would have been required if adjusted net income had still been a factor in determining the distributable amount. This would be expected since the law change, limiting the required payout to 5 percent of investment assets, was intended to help most those foundations which relied more heavily on investments as a principal source of income.

Based on the higher rate by which their adjusted net income exceeded their minimum investment return, it appears on the surface

Figure F.--Nonoperating Foundations: Comparison of Adjusted Net Income (ANI) with Minimum Investment Return (MIR), by Size of Total Fair Market Value of Assets

[Money amounts are in millions of dollars]

Item	Total	Size of Total Fair Market Value of Assets			
		Under $100,000	$100,000 under $1,000,000	$1,000,000 under $10,000,000	$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)
Number of returns, total	25,363	12,690	8,577	3,346	750
Number of returns with ANI greater than MIR	17,970	7,007	7,314	2,995	654
Greater of ANI or MIR	4,097.1	41.1	256.8	827.5	2,971.7
MIR	2,458.3	21.4	138.2	466.5	1,832.3
Difference	1,638.8	19.7	118.6	361.0	1,139.5
Difference as percent of MIR	66.7	92.1	85.8	77.4	62.2

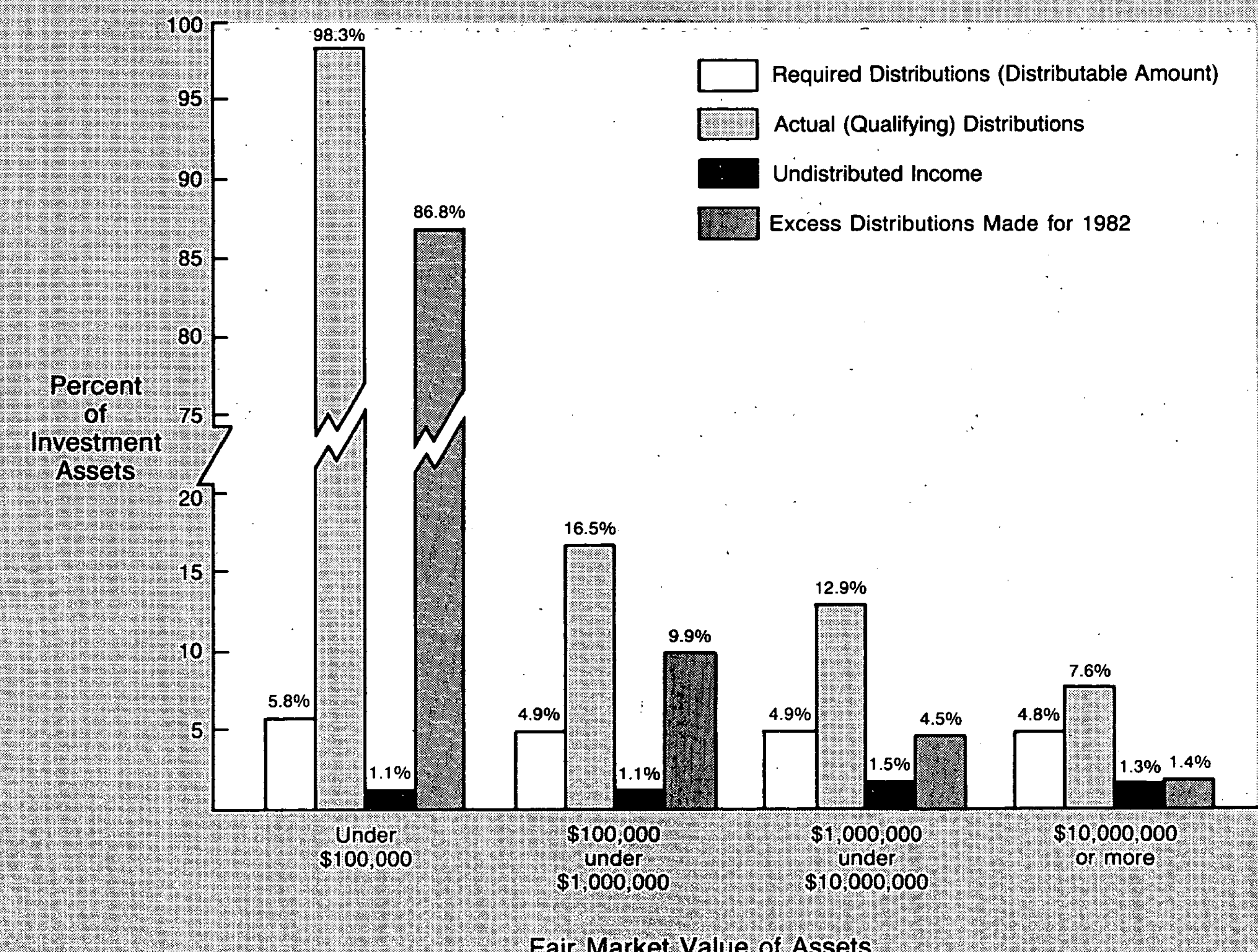
NOTE: Detail may not add to total because of rounding.

that the smaller foundations benefited the most from the new provision. However, small organizations historically have made charitable distributions that well exceeded their annual required minimum. Unlike small foundations, most of the money distributed by large foundations for charitable purposes comes from their investment income. Since the distributable amount is dependent on the size of investment assets, the reduction in the distributable amount is more significant to large organizations. This concept is discussed more fully in the analysis of Figure G data which follows below.

Eighty-five percent of all nonoperating foundations made qualifying distributions above the required 5 percent of net investment assets (after allowed adjustments), and more than half of these foundations paid out amounts which were equal to 10 percent or more. While the remaining 15 percent made qualifying distributions which were less than the required percentage, they may have exercised their option to combine all or a portion of their 5-year excess distributions carryover with their current-year qualifying distributions to fulfill the required distributable amount for 1982. As noted earlier, no penalty or tax would have been imposed on a foundation which did not pay out the required amount for 1982 unless it failed to do so by the end of its 1983 tax year. A small number of those paying out less than 5 percent were allowed to do so because their IRS return was filed for an accounting period of less than one year.

Figure G graphically measures, through the use of ratios to total investment assets, how various asset size classes stack up in a com-

Figure G
Nonoperating Foundations: Required Distributions, Qualifying Distributions, Undistributed Income, and Excess Distributions Made for 1982, By Size of Total Fair Market Value of Assets



parison of charitable distribution items. While the smallest foundations made philanthropic disbursements which were extremely large in proportion to their investment assets, the aggregate distributions of the other asset classes still exceeded the required amount.

It is important to differentiate between small (assets under $100,000) and large (assets of $10 million or more) foundations by each group's principal source of income and how it affects their qualifying distributions. When income sources are considered, the dramatic decreases in qualifying distribution percentages that accompany increases in asset size are more understandable.

Since the distributable amount is based on a percentage of investment assets, and the principal source of income for large foundations is their return on investments, it is not surprising that the amount of their qualifying distributions is relatively close to the required distributable amount. Small organizations generally make qualifying distributions which are much higher than those required because the contributions they receive, which comprise most of their income, are not taken into account in computing the distributable amount. In fact, as a percent of their assets, contributions received by small organizations for 1982 equalled 53.4 percent compared to 2.9 percent when calculated for large foundations.

Traditionally, small foundations not only serve as a conduit for all of the contributions they receive, but they pay out substantially more of their income as well. To illustrate further the effect that the omission of contributions from the distributable amount had on the required and actual payouts of the two asset groups, contributions received for 1982 as a percentage of their respective distributable amounts were 806 percent for small foundations compared to 68 percent for large foundations.

The 1982 undistributed income (the portion of the required distribution which was not actually paid out as a qualifying distribution for 1982) of all asset groups appears to be a fairly stable proportion of their investment assets, ranging from 1.1 to 1.5 percent.

As would be expected because of their direct relationship to qualifying distributions, excess distributions for 1982 (amounts paid out which were in excess of the amount required) were much higher, relative to investment assets, for small foundations than for large foundations. After applying their 1982 qualifying distributions toward any prior-year undistributed income and the current-year distributable amount, foundations made excess distributions for 1982 of $1.6 billion.

Legislative Analysis

Following is a brief analysis of major tax law changes affecting private foundations from 1969 to 1984. For a more in-depth account of private foundation legislation, see the Appendix at the end of this article.

The Tax Reform Act of 1969 was the first comprehensive piece of legislation affecting private foundations. Recommendations for increased Governmental regulation of foundations from a Treasury Department study (described in the Appendix to this article) and heightened public concern over reported controversial foundation activities culminated in hearings of the House Ways and Means Committee in early 1969. The Committee's findings led to the passage of the 1969 Act. The provisions of the 1969 Act covering foundations were enacted to correct and prevent any real and potential abuses of their charitable status.

Enactment of the Economic Recovery Tax Act of 1981 afforded individuals who could not itemize their deductions the tax benefit of deducting charitable contributions. Congress believed this would stimulate charitable giving and provide funds to nonprofit organizations providing services which the Federal Government might otherwise need to fund. This provision terminates after 1986, so that its effectiveness in stimulating contributions can be analyzed. The 1981 Act also changed the method of computing the minimum payout requirement in an effort to provide relief to foundations from the effects of high inflation.

Many of the foundation provisions of the Tax Reform Act of 1984 provide tax incentives and remove regulatory restraints in an effort to encourage the formation of new foundations. Provisions of the tax bill which are expected to promote philanthropic giving are increased deductibility allowances for individuals' gifts to charities, the 1-percent reduction in the 2-percent excise tax if a 5-year average of the foundation's qualifying distributions increases by a like amount, and a change in the minimum payout rule that limits the amount of administrative expenses incurred in the making of grants that may be treated as qualifying distributions. The Treasury Department has been directed to study the effects of the new payout requirement, which expires on December 31, 1990, unless Congress acts to continue it.

SUMMARY

For 1982, approximately 28,500 private foundations spent over $5.2 billion for philanthropic purposes. Of this expenditure, $4.4 billion was in the form of grants made to tax-exempt organizations directly operating charitable programs.

In 1979 dollars, total fair market value of assets for 1982 increased by 11 percent over 1979. Despite erratic shifts in the economy between 1979 and 1982, foundation interest and dividend income, the primary aggregate income source, rose by 56 percent over 1979.

A 1981 tax law change, intended to provide relief to foundations from high inflation, effectively lowered the amount foundations were required to distribute for 1982. The new law seemed to have a positive effect on many foundations and had no apparent negative impact on the amount of qualifying distributions made for philanthropic purposes.

DATA SOURCES AND LIMITATIONS

The statistics in this article are based on a sample of 1982 Income Year private foundation returns, Forms 990-PF, filed with the Internal Revenue Service and having accounting periods ending December 1982 through November 1983. Forms 990-PF filed by nonexempt charitable trusts and certain taxable foundations were excluded from the study. The sample was stratified based on size of total book (ledger) value of assets and selected at rates that ranged from 0.7 percent to 100 percent. There were 1,309 returns in the sample drawn from an estimated population of 28,468.

The 1982 sample was designed to provide the most reliable estimates of total assets and total income using limited resources (budgetary constraints necessitated a very small sample size). The methodology employed to obtain the desired results was to include in the sample all returns with assets (book value) of $10 million or more, the category where the highest concentration of assets exists. The 634 returns in this group accounted for approximately 70 percent of total assets and 50 percent of the sample. The remaining 675 returns in the sample were randomly selected at various rates, depending on their asset size. Due to the small number of sample returns selected to represent the population of returns with assets worth under $100,000 (99 sample returns), the statistics presented for this group are subject to significant sampling variability and should, therefore, be used with caution.

The population from which the sample was drawn consisted of the latest private foundation records on the IRS Business Master File. Determinations of active filing status were made regarding the sample records. Some of the records drawn were deemed inactive (no return had been filed for at least 3 years), terminated, or not yet filed for 1982. Inactive and terminated private foundations were not reflected in the estimates. Prior-year returns were substituted for the small number of large private foundations for which a 1982 return had not yet been filed or was unobtainable for inclusion in the study. Sample weights applied to small organizations were revised upward to compensate for missing returns in the latter category. Asset distributions presented in the 1982 tables have been compressed due to the small numbers of returns with assets less than $10 million selected for the sample.

Because the data presented in this article are estimated based on a sample, they are subject to sampling error, as well as nonsampling error. To use the statistical 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 an estimate of the sampling error, expressed as a coefficient of variation, for frequency estimates of private foundation returns with less than $10 million in assets. Returns reporting assets of $10 million or more were selected at a rate of 100 percent; therefore, this category is not subject to sampling error. 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.

Estimated Number of Returns by Size of Total Assets[1]			
Under $100,000 or Not Reported	$100,000 Under $1,000,000	$1,000,000 Under $10,000,000	Approximated Coefficient of Variation
-	-	3,567	.05
-	9,683	1,897	.07
14,584	4,126	928	.10
6,482	1,810	412	.15
3,683	1,010	237	.20
1,620	463	103	.30

[1]Total assets used were the book value reported. The uppermost number in each column is the actual total number of returns in the asset class.

A discussion of the reliability of estimates based on samples and the use of coefficients of variation for evaluating the precision of sample estimates can be found in the general Appendix to this publication.

EXPLANATION OF TERMS

Non-technical terminology has been used in this article, wherever possible, to assist in the understanding of the statistical content. However, in Tables 1-6, the technical terms are used as they appear on the tax return form.

Therefore, to assist users of these data, explanations of some of these terms are provided with both their technical and nontechnical meanings. (The latter are denoted in parentheses.) A more comprehensive explanation of terms appears in Statistics of Income--1974-1978, Private Foundations (see reference [22]).

Adjusted Net Income (Receipts Less Expenses)

This item represented the gross income derived from, or in connection with, property held by the foundation or from income-producing activities reduced by allowable deductions. It included investment income, net short-term capital gain, repayment of "qualifying distributions," gross profit from business activities, and certain miscellaneous income. Excluded from income were gross contributions, gifts, and grants (received); contributions from split-interest trusts; gross dues and assessments; net long-term capital gains; and net short- and long-term capital losses.

Distributable Amount (Required Minimum Distribution)

Distributable amount was the foundations' "minimum investment return" less taxes on net investment income and unrelated business income, and net of any adjustments. The distributable amount represented the minimum payout which had to be distributed by the end of the year following the year for which the return was filed in order to avoid payment of an excise tax for failure to currently distribute income.

Expenditures for Exempt Purposes (Philanthropic or Charitable Spending)

These deductions represented expenditures for activities that were directly related to the tax-exempt purposes of the foundation. Included were necessary and reasonable administrative expenses paid for charitable, scientific, educational, or other similar purposes. These amounts were determined solely on the cash receipts and disbursements method of accounting.

Minimum Investment Return (Fixed Percent of Assets)

This was the aggregate fair market value of assets not used for charitable purposes less the sum of indebtedness incurred to acquire those assets and cash held for charitable activities, multiplied by 5 percent.

Qualifying Distributions (Actual Distributions)

These were direct expenditures for charitable purposes or for assets used for such purposes. They included payouts to public charities and operating foundations, and payouts to other private foundations, if the recipient foundation agreed to distribute the same amount for charitable purposes by the end of the following tax year. In addition, funds set aside for major tax-exempt projects were also included. Qualifying distributions were creditable against a private foundation's obligation to pay out its "distributable amount."

Value of Noncharitable Assets (Investment Assets)

For purposes of calculating "minimum investment return," only the assets that were not used or held for use for exempt purposes entered into the computation. An asset was not used directly in carrying out the foundation's exempt purpose if the asset was not used in the carrying on of a charitable, educational or other similar function which gave rise to the exempt status of the foundation.

NOTES AND REFERENCES (to Article)

[1] Data cited for 1979 are from Petska, Thomas B., "An Examination of Private Foundations for 1979," Statistics of Income Bulletin, Fall 1982, Volume 2, Number 2.

[2] All inflation-adjusted figures cited in this article have been derived using the Gross National Product Implicit Price Deflator. See U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, 1974, 1979, and 1982.

[3] Since the returns selected for the 1982 study form a panel to be studied in successive years, the question of an actual decline in the foundation birth rate will be investigated as these foundations are tracked from year to year.

[4] Under Internal Revenue Code section 6104(b), the Internal Revenue Service can disclose to the public the information which is required to be reported on private foundation information returns.

[5] The contribution data presented for individuals, corporations, bequests, trusts and estates were obtained from income tax returns and are subject to certain limitations inherent in the use of administrative records. The use of these data is intended here as a general measure for comparison with foundation charitable giving, and may not necessarily represent contributions actually paid or received in a given tax period. Factors which can affect the amount of contributions reported on certain tax returns are a limitation on the amount

which can be deducted, allowance of a carryover of disallowed contributions from previous years and, in the case of fiduciary returns (trusts and estates), an election to treat contributions made in one taxable year as being paid in the preceding taxable year. The charitable bequest data were obtained from a study of estate tax returns filed with gross estate of $300,000 or more. Had the bequests of persons with estates less than $300,000 been included, it is estimated that the amount shown would have been approximately 10 percent higher.

[6] U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income--1982, Individual Income Tax Returns, pp. 54 and 61.

[7] Includes company-sponsored foundations which filed a Form 990-PF, Return of Private Foundation, for 1982.

[8] U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income--1982, Corporation Source Book, p. 8.

[9] U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income Division, unpublished table of estate tax returns filed during 1982.

[10] Estep, Gary J., "Fiduciary Income Tax Returns, 1982," Statistics of Income Bulletin, Spring 1985, Volume 4, Number 4, pp. 49 and 56.

[11] U.S. Department of Health and Human Services, Social Security Administration, Social Security Bulletin: Annual Statistical Supplement, 1983, p. 60. Social welfare expenditures include direct Government disbursements to the aged, disabled, unemployed, and poor, plus Government expenditures for schools, hospitals, and other similar facilities.

[12] See Joseph, James A., Private Philanthropy and the Making of Public Policy, Washington, D.C.: The Council on Foundations, 1985, pp. 24-36. (President's platform presented at the 36th annual Conference of the Council on Foundations held on April 24-26, 1985.)

[13] Nason, John W., Trustees and the Future of Foundations, New York, Council on Foundations: 1979, p. 3.

[14] Sugarman, Norman A., "Community Foundations," Research Papers Sponsored by the Commission on Private Philanthropy and Public Needs, Volume III, Special Behavioral Studies, Foundations, and Corporations, U.S. Department of the Treasury, 1977, pp. 1692-1693.

[15] Data were derived from The Foundation Center, National Data Book, 9th Edition, New York: 1985, pp. 699-706.

[16] For readers who are familiar with the terminology used on Form 990-PF, Return of Private Foundation, the following clarification of income statement terms used in this article and related tables is provided. Total "receipts" is comparable to total "revenue" (Part I, line 13, column A); total "deductions" is comparable to total "expenses" (Part I, line 24, column A); and "net income (less deficit)" is comparable to "excess of revenue over expenses" (Part I, line 25(a), column A).

[17] U.S. Department of Commerce, Bureau of Economic Analysis, Handbook of Cyclical Indicators, 1984, p. 99.

[18] Ibid., p. 143.

[19] Individual data for 1979 derived from U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income--1979, Individual Income Tax Returns, Table 1.3. Data for 1982 were derived from the same publication, 1982 edition, Table 1.4.

[20] The Commission on Foundations and Private Philanthropy, Foundations, Private Giving, and Public Policy, The Chicago University Press, 1970.

[21] Federal Reserve Bulletin, March 1985, Table 1.35.

[22] Data cited for 1974 are from U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income--1974-78, Private Foundations.

[23] Hopkins, Bruce R., The Law of Tax-Exempt Organizations, Third Edition, John Wiley and Sons, Inc., 1979, pp. 475-476.

[24] U.S. Congress, Joint Committee on Taxation, General Explanation of the Economic Recovery Tax Act of 1981 (Public Law 97-34), U.S. Government Printing Office, December 31, 1981, pp. 366-367.

[25] For detailed discussions of the effect on foundations of the pre-1981 requirement to distribute their actual income if it was higher than their minimum investment return, see Steuerle, Eugene, "Pay-out Requirements for Foundations," in Research Papers Sponsored by The Commission on Private Philanathropy and Public Needs, Volume III, Special Behaviorial Studies, Foundations, and Corporations, U.S. Department of the Treasury, pp. 1663-78, and Williamson, J. Peter, "Inflation and the Foundation Payout Rate," Foundation News, March-April 1981, Volume 2, Number 2, pp. 18-24.

APPENDIX: HIGHLIGHTS IN FOUNDATION LEGISLATIVE HISTORY

Since this study is the first in an annual Statistics of Income (SOI) series designed to track and report on private foundation trends and changes in reporting patterns, it seems appropriate to provide, as background information for future SOI reports on foundation data, a historical review of major private foundation legislation [1] [2].

Foundations, which (as we know them today) had their beginnings around the late 1800's [3], have had their share of proponents and opponents alike throughout their existence. Some question their qualification for tax-exempt status because of their narrow base of support and the advantageous tax treatment given to their usually wealthy donors. Others see foundations as playing a key role in meeting public needs by funding continuing non-profit projects or by supporting innovative or risky undertakings which could not be funded by more conventional sources. Throughout foundation history, Congress has recognized the need for Government regulation and public accountability, yet has maintained that foundation philanthropic activities are deserving of tax exemption. The following historical account summarizes major legislative events affecting private foundations.

- 1917 Individuals allowed deductions for charitable contributions.
- 1934 Law passed prohibiting tax-exempt charitable organizations from lobbying.
- 1935 Corporations allowed deductions for charitable contributions.
- 1943 Passage of the Revenue Act of 1943. Required certain tax-exempt organizations, including foundations, to file annual information returns.
- 1947-48 Hearings held by the House Ways and Means and the Senate Interstate and Foreign Commerce Committees on foundation activities. No legislative outcome.
- 1950 Passage of the Revenue Act of 1950. Imposed regulations on foundations regarding unrelated business income, excessive accumulation of income, prohibited activities, and public disclosure of annual information returns.
- 1952-62 Several Congressional committees established to investigate alleged abusive foundation activities. The committees each issued reports containing their findings and recommendations but no legislative action was taken.
  - House Select Committee to Investigate and Study Educational and Philanthropic Foundations and Other Comparable Organizations Which are Exempt from Federal Taxation, Chaired by Rep. Eugene E. Cox. (Established in 1952.)
  - House Special Committee to Investigate Tax-Exempt Foundations and Comparable Organizations, chaired by Rep. Carroll B. Reece. (Established in 1953.)
  - House Select Committee on Small Business, Chaired by Rep. Wright Patman. (Established in 1962; last installment of eight reports issued in 1972.)
- 1965 U.S. Treasury Department Report on Private Foundations issued. Treasury concluded that while private foundations play an important role in our society and generally operate free of abuse, serious problems did exist among a small number of them. The study resulted in extensive recommendations for dealing with six categories of major abuses. No immediate legislation was passed.
- 1969 Passage of Tax Reform Act of 1969. The 1969 Act for the first time defined private foundations in the Internal Revenue Code, subjected foundations to an excise tax on investment income (to cover the cost of IRS oversight), and imposed a two-tier system of penalty taxes on foundations that engage in "prohibited acts." Provisions dealing with penalty taxes on prohibited acts included the following:
  - taxes on self-dealing (transactions between a foundation and a disqualified person. E.g., lending money; sale, exchange or leasing of property; transfer of foundation income or assets to disqualified persons).
  - taxes on undistributed income (the amount required to be distributed in a given tax year for charitable purposes which the foundation fails to pay out by the end of the following tax year).

- taxes on excess business holdings (amount by which stockholdings or other interest in a business enterprise exceeds the amount of permitted holdings).

- taxes on investments which jeopardize the carrying out of a foundation's exempt purpose (the lack of ordinary care and prudence in making investment decisions).

- taxes on taxable expenditures includes engaging in nonexempt, political, or legislative activities; and disbursements of funds to other organizations or individuals, without sufficient oversight to ensure the funds are used exclusively for exempt purposes).

- 1973-74 Hearings on a variety of private foundation issues held by the following Congressional committees, but no legislation enacted.

  - Subcommittee on Domestic Finance of the House Committee on Banking and Currency (on compliance of private foundations with provisions of the Tax Reform Act of 1969).

  - House Ways and Means Committee (on tax treatment of private foundations).

  - Subcommittee on Foundations of the Senate Finance Committee (1973 hearings on the role of foundations in society and the impact of the provisions of the Tax Reform Act of 1969; 1974 hearings to determine the influence of private foundations on public broadcasting; additional 1974 hearings on the impact of the economy on private foundations and their grant recipients).

- 1976 Legislation enacted to change the required minimum payout to charity from 6 percent to 5 percent of market value investment assets for accounting periods beginning in 1976.

- 1978 Legislation enacted to change the excise tax on net investment income from 4 percent to 2 percent for domestic foundations.

- 1980 Legislation enacted to simplify IRS reporting requirements placed on private foundations.

- 1981 Passage of the Economic Recovery Tax Act of 1981. Allowed individuals who could not itemize their deductions to deduct part of their charitable contributions anyway; provided favorable tax treatment for corporate charitable donations of scientific equipment; and restricted the minimum payout computation base to investment assets, without regard to the amount of the foundation's income for the year.

- 1983 Hearings held by House Subcommittee on Oversight of the Ways and Means Committee on the impact of the Tax Reform Act of 1969 on private foundations.

- 1984 Passage of the Tax Reform Act of 1984. Its major private foundation provisions include the following:

  - Limitation on the amount of grant administrative expenses which can be applied toward meeting the minimum payout requirement. The Act also directed the Treasury Department to conduct a study of foundation administrative expenses. This provision terminates on December 31, 1990.

  - Waiver of the 2-percent excise tax for a new classification called "exempt operating foundations" and reduction in the tax to 1 percent for nonoperating foundations if a 5-year average of their qualifying distributions increases by a like amount.

  - Extension of the divestiture period for excess business holdings under certain circumstances.

  - Authority granted to IRS to abate the first-tier penalty tax on prohibited foundation activities (except self-dealing) when reasonable cause for the violation can be proven.

  - Definition of "family members" of a substantial contributor modified to treat as a "disqualified person" only those descendents through the great grandchildren level. Substantial contributor status is terminated if no connection with the foundation can be demonstrated for a 10-year period.

  - Directive issued to the Treasury Department to review the expenditure responsibility regulations (requiring oversight of certain organizations to which grants are made) to determine if they are overly burdensome; to extend to 5 years the advance ruling period during which a new organization is treated as a public charity; and to permit donor foundations greater reliance an IRS rulings for making grants to such new organizations.

- Increase in the deductible portion of an individual's gift to a private foundation from 20 percent to 30 percent of adjusted gross income, except for donations of appreciated property (which remain deductible up to 20 percent). Appreciated publicly-traded stock can now be deducted at fair market value, subject to a limitation of not more than 10 percent of all the stock of a given company.

REFERENCES (to Appendix)

[1] "Philanthropy Goes to Congress," Foundation News, May-June 1983, pp. 12-21.

[2] Feller, Nancy, "1984 Tax Reform Act," Non-Profit Organizations: Current Issues and Developments, Practicing Law Institute, Course Handbook Series Number 217, December 1984.

[3] The Foundation Center, The Foundation Directory, 8th Edition, New York, 1981, p. xiv.

Table 1. — Number of Foundations, Total Receipts and Total Deductions, Net Investment Income and Tax, Total Assets, Net Worth, and Distributions, by Type of Foundation and Size of Total Fair Market Value of Assets

[Money amounts are in thousands of dollars]

Size of total fair market value of assets	Number of returns	Total receipts		Total deductions		Disbursements for exempt purposes		Qualifying contributions, gifts, and grants paid		Net income (less deficit)	
		Number of returns	Amount	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)
All foundations, total	**28,468**	**27,603**	**9,126,529**	**27,645**	**5,834,328**	**26,410**	**5,156,993**	**23,306**	**4,429,979**	**27,108**	**3,292,200**
Zero, negative or unreported	1,515	1,368	6,906	1,515	6,721	*1,073	*6,280	*884	*5,621	*1,073	*186
$1 under $100,000	13,237	12,606	264,945	12,500	458,142	11,869	444,940	9,659	406,020	12,500	- 193,198
$100,000 under $1,000,000	9,125	9,040	662,390	9,040	524,324	8,914	483,780	8,577	455,477	8,956	138,065
$1,000,000 under $10,000,000	3,771	3,771	2,097,182	3,771	1,515,561	3,741	1,431,404	3,419	1,142,658	3,761	581,621
$10,000,000 under $25,000,000	493	492	1,010,618	492	746,510	490	664,048	462	585,549	491	264,108
$25,000,000 under $50,000,000	162	161	767,421	161	473,535	159	406,261	150	339,597	161	293,886
$50,000,000 under $100,000,000	85	85	1,165,244	85	527,937	84	474,789	78	413,269	85	637,306
$100,000,000 or more	80	80	3,151,824	80	1,581,598	80	1,245,491	77	1,081,789	80	1,570,226
Nonoperating foundations, total	**25,363**	**24,540**	**8,077,449**	**24,582**	**5,260,767**	**23,599**	**4,670,649**	**22,044**	**4,364,340**	**24,192**	**2,816,681**
Zero, negative or unreported	1,515	1,368	6,906	1,515	6,721	*1,073	*6,280	*884	*5,621	*1,073	*186
$1 under $100,000	11,175	10,543	235,993	10,438	425,797	9,954	414,887	8,923	401,734	10,585	- 189,805
$100,000 under $1,000,000	8,577	8,535	631,152	8,535	490,555	8,493	456,935	8,198	447,407	8,451	140,596
$1,000,000 under $10,000,000	3,346	3,346	1,695,040	3,346	1,228,612	3,336	1,174,197	3,305	1,118,157	3,336	466,428
$10,000,000 under $25,000,000	459	458	915,955	458	693,288	456	619,961	449	572,680	457	222,668
$25,000,000 under $50,000,000	143	142	677,744	142	423,874	140	362,808	139	337,306	142	253,870
$50,000,000 under $100,000,000	75	75	1,055,625	75	487,175	74	446,331	74	410,608	75	568,450
$100,000,000 or more	73	73	2,859,034	73	1,504,744	73	1,189,250	73	1,070,826	73	1,354,290
Operating foundations, total	**3,105**	**3,063**	**1,049,080**	**3,063**	**573,561**	**2,811**	**486,344**	**1,262**	**65,639**	**2,916**	**475,519**
Zero, negative or unreported	—	—	—	—	—	—	—	—	—	—	—
$1 under $100,000	2,062	2,062	28,952	2,062	32,345	1,915	30,053	*737	*4,286	1,915	- 3,393
$100,000 under $1,000,000	547	505	31,238	505	33,769	421	26,845	*379	*8,069	505	- 2,531
$1,000,000 under $10,000,000	425	425	402,141	425	286,949	405	257,207	114	24,501	425	115,193
$10,000,000 under $25,000,000	34	34	94,662	34	53,222	34	44,088	13	12,869	34	41,440
$25,000,000 under $50,000,000	19	19	89,677	19	49,660	19	43,453	11	2,291	19	40,017
$50,000,000 under $100,000,000	10	10	109,619	10	40,762	10	28,458	4	2,661	10	68,857
$100,000,000 or more	7	7	292,791	7	76,854	7	56,240	4	10,962	7	215,937
Grantmaking foundations, total	**23,306**	**23,159**	**8,441,654**	**23,306**	**5,398,386**	**23,306**	**4,825,580**	**23,306**	**4,429,979**	**23,063**	**3,043,267**
Zero, negative or unreported	*884	*884	*5,064	*884	*5,901	*884	*5,900	*884	*5,621	*737	*- 837
$1 under $100,000	9,659	9,512	220,764	9,659	413,997	9,659	409,736	9,659	406,020	9,659	- 193,233
$100,000 under $1,000,000	8,577	8,577	632,560	8,577	511,847	8,577	479,618	8,577	455,477	8,493	120,712
$1,000,000 under $10,000,000	3,419	3,419	1,764,536	3,419	1,269,654	3,419	1,215,777	3,419	1,142,658	3,409	494,882
$10,000,000 under $25,000,000	462	462	937,335	462	698,857	462	631,492	462	585,549	461	238,478
$25,000,000 under $50,000,000	150	150	702,732	150	443,303	150	385,641	150	339,597	150	259,429
$50,000,000 under $100,000,000	78	78	1,116,349	78	499,798	78	461,036	78	413,269	78	616,551
$100,000,000 or more	77	77	3,062,314	77	1,555,030	77	1,236,380	77	1,081,789	77	1,507,284
Grantmaking-nonoperating foundations, total	**22,044**	**21,897**	**7,982,283**	**22,044**	**5,197,952**	**22,044**	**4,640,110**	**22,044**	**4,364,340**	**21,802**	**2,784,329**
Zero, negative or unreported	*884	*884	*5,064	*884	*5,901	*884	*5,900	*884	*5,621	*737	*- 837
$1 under $100,000	8,923	8,775	216,694	8,923	409,157	8,923	405,415	8,923	401,734	8,923	- 192,463
$100,000 under $1,000,000	8,198	8,198	607,200	8,198	485,278	8,198	454,917	8,198	447,407	8,114	121,922
$1,000,000 under $10,000,000	3,305	3,305	1,686,370	3,305	1,220,806	3,305	1,168,107	3,305	1,118,157	3,294	465,565
$10,000,000 under $25,000,000	449	449	894,052	449	672,619	449	608,343	449	572,680	448	221,433
$25,000,000 under $50,000,000	139	139	670,383	139	416,495	139	361,847	139	337,306	139	253,889
$50,000,000 under $100,000,000	74	74	1,043,484	74	482,954	74	446,331	74	410,608	74	560,531
$100,000,000 or more	73	73	2,859,034	73	1,504,744	73	1,189,250	73	1,070,826	73	1,354,290
Nongrantmaking-nonoperating foundations, total	**3,318**	**2,643**	**95,167**	**2,538**	**62,815**	**1,554**	**30,540**	**—**	**—**	**2,390**	**32,352**
Zero, negative or unreported	*631	*484	*1,842	*631	*821	*189	*380	—	—	*337	*1,022
$1 under $100,000	2,252	1,768	19,299	1,515	16,641	*1,031	*9,472	—	—	1,663	2,658
$100,000 under $1,000,000	*379	*337	*23,951	*337	*5,277	*295	*2,018	—	—	*337	*18,674
$1,000,000 under $10,000,000	*41	*41	*8,670	*41	*7,807	*31	*6,090	—	—	*41	*863
$10,000,000 under $25,000,000	10	9	21,903	9	20,668	7	11,618	—	—	9	1,234
$25,000,000 under $50,000,000	4	3	7,361	3	7,380	1	961	—	—	3	- 19
$50,000,000 under $100,000,000	1	1	12,141	1	4,222	—	—	—	—	1	7,919
$100,000,000 or more	—	—	—	—	—	—	—	—	—	—	—

Footnotes at end of table.

Table 1. — Number of Foundations, Total Receipts and Total Deductions, Net Investment Income and Tax, Total Assets, Net Worth, and Distributions, by Type of Foundation and Size of Total Fair Market Value of Assets — Continued

[Money amounts are in thousands of dollars]

Size of total fair market value of assets	Net income		Net investment income		Net capital gain		Excise tax on net investment income				
							Total amount	Domestic organizations		Foreign organizations	
	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)
All foundations, total	**16,044**	**4,274,832**	**23,442**	**5,590,700**	**5,513**	**1,754,665**	**111,440**	**23,385**	**110,651**	**54**	**789**
Zero, negative or unreported	*484	*1,048	*189	*433	—	—	*9	*189	*9	—	—
$1 under $100,000	6,376	41,734	9,954	44,233	*737	*1,885	881	9,954	881	—	—
$100,000 under $1,000,000	6,041	246,205	8,788	308,285	2,210	65,742	6,187	8,746	6,141	*42	*45
$1,000,000 under $10,000,000	2,547	775,798	3,699	1,095,371	2,021	244,538	21,907	3,699	21,907	—	—
$10,000,000 under $25,000,000	341	373,646	488	657,514	323	171,373	13,187	482	13,147	5	40
$25,000,000 under $50,000,000	123	366,377	160	544,544	102	141,992	10,876	155	10,787	4	89
$50,000,000 under $100,000,000	71	674,890	84	578,577	58	202,586	11,628	82	11,515	2	112
$100,000,000 or more	61	1,795,134	80	2,361,743	62	926,549	46,767	78	46,265	1	502
Nonoperating foundations, total	**14,714**	**3,773,644**	**21,496**	**5,090,322**	**4,827**	**1,561,047**	**102,138**	**21,440**	**101,349**	**54**	**789**
Zero, negative or unreported	*484	*1,048	*189	*433	—	—	*9	*189	*9	—	—
$1 under $100,000	5,640	37,928	8,923	39,394	*442	*98	786	8,923	786	—	—
$100,000 under $1,000,000	5,788	242,921	8,325	296,574	2,084	63,278	5,953	8,283	5,907	*42	*45
$1,000,000 under $10,000,000	2,266	655,270	3,315	1,002,737	1,803	217,863	20,054	3,315	20,054	—	—
$10,000,000 under $25,000,000	308	331,917	455	619,800	302	163,075	12,416	450	12,376	5	40
$25,000,000 under $50,000,000	109	322,544	141	479,874	91	112,371	9,583	136	9,494	4	89
$50,000,000 under $100,000,000	62	605,529	75	526,118	50	175,756	10,578	73	10,466	2	112
$100,000,000 or more	56	1,576,487	73	2,125,392	56	828,606	42,759	72	42,257	1	502
Operating foundations, total	**1,330**	**501,188**	**1,947**	**500,378**	**685**	**193,618**	**9,302**	**1,945**	**9,302**	**—**	**—**
Zero, negative or unreported	—	—	—	—	—	—	—	—	—	—	—
$1 under $100,000	*737	*3,805	*1,031	*4,839	*295	*1,787	*94	*1,031	*94	—	—
$100,000 under $1,000,000	*253	*3,284	463	11,711	*126	*2,464	234	463	234	—	—
$1,000,000 under $10,000,000	280	120,528	384	92,634	218	26,675	1,853	384	1,853	—	—
$10,000,000 under $25,000,000	32	41,729	33	37,714	21	8,298	771	32	771	—	—
$25,000,000 under $50,000,000	14	43,834	19	64,670	11	29,621	1,293	19	1,293	—	—
$50,000,000 under $100,000,000	9	69,361	9	52,459	8	26,830	1,049	9	1,049	—	—
$100,000,000 or more	5	218,647	7	236,352	6	97,943	4,008	6	4,008	—	—
Grantmaking foundations, total	**13,309**	**4,007,419**	**21,052**	**5,357,394**	**5,084**	**1,665,730**	**107,459**	**21,001**	**106,739**	***49**	***720**
Zero, negative or unreported	*147	*26	*147	*18	—	—	*(1)	*147	*(1)	—	—
$1 under $100,000	4,609	35,374	8,334	41,071	*737	*1,885	818	8,334	818	—	—
$100,000 under $1,000,000	5,704	227,202	8,409	295,330	1,999	63,992	5,928	8,367	5,882	*42	*45
$1,000,000 under $10,000,000	2,298	684,919	3,399	1,019,060	1,834	226,095	20,381	3,399	20,381	—	—
$10,000,000 under $25,000,000	314	343,168	460	632,769	302	163,033	12,682	456	12,661	3	21
$25,000,000 under $50,000,000	113	330,907	149	502,684	98	118,628	10,034	146	9,955	2	79
$50,000,000 under $100,000,000	65	653,631	78	555,274	54	194,096	11,142	77	11,069	1	72
$100,000,000 or more	58	1,732,192	77	2,311,186	60	898,000	46,475	76	45,973	1	502
Grantmaking-nonoperating foundations, total	**12,727**	**3,733,303**	**19,949**	**5,064,645**	**4,654**	**1,557,408**	**101,590**	**19,899**	**100,870**	***49**	***720**
Zero, negative or unreported	*147	*26	*147	*18	—	—	*(1)	*147	*(1)	—	—
$1 under $100,000	4,314	34,258	7,744	37,418	*442	*98	747	7,744	747	—	—
$100,000 under $1,000,000	5,494	224,003	8,030	286,004	1,915	61,541	5,741	7,988	5,696	*42	*45
$1,000,000 under $10,000,000	2,246	653,352	3,294	999,689	1,803	217,863	19,993	3,294	19,993	—	—
$10,000,000 under $25,000,000	302	326,017	448	613,287	297	161,173	12,276	445	12,255	3	21
$25,000,000 under $50,000,000	107	321,550	138	477,718	91	112,371	9,535	135	9,455	2	79
$50,000,000 under $100,000,000	61	597,610	74	525,118	50	175,756	10,539	73	10,466	1	72
$100,000,000 or more	56	1,576,487	73	2,125,392	56	828,606	42,759	72	42,257	1	502
Nongrantmaking-nonoperating foundations, total	**1,987**	**40,341**	**1,547**	**25,677**	***173**	***3,639**	**548**	**1,542**	**479**	***5**	***69**
Zero, negative or unreported	*337	*1,022	*42	*415	—	—	*8	*42	*8	—	—
$1 under $100,000	*1,326	*3,670	*1,178	*1,975	—	—	*39	*1,178	*39	—	—
$100,000 under $1,000,000	*295	*18,919	*295	*10,570	*168	*1,737	*211	*295	*211	—	—
$1,000,000 under $10,000,000	*21	*1,918	*21	*3,048	—	—	*61	*21	*61	—	—
$10,000,000 under $25,000,000	6	5,900	7	6,513	5	1,902	140	5	121	2	19
$25,000,000 under $50,000,000	2	993	3	2,156	—	—	48	1	38	2	10
$50,000,000 under $100,000,000	1	7,919	1	1,000	—	—	40	—	—	1	40
$100,000,000 or more	—	—	—	—	—	—	—	—	—	—	—

Footnotes at end of table.

Table 1.—Number of Foundations, Total Receipts and Total Deductions, Net Investment Income and Tax, Total Assets, Net Worth, and Distributions, by Type of Foundation and Size of Total Fair Market Value of Assets—Continued

[Money amounts are in thousands of dollars]

Size of total fair market value of assets	Total assets (book value)		Investments in securities (book value)		Total assets (fair market value)		Investments in securities (fair market value)		Net worth	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All foundations, total	**27,584**	**48,227,043**	**16,815**	**37,418,071**	**26,953**	**62,886,606**	**17,025**	**49,822,624**	**27,584**	**45,633,124**
Zero, negative or unreported	*631	*6,107	*42	*3,814	—	—	—	—	*631	*6,087
$1 under $100,000	13,237	408,901	5,535	155,798	13,237	416,696	5,935	176,924	13,237	184,547
$100,000 under $1,000,000	9,125	2,981,006	7,104	1,770,325	9,125	3,262,919	6,967	1,975,788	9,125	2,920,886
$1,000,000 under $10,000,000	3,771	10,096,084	3,348	6,579,417	3,771	11,981,973	3,347	8,080,023	3,771	9,658,355
$10,000,000 under $25,000,000	493	5,967,814	470	4,466,902	493	7,543,920	461	5,571,440	493	5,749,762
$25,000,000 under $50,000,000	162	4,751,234	154	3,534,173	162	5,816,852	155	4,445,653	162	4,527,953
$50,000,000 under $100,000,000	85	4,639,926	83	3,652,311	85	6,035,403	81	4,657,527	85	4,258,569
$100,000,000 or more	80	19,375,972	80	17,255,330	80	27,828,843	80	24,915,268	80	18,326,964
Nonoperating foundations, total	**24,479**	**42,542,775**	**15,461**	**33,846,950**	**23,847**	**56,217,321**	**15,670**	**45,867,953**	**24,479**	**40,493,974**
Zero, negative or unreported	*631	*6,107	*42	*3,814	—	—	—	—	*631	*6,087
$1 under $100,000	11,175	336,980	4,945	133,425	11,175	344,575	5,345	153,985	11,175	129,092
$100,000 under $1,000,000	8,577	2,806,744	6,725	1,711,118	8,577	3,071,767	6,588	1,911,122	8,577	2,755,104
$1,000,000 under $10,000,000	3,346	8,821,517	3,026	5,980,040	3,346	10,527,069	3,025	7,361,064	3,346	8,672,335
$10,000,000 under $25,000,000	459	5,517,225	441	4,246,382	459	7,018,752	430	5,313,359	459	5,306,778
$25,000,000 under $50,000,000	143	4,215,273	136	3,157,498	143	5,138,036	137	3,961,093	143	4,018,709
$50,000,000 under $100,000,000	75	4,101,952	74	3,311,863	75	5,337,882	72	4,228,604	75	3,796,866
$100,000,000 or more	73	16,736,978	73	15,302,810	73	24,779,239	73	22,938,726	73	15,809,002
Operating foundations, total	**3,105**	**5,684,268**	**1,354**	**3,571,121**	**3,105**	**6,669,286**	**1,355**	**3,954,671**	**3,105**	**5,139,150**
Zero, negative or unreported	—	—	—	—	—	—	—	—	—	—
$1 under $100,000	2,062	71,922	*589	*22,373	2,062	72,120	*589	22,940	2,062	55,455
$100,000 under $1,000,000	547	174,262	*379	*59,207	547	191,152	*379	64,667	547	165,782
$1,000,000 under $10,000,000	425	1,274,567	322	599,377	425	1,454,904	322	718,959	425	986,020
$10,000,000 under $25,000,000	34	450,589	29	220,520	34	525,168	30	258,081	34	442,983
$25,000,000 under $50,000,000	19	535,961	18	376,675	19	678,816	18	484,560	19	509,245
$50,000,000 under $100,000,000	10	537,974	9	340,448	10	697,521	9	428,923	10	461,703
$100,000,000 or more	7	2,638,993	7	1,952,521	7	3,049,604	7	1,976,542	7	2,517,963
Grantmaking foundations, total	**22,864**	**45,462,726**	**15,679**	**36,114,133**	**22,422**	**59,429,355**	**15,825**	**48,248,839**	**22,864**	**43,283,312**
Zero, negative or unreported	*442	*577	—	—	—	—	—	—	*442	*557
$1 under $100,000	9,659	343,928	5,051	140,369	9,659	355,844	5,345	164,575	9,659	135,903
$100,000 under $1,000,000	8,577	2,818,775	6,809	1,687,649	8,577	3,073,946	6,672	1,884,883	8,577	2,768,229
$1,000,000 under $10,000,000	3,419	9,054,558	3,078	6,062,852	3,419	10,754,371	3,077	7,449,804	3,419	8,779,479
$10,000,000 under $25,000,000	462	5,546,119	443	4,274,580	462	7,058,159	433	5,337,881	462	5,410,414
$25,000,000 under $50,000,000	150	4,411,650	145	3,368,556	150	5,385,686	145	4,208,735	150	4,230,565
$50,000,000 under $100,000,000	78	4,290,338	77	3,507,336	78	5,578,857	75	4,468,426	78	3,979,898
$100,000,000 or more	77	18,996,782	77	17,072,790	77	27,222,492	77	24,734,534	77	17,978,268
Grantmaking-nonoperating foundations, total	**21,602**	**41,946,501**	**14,704**	**33,642,880**	**21,160**	**55,535,910**	**14,848**	**45,618,008**	**21,602**	**40,024,466**
Zero, negative or unreported	*442	*577	—	—	—	—	—	—	*442	*557
$1 under $100,000	8,923	305,527	4,461	117,997	8,923	316,876	4,756	141,636	8,923	97,663
$100,000 under $1,000,000	8,198	2,688,326	6,514	1,646,541	8,198	2,933,759	6,378	1,842,527	8,198	2,645,982
$1,000,000 under $10,000,000	3,305	8,728,573	3,015	5,976,347	3,305	10,407,120	3,014	7,357,444	3,305	8,587,101
$10,000,000 under $25,000,000	449	5,355,018	433	4,175,348	449	6,844,371	422	5,229,121	449	5,223,688
$25,000,000 under $50,000,000	139	4,102,936	134	3,131,213	139	4,990,047	134	3,899,189	139	3,936,992
$50,000,000 under $100,000,000	74	4,028,566	73	3,292,625	74	5,264,496	71	4,209,366	74	3,723,481
$100,000,000 or more	73	16,736,978	73	15,302,810	73	24,779,239	73	22,938,726	73	15,809,002
Nongrantmaking-nonoperating foundations, total	**2,876**	**596,274**	**758**	**204,070**	**2,687**	**681,411**	**822**	**249,945**	**2,876**	**469,508**
Zero, negative or unreported	*189	*5,530	*42	*3,814	—	—	—	—	*189	*5,530
$1 under $100,000	2,252	31,453	*484	*15,428	2,252	27,699	*589	*12,349	2,252	31,429
$100,000 under $1,000,000	*379	*118,418	*211	*64,577	*379	*138,008	*211	*68,595	*379	*109,123
$1,000,000 under $10,000,000	*41	*92,944	*10	*3,694	*41	*119,949	*10	*3,621	*41	*85,234
$10,000,000 under $25,000,000	10	162,207	8	71,034	10	174,381	8	84,238	10	83,090
$25,000,000 under $50,000,000	4	112,338	2	26,285	4	147,989	3	61,904	4	81,717
$50,000,000 under $100,000,000	1	73,386	1	19,238	1	73,386	1	19,238	1	73,386
$100,000,000 or more	—	—	—	—	—	—	—	—	—	—

Footnotes at end of table.

Table 1. — Number of Foundations, Total Receipts and Total Deductions, Net Investment Income and Tax, Total Assets, Net Worth, and Distributions, by Type of Foundation and Size of Total Fair Market Value of Assets — Continued

[Money amounts are in thousands of dollars]

Size of total fair market value of assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1982		Excess distributions carryover to 1983	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
All foundations, total	**24,788**	**2,658,490**	**23,278**	**2,397,587**	**26,429**	**5,529,765**	**6,525**	**663,503**	**15,585**	**4,857,481**
Zero, negative or unreported	*484	*796	*484	*787	*1,073	*6,495	—	—	*631	*6,399
$1 under $100,000	11,027	22,770	10,291	24,092	11,869	449,158	2,652	4,724	6,713	1,463,538
$100,000 under $1,000,000	8,872	143,612	8,451	134,791	8,914	482,908	2,189	29,350	6,009	852,021
$1,000,000 under $10,000,000	3,606	502,053	3,315	460,368	3,761	1,481,878	1,354	135,379	1,857	1,273,912
$10,000,000 under $25,000,000	479	312,213	453	291,771	489	697,065	196	86,153	223	494,538
$25,000,000 under $50,000,000	156	242,572	138	212,690	159	429,727	59	59,800	80	211,911
$50,000,000 under $100,000,000	83	245,575	74	222,042	84	508,213	35	71,428	40	245,530
$100,000,000 or more	80	1,188,900	73	1,051,046	80	1,474,322	40	276,668	31	309,632
Nonoperating foundations, total	**22,995**	**2,458,286**	**23,278**	**2,397,587**	**23,555**	**4,872,483**	**6,525**	**663,503**	**15,585**	**4,857,481**
Zero, negative or unreported	*484	*796	*484	*787	*1,073	*6,495	—	—	*631	*6,399
$1 under $100,000	9,996	20,586	10,291	24,092	9,954	415,276	2,652	4,724	6,713	1,463,538
$100,000 under $1,000,000	8,451	138,174	8,451	134,791	8,451	455,690	2,189	29,350	6,009	852,021
$1,000,000 under $10,000,000	3,325	466,465	3,315	460,368	3,336	1,204,782	1,354	135,379	1,857	1,273,912
$10,000,000 under $25,000,000	453	299,069	453	291,771	455	633,950	196	86,153	223	494,538
$25,000,000 under $50,000,000	139	219,865	138	212,690	140	364,203	59	59,800	80	211,911
$50,000,000 under $100,000,000	74	225,881	74	222,042	74	457,964	35	71,428	40	245,530
$100,000,000 or more	73	1,087,450	73	1,051,046	73	1,334,123	40	276,668	31	309,632
Operating foundations, total	**1,793**	**200,206**	**N/A**	**N/A**	**2,874**	**657,282**	**N/A**	**N/A**	**N/A**	**N/A**
Zero, negative or unreported	—	—	N/A	N/A	—	—	N/A	N/A	N/A	N/A
$1 under $100,000	*1,031	*2,184	N/A	N/A	1,915	33,882	N/A	N/A	N/A	N/A
$100,000 under $1,000,000	421	5,438	N/A	N/A	463	27,217	N/A	N/A	N/A	N/A
$1,000,000 under $10,000,000	281	35,589	N/A	N/A	425	277,096	N/A	N/A	N/A	N/A
$10,000,000 under $25,000,000	26	13,144	N/A	N/A	34	63,115	N/A	N/A	N/A	N/A
$25,000,000 under $50,000,000	17	22,707	N/A	N/A	19	65,524	N/A	N/A	N/A	N/A
$50,000,000 under $100,000,000	9	19,695	N/A	N/A	10	50,248	N/A	N/A	N/A	N/A
$100,000,000 or more	7	101,450	N/A	N/A	7	140,199	N/A	N/A	N/A	N/A
Grantmaking foundations, total	**22,235**	**2,575,722**	**21,347**	**2,382,725**	**23,263**	**5,113,738**	**5,754**	**658,464**	**14,918**	**4,800,748**
Zero, negative or unreported	*442	*39	*442	*39	*884	*5,900	—	—	*589	*5,340
$1 under $100,000	9,217	21,033	8,775	22,936	9,659	410,125	2,062	4,303	6,229	1,458,272
$100,000 under $1,000,000	8,451	137,215	8,114	129,224	8,535	477,368	2,021	25,964	5,883	845,841
$1,000,000 under $10,000,000	3,368	469,337	3,284	457,056	3,419	1,251,174	1,344	135,246	1,846	1,269,177
$10,000,000 under $25,000,000	455	301,811	448	289,660	461	648,450	194	85,611	219	455,046
$25,000,000 under $50,000,000	148	231,308	137	210,723	150	389,429	58	59,244	80	211,911
$50,000,000 under $100,000,000	78	237,124	74	222,042	78	476,720	35	71,428	40	245,530
$100,000,000 or more	77	1,177,856	73	1,051,046	77	1,454,571	40	276,668	31	309,632
Grantmaking-nonoperating foundations, total	**21,359**	**2,443,838**	**21,347**	**2,382,725**	**22,001**	**4,830,312**	**5,754**	**658,464**	**14,918**	**4,800,748**
Zero, negative or unreported	*442	*39	*442	*39	*884	*5,900	—	—	*589	*5,340
$1 under $100,000	8,775	19,403	8,775	22,936	8,923	405,803	2,062	4,303	6,229	1,458,272
$100,000 under $1,000,000	8,114	133,278	8,114	129,224	8,156	452,518	2,021	25,964	5,883	845,841
$1,000,000 under $10,000,000	3,294	463,091	3,284	457,056	3,305	1,198,603	1,344	135,246	1,846	1,269,177
$10,000,000 under $25,000,000	448	296,837	448	289,660	448	612,609	194	85,611	219	455,046
$25,000,000 under $50,000,000	138	217,859	137	210,723	139	362,792	58	59,244	80	211,911
$50,000,000 under $100,000,000	74	225,881	74	222,042	74	457,964	35	71,428	40	245,530
$100,000,000 or more	73	1,087,450	73	1,051,046	73	1,334,123	40	276,668	31	309,632
Nongrantmaking-nonoperating foundations, total	**1,636**	**14,446**	**1,931**	**14,862**	**1,554**	**42,171**	**771**	**5,039**	**667**	**56,733**
Zero, negative or unreported	*42	*757	*42	*748	*189	*594	—	—	*42	*1,059
$1 under $100,000	*1,221	*1,183	1,515	1,155	*1,031	*9,472	*589	*421	*484	*5,266
$100,000 under $1,000,000	*337	*4,895	*337	*5,567	*295	*3,173	*168	*3,386	*126	*6,180
$1,000,000 under $10,000,000	*31	*3,373	*31	*3,312	*31	*6,178	*10	*134	*10	*4,735
$10,000,000 under $25,000,000	5	2,232	5	2,111	7	21,341	2	542	4	39,493
$25,000,000 under $50,000,000	1	2,006	1	1,967	1	1,412	1	556	—	—
$50,000,000 under $100,000,000	—	—	—	—	—	—	—	—	—	—
$100,000,000 or more	—	—	—	—	—	—	—	—	—	—

N/A - Not applicable.
*Estimate should be used with caution because of the small number of sample returns on which it is based.
[1]Less than $500.
NOTE: Detail may not add to total because of rounding.

Table 2. — All Foundations: Balance Sheets and Income Statements, by Size of Total Book Value of Assets

[Money amounts are in thousands of dollars]

Item	Total	Size of total book value of assets							
		Assets zero or unreported	$1 under $100,000	$100,000 under $1,000,000	$1,000,000 under $10,000,000	$10,000,000 under $25,000,000	$25,000,000 under $50,000,000	$50,000,000 under $100,000,000	$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	**28,468**	***884**	**13,700**	**9,683**	**3,567**	**371**	**136**	**74**	**53**
Total assets (Book value)	**48,227,043**	**—**	**391,663**	**3,324,798**	**11,153,659**	**5,848,437**	**4,761,337**	**5,154,433**	**17,592,715**
Cash, total	4,643,217	—	161,456	816,874	1,543,708	642,341	424,159	400,596	654,083
Non-interest bearing accounts	490,462	—	44,544	168,370	163,021	44,253	20,258	23,482	26,535
Savings and temporary cash investments	4,152,755	—	116,913	648,504	1,380,687	598,088	403,901	377,114	627,548
Accounts receivable, net	247,814	—	*11,036	3,915	45,905	43,898	14,821	34,188	94,050
Pledges receivable, net	*14,853	—	—	*3,125	*1,725	10,000	2	—	—
Grants receivable	43,003	—	—	*3,158	*35,184	1,877	21	—	2,763
Receivables due from disqualified persons	60,609	—	*7,730	*1,376	*12,895	23,603	1	—	15,006
Other notes and loans receivable, net	560,221	—	*3,911	46,110	268,746	116,985	39,931	63,727	20,812
Inventories	33,909	—	—	*6,755	10,614	12,332	2,853	279	1,076
Prepaid expenses and deferred charges	23,287	—	—	*668	3,047	13,936	2,477	627	2,532
Investments, total	40,290,739	—	176,114	2,344,450	8,442,056	4,640,174	4,000,886	4,357,884	16,329,176
Securities	37,418,071	—	142,955	1,963,647	7,564,220	4,271,492	3,513,521	4,123,579	15,838,658
Land, buildings, and equipment (Less accumulated depreciation)	733,440	—	*3,827	83,457	183,039	130,591	145,478	31,688	155,361
Mortgage loans	392,490	—	*9,006	*17,138	100,333	56,877	38,822	35,287	135,027
Other investments	1,746,738	—	*20,326	280,208	594,464	181,214	303,065	167,331	200,131
Charitable-purpose land, buildings, and equipment (Less accumulated depreciation)	1,125,326	—	*21,610	63,627	478,620	185,961	133,435	106,613	135,460
Other assets	1,184,067	—	9,807	34,742	311,159	157,330	142,751	190,520	337,757
Total liabilities	**2,593,918**	**—**	**224,373**	**69,152**	**449,373**	**243,807**	**288,827**	**305,975**	**1,012,412**
Accounts payable and accrued expenses	423,918	—	12,191	13,468	47,871	19,480	101,648	28,306	200,952
Grants payable	1,264,317	—	*196,053	*11,221	83,974	73,343	78,229	164,644	656,852
Support and revenue held for future periods	73,222	—	—	*3,808	*38,900	11,584	11,425	7,506	—
Loans from officers, directors, trustees, etc.	*6,479	—	—	*1,109	*2,041	2,160	—	1,169	—
Mortgages and other notes payable	418,791	—	*1,131	*15,581	160,381	55,819	80,624	76,667	28,587
Other liabilities	407,191	—	*14,997	23,965	116,204	81,421	16,901	27,682	126,020
Net worth	**45,633,125**	**—**	**167,290**	**3,255,646**	**10,704,286**	**5,604,630**	**4,472,511**	**4,848,458**	**16,580,304**
Total receipts	**9,126,529**	***1,013**	**267,211**	**873,963**	**2,076,409**	**1,068,363**	**925,567**	**1,157,087**	**2,756,916**
Contributions, gifts and grants received	2,679,359	*935	220,893	456,347	648,559	342,829	236,746	565,056	207,995
Membership dues and assessments	24,482	*58	*494	*4,323	13,583	5,893	132	—	—
Interest on savings and temporary cash investments	799,713	*20	27,096	85,901	250,788	117,118	103,443	73,261	142,085
Dividends and interest from securities	2,970,206	—	15,168	191,479	655,296	382,674	347,350	294,187	1,084,051
Gross rents	181,971	—	*775	31,138	60,233	27,316	29,413	11,995	21,101
Net gain (or loss) from sale of assets	1,783,651	—	*959	56,517	301,431	145,103	132,069	178,821	968,751
Gross profit from business activities	113,222	—	—	*10,713	79,415	16,664	1,201	253	4,975
Other income	573,924	—	1,826	37,544	67,105	30,765	75,214	33,513	327,957
Total deductions	**5,834,328**	***1,411**	**459,720**	**717,455**	**1,489,615**	**769,213**	**634,432**	**415,888**	**1,346,594**
Contributions, gifts, and grants paid	4,477,761	*1,118	417,074	584,416	1,101,782	598,934	488,766	304,541	981,129
Compensation of officers	105,365	*4	*767	8,272	36,305	15,587	10,798	10,514	23,119
Other salaries and wages	254,176	*56	—	35,243	90,826	35,395	19,595	20,771	52,290
Pension plans, employee benefits	50,572	—	*8	*5,481	10,816	6,437	4,758	5,342	17,730
Investment, legal and other professional services	144,007	*4	3,987	13,038	45,951	18,793	14,549	13,046	34,638
Interest	35,859	—	*151	1,334	14,096	6,997	2,757	7,648	2,876
Taxes	177,208	—	769	9,086	40,251	25,794	32,574	19,233	49,501
Depreciation and depletion	51,080	—	*1,627	4,111	18,062	8,118	9,795	4,948	4,418
Occupancy	33,411	—	*1,923	*3,372	9,380	3,781	2,887	3,343	8,727
Other expenses	504,889	*229	33,415	53,103	122,145	49,377	47,953	26,502	172,165
Net income (less deficit)	**3,292,200**	***–397**	**–192,510**	**156,508**	**586,794**	**299,150**	**291,135**	**741,199**	**1,410,323**
Net income	4,274,832	*(1)	41,920	296,080	772,941	402,368	362,806	778,688	1,620,028
Deficit	982,631	*398	234,430	139,573	186,147	103,218	71,671	37,489	209,706
Total assets (fair market value)	**62,886,606**	**—**	**409,055**	**3,839,783**	**13,891,391**	**8,052,683**	**6,949,015**	**6,800,151**	**22,944,528**
Selected fair market value assets:									
Cash, total	4,597,266	—	160,188	808,172	1,530,035	638,609	400,436	406,378	653,449
Investments in securities	49,822,624	—	173,432	2,342,702	9,600,908	6,174,613	5,464,150	5,329,804	20,737,016
Investment-purpose land, buildings, and equipment (Less accumulated depreciation)	1,512,375	—	*3,827	108,412	513,696	262,340	208,233	86,411	329,455
Charitable-purpose land, buildings and equipment (Less accumulated depreciation)	1,491,368	—	*21,167	119,963	583,085	244,341	247,562	126,051	149,199
Beginning of year assets (book value), total	**43,181,895**	***398**	**578,248**	**3,139,067**	**10,225,418**	**5,448,507**	**4,305,161**	**4,303,934**	**15,181,162**
Selected beginning of year assets:									
Investments in securities	31,673,360	—	142,686	1,948,726	6,838,747	3,998,511	3,135,425	3,239,446	12,369,819
Investment-purpose land, buildings, and equipment (Less accumulated depreciation)	712,059	—	*7,355	81,291	167,487	142,090	137,658	25,452	150,726

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

[1]Less than $500.

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

Table 3. — All Foundations: Balance Sheets and Income Statements, by Size of Total Fair Market Value of Assets

[Money amounts are in thousands of dollars]

Item	Total	Size of total fair market value of assets: Assets zero or unreported	$1 under $100,000	$100,000 under $1,000,000	$1,000,000 under $10,000,000	$10,000,000 under $25,000,000	$25,000,000 under $50,000,000	$50,000,000 under $100,000,000	$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	**28,468**	**1,515**	**13,237**	**9,125**	**3,771**	**493**	**162**	**85**	**80**
Total assets (Book value)	**48,227,043**	***6,107**	**408,901**	**2,981,006**	**10,096,084**	**5,967,814**	**4,751,234**	**4,639,926**	**19,375,972**
Cash, total	4,643,217	*2,218	161,414	726,422	1,528,103	622,003	453,605	386,393	763,060
Non-interest bearing accounts	490,462	*2,031	43,745	134,537	187,276	36,558	29,826	26,011	30,477
Savings and temporary cash investments	4,152,755	*187	117,669	591,885	1,340,827	585,445	423,779	360,382	732,583
Accounts receivable, net	247,814	—	*11,036	2,883	37,616	39,272	25,795	32,076	99,136
Pledges receivable, net	14,853	—	—	*3,125	*1,725	10,000	2	—	—
Grants receivable	43,003	—	—	—	*38,341	1,823	75	—	2,763
Receivables due from disqualified persons	60,609	—	*7,730	*1,376	*12,895	23,603	1	—	15,006
Other notes and loans receivable, net	560,221	—	*3,911	46,110	268,493	92,808	44,308	57,020	47,570
Inventories	33,909	—	—	*6,755	10,623	12,233	2,761	291	1,245
Prepaid expenses and deferred charges	23,287	—	—	*17	3,337	13,887	2,839	506	2,701
Investments, total	40,290,739	*3,814	190,967	2,111,743	7,441,897	4,809,809	3,987,095	3,943,535	17,801,878
Securities	37,418,071	*3,814	155,798	1,770,325	6,579,417	4,466,902	3,534,173	3,652,311	17,255,330
Land, buildings, and equipment (Less accumulated depreciation)	733,440	—	*3,827	77,984	170,751	128,087	136,416	46,564	169,812
Mortgage loans	392,490	—	*9,006	*17,070	100,167	40,328	47,713	35,299	142,906
Other investments	1,746,738	—	22,337	246,363	591,562	174,493	268,794	209,360	233,830
Charitable-purpose land, buildings and equipment (Less accumulated depreciation)	1,125,326	*75	*24,037	60,841	446,181	181,203	139,197	108,836	164,955
Other assets	1,184,067	*(1)	9,807	21,734	306,872	161,173	95,554	111,269	477,658
Total liabilities	**2,593,918**	***20**	**224,354**	**60,120**	**437,728**	**218,052**	**223,281**	**381,357**	**1,049,008**
Accounts payable and accrued expenses	423,918	*20	*12,172	9,031	47,155	18,578	18,611	113,472	204,879
Grants payable	1,264,317	—	196,053	*11,221	*69,741	69,532	83,261	148,122	686,387
Support and revenue held for future periods	73,222	—	—	*3,808	*38,900	17,406	5,603	7,506	—
Loans from officers, directors, trustees, etc.	6,479	—	—	*1,109	2,041	2,160	—	1,169	—
Mortgages and other notes payable	418,791	—	*1,131	*15,581	160,381	50,540	80,904	81,667	28,587
Other liabilities	407,191	—	*14,997	19,370	119,509	59,837	34,903	29,420	129,155
Net worth	**45,633,125**	***6,087**	**184,547**	**2,920,886**	**9,658,355**	**5,749,762**	**4,527,953**	**4,258,569**	**18,326,964**
Total receipts	**9,126,529**	**6,906**	**264,945**	**662,390**	**2,097,182**	**1,010,618**	**767,421**	**1,165,244**	**3,151,824**
Contributions, gifts and grants received	2,679,359	*5,673	216,874	349,425	754,358	319,503	188,382	539,185	305,960
Membership dues and assessments	24,482	*58	*494	*1,902	*16,002	*5,895	132	—	—
Interest on savings and temporary cash investments	799,713	*276	27,282	74,813	231,696	119,536	110,388	75,703	160,019
Dividends and interest from securities	2,970,206	*413	15,332	174,098	566,829	371,605	274,475	281,222	1,286,232
Gross rents	181,971	—	*775	5,776	76,398	30,613	25,951	13,043	29,414
Net gain (or loss) from sale of assets	1,783,651	*419	*959	41,700	277,832	134,937	123,135	179,007	1,025,662
Gross profit from business activities	113,222	—	—	*4,263	85,865	3,997	13,784	337	4,975
Other income	573,924	*67	3,228	10,414	88,201	24,531	31,173	76,746	339,562
Total deductions	**5,834,328**	**6,721**	**458,142**	**524,324**	**1,515,561**	**746,510**	**473,535**	**527,937**	**1,581,598**
Contributions, gifts, and grants paid	4,477,761	*5,630	414,534	456,305	1,098,908	594,660	342,470	390,319	1,174,935
Compensation of officers	105,365	*4	*767	7,514	33,798	14,680	10,852	10,980	26,771
Other salaries and wages	254,176	*206	—	12,421	106,598	32,096	22,608	20,294	59,953
Pension plans, employee benefits	50,572	—	*8	*1,900	13,866	4,914	4,691	5,108	20,084
Investment, legal and other professional services	144,007	*185	3,871	11,003	40,906	21,888	12,950	15,750	37,456
Interest	35,859	—	*151	1,324	13,807	6,649	2,466	8,183	3,278
Taxes	177,208	*53	920	7,615	36,925	19,247	25,149	29,174	58,126
Depreciation and depletion	51,080	—	*2,517	1,727	17,899	8,070	9,465	6,206	5,196
Occupancy	33,411	—	*1,923	*936	10,854	3,785	2,793	3,641	9,479
Other expenses	504,889	*644	33,452	23,579	142,001	40,521	40,090	38,281	186,321
Net income (less deficit)	**3,292,200**	***186**	**-193,198**	**138,065**	**581,621**	**264,108**	**293,886**	**637,306**	**1,570,226**
Net income	4,274,832	*1,048	41,734	246,205	775,798	373,646	366,377	674,890	1,795,134
Deficit	982,631	*862	234,932	108,140	194,177	109,538	72,491	37,584	224,907
Total assets (fair market value)	**62,886,606**	**—**	**416,696**	**3,262,919**	**11,981,973**	**7,543,920**	**5,816,852**	**6,035,403**	**27,828,843**
Selected fair market value assets:									
Cash, total	4,597,266	—	161,161	718,922	1,514,107	617,710	430,765	389,131	765,469
Investments in securities	49,822,624	—	176,924	1,975,788	8,080,023	5,571,440	4,445,653	4,657,527	24,915,268
Investment-purpose land, buildings, and equipment (Less accumulated depreciation)	1,512,375	—	*3,827	99,361	329,802	338,938	254,981	88,845	396,621
Charitable-purpose land, buildings, and equipment (Less accumulated depreciation)	1,491,368	—	*22,825	75,228	562,264	225,440	213,312	212,698	179,600
Beginning of year assets (book value), total	**43,181,895**	***5,902**	**596,194**	**2,796,059**	**9,279,226**	**5,535,151**	**4,286,246**	**3,884,496**	**16,798,623**
Selected beginning of year assets:									
Investments in securities	31,673,360	*3,902	153,405	1,789,958	5,889,219	4,168,101	3,192,059	2,957,995	13,518,721
Investment-purpose land, buildings, and equipment (Less accumulated depreciation)	712,059	—	*7,355	75,818	161,048	109,502	157,826	37,504	163,005

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

[1]Less than $500.

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

Table 4.—All Foundations: Selected Balance Sheet and Income Statement Items, and Reconciliation of Net Worth, by Size of Total Fair Market Value of Assets

[Money amounts are in thousands of dollars]

Item	Total		Size of total fair market value of assets							
			Assets zero or unreported		$1 under $100,000		$100,000 under $1,000,000		$1,000,000 under $10,000,000	
	Number of returns	Amount	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)
All foundations, total	**28,468**	**62,886,606**	**1,515**	**—**	**13,237**	**416,696**	**9,125**	**3,262,919**	**3,771**	**11,981,973**
Foundations with—										
Total assets (Book value)	**27,584**	**48,227,043**	***631**	***6,107**	**13,237**	**408,901**	**9,125**	**2,981,006**	**3,771**	**10,096,084**
Selected assets:										
Cash, total	26,507	4,643,217	*484	*2,218	12,795	161,414	8,830	726,422	3,606	1,528,103
Investments in securities	16,815	37,418,071	*42	*3,814	5,535	155,798	7,104	1,770,325	3,348	6,579,417
Total liabilities	**7,001**	**2,593,918**	***147**	***20**	**2,210**	**224,354**	**2,452**	**60,120**	**1,627**	**437,728**
Selected liabilities:										
Contributions, gifts, and grants payable	1,142	1,264,317	—	—	*589	*196,053	*211	*11,221	176	69,741
Mortgages and other notes payable	464	418,791	—	—	*147	*1,131	*126	*15,581	155	160,381
Net worth/fund balances (end of year)	**27,584**	**45,633,125**	***631**	***6,087**	**13,237**	**184,547**	**9,125**	**2,920,886**	**3,771**	**9,658,355**
Reconciliation of net worth/fund balances:										
Net worth/fund balances (beginning of year)	27,283	40,807,229	*926	*5,902	12,648	332,050	9,125	2,743,832	3,771	8,840,121
Plus:										
Net income	15,896	4,274,833	*337	*1,048	6,376	41,734	6,041	246,206	2,547	775,798
Other increases	5,170	1,818,190	—	—	2,210	52,714	1,642	57,482	1,017	259,238
Minus:										
Deficit	11,064	982,632	*589	*862	6,124	234,932	2,915	108,141	1,215	194,177
Other decreases	4,928	284,495	—	—	2,357	7,018	1,578	18,494	786	22,624
Equals:										
Net worth/fund balances (end of year)	27,584	45,633,125	*631	*6,087	13,237	184,547	9,125	2,920,886	3,771	9,658,355
Total receipts	**27,603**	**9,126,529**	***1,368**	***6,906**	**12,606**	**264,945**	**9,040**	**662,390**	**3,771**	**2,097,182**
Selected receipts:										
Contributions, gifts, and grants received	13,222	2,679,359	*1,221	*5,673	6,376	216,874	3,621	349,425	1,670	754,358
Interest on savings and temporary cash investments	18,200	799,713	*337	*276	8,334	27,282	6,283	74,813	2,631	231,696
Dividends and interest from securities	17,389	2,970,206	*189	*413	5,787	15,332	7,356	174,098	3,276	566,829
Net capital gain	5,513	1,754,665	—	—	*737	*1,885	2,210	65,742	2,021	244,538
Net short-term capital gain	2,699	461,233	—	—	*442	*480	968	16,358	962	35,845
Total deductions	**27,645**	**5,834,328**	**1,515**	**6,721**	**12,500**	**458,142**	**9,040**	**524,324**	**3,771**	**1,515,561**
Selected deductions:										
Contributions, gifts, and grants paid	23,806	4,477,761	*1,031	*5,630	9,954	414,534	8,619	456,305	3,429	1,098,908
Compensation of officers	5,135	105,365	*147	*4	*1,178	*767	1,895	7,514	1,371	33,798
Investment, legal and other professional services	14,532	144,007	*337	*185	5,156	3,871	5,357	11,003	2,933	40,906
Total assets (fair market value)	**26,953**	**62,886,606**	**—**	**—**	**13,237**	**416,696**	**9,125**	**3,262,919**	**3,771**	**11,981,973**
Cash, total	25,829	4,597,266	—	—	12,648	161,161	8,788	718,922	3,605	1,514,107
Non-interest bearing accounts	19,890	549,787	—	—	9,323	47,447	7,009	134,526	2,908	190,632
Savings and temporary cash investments	16,904	4,047,479	—	—	7,597	113,714	6,031	584,396	2,684	1,323,476
Accounts receivable, net	2,781	235,831	—	—	*1,178	*8,129	600	2,882	704	32,940
Pledges receivable, net	*55	*20,851	—	—	—	—	*42	*3,125	*10	*1,725
Grants receivable	60	43,001	—	—	—	—	—	—	*52	*38,341
Receivables due from disqualified persons	116	35,929	—	—	—	—	*84	*1,376	*21	*41
Other notes and loans receivable, net	1,676	552,997	—	—	*589	*3,911	505	46,029	454	262,449
Inventories	287	45,106	—	—	—	—	*126	*9,844	125	10,455
Prepaid expenses and deferred charges	504	40,587	—	—	—	—	*126	*20,897	271	4,152
Investments, total	19,110	54,020,434	—	—	6,903	210,642	7,819	2,325,920	3,585	9,181,129
Securities	17,025	49,822,624	—	—	5,935	176,924	6,967	1,975,788	3,347	8,080,023
Land, buildings, and equipment (Less accumulated depreciation)	1,727	1,512,375	—	—	*442	*3,827	632	99,361	467	329,802
Mortgage loans	1,018	418,754	—	—	*295	*8,002	*253	*53,936	382	94,362
Other investments	3,520	2,266,681	—	—	*1,010	*21,889	1,231	196,834	1,037	676,942
Charitable-purpose land, buildings, and equipment (Less accumulated depreciation)	2,593	1,491,368	—	—	*779	*22,825	716	75,228	777	562,264
Other assets	7,447	1,803,238	—	—	3,094	10,027	2,368	58,695	1,541	374,368

Footnotes at end of table.

Table 4.—All Foundations: Selected Balance Sheet and Income Statement Items, and Reconciliation of Net Worth, by Size of Total Fair Market Value of Assets—Continued

[Money amounts are in thousands of dollars]

Item	Size of total fair market value of assets—Continued							
	$10,000,000 under $25,000,000		$25,000,000 under $50,000,000		$50,000,000 under $100,000,000		$100,000,000 or more	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All foundations, total	**493**	**7,543,920**	**162**	**5,816,852**	**85**	**6,035,403**	**80**	**27,828,843**
Foundations with—								
Total assets (Book value)	**493**	**5,967,814**	**162**	**4,751,234**	**85**	**4,639,926**	**80**	**19,375,972**
Selected assets:								
Cash, total	477	622,003	155	453,605	80	386,393	80	763,060
Investments in securities	470	4,466,902	154	3,534,173	83	3,652,311	80	17,255,330
Total liabilities	**317**	**218,052**	**113**	**223,281**	**66**	**381,357**	**69**	**1,049,008**
Selected liabilities:								
Contributions, gifts, and grants payable	67	69,532	38	83,261	20	148,122	41	686,387
Mortgages and other notes payable	19	50,540	9	80,904	5	81,667	3	28,587
Net worth/fund balances (end of year)	**493**	**5,749,762**	**162**	**4,527,953**	**85**	**4,258,569**	**80**	**18,326,964**
Reconciliation of net worth/fund balances:								
Net worth/fund balances (beginning of year)	491	5,352,350	160	4,095,532	84	3,538,428	79	15,899,015
Plus:								
Net income	341	373,646	123	366,377	71	674,890	61	1,795,134
Other increases	163	163,536	57	167,981	39	147,089	43	970,149
Minus:								
Deficit	150	109,538	38	72,491	14	37,584	19	224,907
Other decreases	115	30,233	37	29,446	27	64,254	28	112,426
Equals:								
Net worth/fund balances (end of year)	493	5,749,762	162	4,527,953	85	4,258,569	80	18,326,964
Total receipts	**492**	**1,010,618**	**161**	**767,421**	**85**	**1,165,244**	**80**	**3,151,824**
Selected receipts:								
Contributions, gifts, and grants received	197	319,503	61	188,382	41	539,185	35	305,960
Interest on savings and temporary cash investments	350	119,536	135	110,388	65	75,703	66	160,019
Dividends and interest from securities	466	371,605	153	274,475	82	281,222	80	1,286,232
Net capital gain	323	171,373	102	141,992	58	202,586	62	926,549
Net short-term capital gain	168	38,707	71	28,321	37	44,297	51	297,225
Total deductions	**492**	**746,510**	**161**	**473,535**	**85**	**527,937**	**80**	**1,581,598**
Selected deductions:								
Contributions, gifts, and grants paid	464	594,660	151	342,470	79	390,319	78	1,174,935
Compensation of officers	287	14,680	119	10,852	68	10,980	70	26,771
Investment, legal and other professional services	453	21,888	144	12,950	77	15,750	76	37,456
Total assets (fair market value)	**493**	**7,543,920**	**162**	**5,816,852**	**85**	**6,035,403**	**80**	**27,828,843**
Cash, total	475	617,710	155	430,765	79	389,131	79	765,469
Non-interest bearing accounts	387	36,254	129	78,475	69	31,767	65	30,686
Savings and temporary cash investments	360	581,456	112	352,289	56	357,364	64	734,783
Accounts receivable, net	173	35,907	63	26,205	30	32,102	33	97,667
Pledges receivable, net	1	10,000	—	—	1	3,000	1	3,000
Grants receivable	4	1,821	3	75	—	—	1	2,763
Receivables due from disqualified persons	5	19,505	1	1	—	—	5	15,006
Other notes and loans receivable, net	65	97,013	31	43,614	17	53,579	15	46,402
Inventories	12	19,814	13	3,140	6	312	5	1,540
Prepaid expenses and deferred charges	51	10,724	25	2,836	17	493	14	1,484
Investments, total	478	6,278,018	161	5,042,504	84	5,062,360	80	25,919,860
Securities	461	5,571,440	155	4,445,653	81	4,657,527	80	24,915,268
Land, buildings, and equipment (Less accumulated depreciation)	88	338,938	43	254,981	26	88,845	30	396,621
Mortgage loans	43	38,121	24	49,206	13	35,299	8	139,826
Other investments	139	329,520	49	292,663	26	280,689	27	468,145
Charitable-purpose land, buildings, and equipment (Less accumulated depreciation)	164	225,440	71	213,312	49	212,698	38	179,600
Other assets	233	227,968	98	54,399	57	281,728	57	796,052

*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.

Table 5. — Nonoperating Foundations: Minimum Investment Return, Distributable Amount, Qualifying Distributions, and Undistributed Income, by Size of Total Assets not Held for Charitable Purposes

[Money amounts are in thousands of dollars]

Item	Total: Number of returns	Total: Amount	Assets zero or unreported: Number of returns	Assets zero or unreported: Amount	$1 under $100,000: Number of returns	$1 under $100,000: Amount	$100,000 under $1,000,000: Number of returns	$100,000 under $1,000,000: Amount	$1,000,000 under $10,000,000: Number of returns	$1,000,000 under $10,000,000: Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Nonoperating foundation returns, total	**25,363**	**50,028,879**	**2,365**	**—**	**10,439**	**325,654**	**8,638**	**2,948,807**	**3,229**	**9,824,368**
Computation of minimum investment return:										
Fair market value of assets not used directly in carrying out charitable purposes, total	22,998	50,028,879	—	—	10,439	325,654	8,638	2,948,807	3,229	9,824,368
Minus:										
Acquisition indebtedness	271	106,805	—	—	—	—	*126	*386	115	40,918
Cash held for charitable purposes	22,941	748,377	—	—	10,439	4,893	8,596	43,971	3,217	147,581
Equals: Base for computing minimum investment return	22,995	49,173,693	—	—	10,439	320,759	8,638	2,904,448	3,227	9,635,868
Minimum investment return (5% of base)[1]	**22,995**	**2,458,286**	**—**	**—**	**10,439**	**15,958**	**8,638**	**145,222**	**3,227**	**481,793**
Computation of distributable amount for 1982:										
Minimum investment return	22,995	2,458,286	—	—	10,439	15,958	8,638	145,222	3,227	481,793
Minus:										
Tax on investment income	20,951	101,962	—	—	8,586	587	8,470	6,236	3,207	20,765
Income tax under subtitle A	173	3,688	—	—	—	—	*137	*592	*21	*82
Equals: Distributable amount before adjustments	22,994	2,352,636	—	—	10,439	15,370	8,638	138,392	3,227	460,946
Net adjustments	1,205	44,953	—	—	*631	*4,281	*379	*5,238	147	12,570
Positive adjustments	982	47,252	—	—	*589	*4,299	*253	*5,297	96	14,667
Negative adjustments	223	2,299	—	—	*42	*18	*126	*59	*52	*2,098
Distributable amount, adjusted	**22,983**	**2,397,588**	**—**	**—**	**10,439**	**19,651**	**8,638**	**143,631**	**3,217**	**473,515**
Total qualifying distributions	**23,555**	**4,872,483**	**1,273**	**53,531**	**9,808**	**72,838**	**8,554**	**833,753**	**3,229**	**1,175,376**
Disbursements for charitable purposes	23,555	4,666,652	1,273	53,531	9,808	72,838	8,554	818,114	3,229	1,145,479
Program-related investments	126	49,442	—	—	—	—	*52	*7,787	*53	*15,718
Amounts paid to acquire charitable–use assets	376	55,284	—	—	—	—	*242	*7,854	69	14,076
Amounts set aside for charitable projects:										
Under the suitability test	*153	*24,878	—	—	*147	*([2])	—	—	—	—
Under the cash distribution test	*13	*76,228	—	—	—	—	—	—	*10	*104
Undistributed income for 1982	**6,525**	**663,503**	**—**	**—**	**2,631**	**4,422**	**2,273**	**30,841**	**1,308**	**136,145**
Excess distributions carryover to 1983	**15,585**	**4,857,481**	***452**	***144,204**	**6,693**	**150,118**	**6,281**	**2,053,832**	**1,794**	**1,298,353**

Item	$10,000,000 under $25,000,000: Number of returns	$10,000,000 under $25,000,000: Amount	$25,000,000 under $50,000,000: Number of returns	$25,000,000 under $50,000,000: Amount	$50,000,000 under $100,000,000: Number of returns	$50,000,000 under $100,000,000: Amount	$100,000,000 or more: Number of returns	$100,000,000 or more: Amount
	Size of total assets not held for charitable purposes — Continued							
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Nonoperating foundation returns, total	**434**	**6,353,042**	**128**	**4,614,035**	**66**	**4,666,254**	**64**	**21,296,720**
Computation of minimum investment return:								
Fair market value of assets not used directly in carrying out charitable purposes, total	434	6,353,042	128	4,614,035	66	4,666,254	64	21,296,720
Minus:								
Acquisition indebtedness	16	12,639	7	40,333	2	4,322	4	8,209
Cash held for charitable purposes	433	95,413	126	68,070	66	69,122	64	319,327
Equals: Base for computing minimum investment return	434	6,244,990	127	4,505,633	66	4,592,811	64	20,969,183
Minimum investment return (5% of base)	**434**	**311,932**	**127**	**225,282**	**66**	**229,641**	**64**	**1,048,460**
Computation of distributable amount for 1982:								
Minimum investment return	434	311,932	127	225,282	66	229,641	64	1,048,460
Minus:								
Tax on investment income	433	12,411	126	10,149	66	11,332	64	40,483
Income tax under subtitle A	6	329	5	1,718	—	—	5	968
Equals: Distributable amount before adjustments	434	299,192	126	213,414	66	218,308	64	1,007,009
Net adjustments	25	5,611	9	3,204	8	11,056	5	2,993
Positive adjustments	24	5,612	8	3,232	7	11,152	5	2,993
Negative adjustments	1	([2])	1	27	1	96	—	—
Distributable amount, adjusted	**434**	**304,803**	**126**	**216,619**	**66**	**229,364**	**64**	**1,010,002**
Total qualifying distributions	**434**	**605,662**	**128**	**406,967**	**66**	**434,065**	**64**	**1,290,290**
Disbursements for charitable purposes	434	603,050	128	400,363	66	427,834	64	1,145,444
Program-related investments	4	380	4	736	1	14	12	24,807
Amounts paid to acquire charitable–use assets	23	2,240	10	3,302	10	6,217	22	21,595
Amounts set aside for charitable projects:								
Under the suitability test	2	167	1	2,567	1	([2])	2	22,144
Under the cash distribution test	1	-175	—	—	—	—	2	76,300
Undistributed income for 1982	**190**	**91,000**	**56**	**63,708**	**32**	**67,714**	**36**	**269,671**
Excess distributions carryover to 1983	**232**	**469,002**	**72**	**247,102**	**34**	**231,350**	**26**	**263,520**

*Estimate should be used with caution because of the small number of sample returns on which it is based.
[1]A computation using less than 5 percent is allowed on returns covering an accounting period of less than one year.
[2]Indicates amount between -$500 and +$500.
NOTE: Detail may not add to total because of rounding.

Table 6.—All Foundations With Total Book Value of Assets of $10 Million or More–Summary: Number of Foundations; Total Book Value and Fair Market Value of Assets; Contributions, Gifts, and Grants Received; and Contributions, Gifts, and Grants Paid; by State

[Money amounts are in thousands of dollars]

State	Number of returns	Percent	Total assets: Book value: Number of returns	Total assets: Book value: Amount	Total assets: Book value: Percent	Total assets: Fair market value: Number of returns	Total assets: Fair market value: Amount	Total assets: Fair market value: Percent	Contributions, gifts and grants: Received: Number of returns	Contributions, gifts and grants: Received: Amount	Contributions, gifts and grants: Received: Percent	Contributions, gifts and grants: Paid: Number of returns	Contributions, gifts and grants: Paid: Amount	Contributions, gifts and grants: Paid: Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
United States, total	**620**	**100.0**	**620**	**32,825,180**	**100.0**	**620**	**43,547,780**	**100.0**	**262**	**1,352,453**	**100.0**	**583**	**2,254,342**	**100.0**
Alabama	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Arizona	2	0.3	2	60,054	0.2	2	60,057	0.1	1	24,924	1.8	2	2,134	0.1
Arkansas	2	0.3	2	30,885	0.1	2	36,374	0.1	1	3,500	0.3	2	2,114	0.1
California	61	9.8	61	4,952,662	15.1	61	5,779,338	13.3	27	177,807	13.1	59	236,096	10.5
Colorado	8	1.3	8	320,137	1.0	8	427,010	1.0	3	2,851	0.2	7	20,423	0.9
Connecticut	14	2.3	14	422,400	1.3	14	546,211	1.3	9	5,135	0.4	12	53,478	2.4
Delaware	13	2.1	13	453,944	1.4	13	603,736	1.4	2	43,055	3.2	13	28,911	1.3
Florida	14	2.3	14	405,056	1.2	14	444,128	1.0	4	8,764	0.6	11	18,738	0.8
Georgia	10	1.6	10	256,769	0.8	10	411,350	0.9	1	9,122	0.7	10	21,267	0.9
Hawaii	3	0.5	3	55,453	0.2	3	78,874	0.2	—	—	—	3	6,991	0.3
Idaho	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Illinois	29	4.7	29	1,712,889	5.2	29	2,985,740	6.9	14	44,993	3.3	24	142,841	6.3
Indiana	11	1.8	11	369,107	1.1	11	994,399	2.3	4	10,498	0.8	10	63,217	2.8
Iowa	2	0.3	2	41,204	0.1	2	42,636	0.1	1	10,890	0.8	2	2,779	0.1
Kansas	2	0.3	2	29,783	0.1	2	36,013	0.1	1	17,036	1.3	2	1,502	0.1
Kentucky	1	0.2	1	135,689	0.4	1	135,592	0.3	—	—	—	1	6,381	0.3
Louisiana	6	1.0	6	100,791	0.3	6	161,744	0.4	3	12,440	0.9	4	2,773	0.1
Maine	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Maryland (includes D.C.)	19	3.1	19	422,855	1.3	19	658,395	1.5	10	11,653	0.9	16	26,542	1.2
Massachusetts	11	1.8	11	223,189	0.7	11	319,517	0.7	5	740	0.1	8	11,914	0.5
Michigan	16	2.6	16	1,386,717	4.2	16	1,789,727	4.1	7	84,189	6.2	15	138,180	6.1
Minnesota	18	2.9	18	1,376,942	4.2	18	1,383,744	3.2	9	16,350	1.2	16	81,974	3.6
Mississippi	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Missouri	15	2.4	15	373,378	1.1	15	531,265	1.2	6	19,404	1.4	14	39,175	1.7
Montana	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Nebraska	4	0.6	4	102,934	0.3	4	121,816	0.3	3	1,451	0.1	3	5,509	0.2
Nevada	1	0.2	1	22,168	0.1	1	24,257	0.1	1	301	([1])	1	1,473	0.1
New Hampshire	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New Jersey	19	3.1	19	1,093,896	3.3	19	1,985,558	4.6	9	3,914	0.3	17	40,770	1.8
New Mexico	1	0.2	1	26,957	0.1	1	27,194	0.1	—	—	—	—	—	—
New York	159	25.6	159	11,249,493	34.3	159	13,296,293	30.5	69	307,950	22.8	156	588,363	26.1
North Carolina	8	1.3	8	454,026	1.4	8	752,272	1.7	3	532	([1])	8	53,442	2.4
North Dakota	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ohio	30	4.8	30	669,772	2.0	30	860,265	2.0	12	29,289	2.2	29	56,613	2.5
Oklahoma	12	1.9	12	493,592	1.5	12	1,046,549	2.4	8	13,549	1.0	12	39,491	1.8
Oregon	3	0.5	3	194,057	0.6	3	205,249	0.5	1	120,201	8.9	3	4,710	0.2
Pennsylvania	34	5.5	34	1,950,842	5.9	34	3,108,441	7.1	10	84,619	6.3	33	204,164	9.1
Rhode Island	2	0.3	2	26,291	0.1	2	26,023	0.1	1	1	([1])	2	1,554	0.1
South Carolina	3	0.5	3	47,653	0.1	3	50,300	0.1	1	10	([1])	3	3,390	0.2
South Dakota	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Tennessee	6	1.0	6	246,741	0.8	6	301,542	0.7	3	48,857	3.6	6	18,063	0.8
Texas	58	9.4	58	2,387,084	7.3	58	3,512,282	8.1	28	223,527	16.5	57	286,049	12.7
Utah	2	0.3	2	39,672	0.1	2	42,312	0.1	—	—	—	2	3,667	0.2
Vermont	1	0.2	1	24,203	0.1	1	25,521	0.1	—	—	—	1	231	([1])
Virginia	5	0.8	5	179,059	0.5	5	190,394	0.4	1	10	([1])	5	9,400	0.4
Washington	8	1.3	8	250,930	0.8	8	280,208	0.6	2	8,736	0.6	7	14,968	0.7
West Virginia	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wisconsin	7	1.1	7	235,908	0.7	7	265,452	0.6	2	6,154	0.5	7	15,056	0.7
Wyoming	—	—	—	—	—	—	—	—	—	—	—	—	—	—
All others	14	N/A	14	531,743	N/A	14	1,198,596	N/A	4	173	N/A	8	37,482	N/A

N/A — Not applicable.

[1]Less than .05 percent.

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

Age and Tax Filing, 1981

By Ralph B. Bristol, Jr.*

For 1981, 218 million Americans were represented on individual income tax returns, either as taxpayers, spouses of taxpayers, or dependents. Although there is some double-counting (children who file returns may also appear as dependents on their parents' returns), this means that well over 90 percent of the total population appeared, in some form, on the 95.4 million tax returns filed for that year [1]. Many characteristics of these returns are described in the complete report, Statistics of Income--1981, Individual Income Tax Returns. This article focuses on one aspect of the people filing returns that cannot be analyzed from normal tax return statistics, namely, the age of the primary taxpayer [2, 3].

Ages of taxpayers were derived by matching social security numbers listed on a sample of tax returns with records of the Social Security Administration (see Data Sources and Limitations at the end of this article). This provided information on the last two digits of the year of birth, from which age in 1981 was inferred. The age distributions of the total population and of nearly all tax filers are shown in the first two columns of Figure A. The age of taxpayers is also shown in Figure B.

In 1981, almost one quarter of all U.S. citizens and residents were under the age of 16. Seven percent were 16 to 19, and 10 percent were 20 to 24. Most of these young people did not file tax returns, although they may have been represented on other (their parents') returns. Figures A and B show that only 1 percent of all returns were filed by taxpayers who were under the age of 16. Taxpayers 16 to 19, on the other hand, filed 8 percent of all returns even though they made up only 7 percent of the total population. Older age groups also had "more than their share" of tax returns, reflecting the underrepresentation of the very young.

The final column in Figure A shows the percentage of each age group which filed returns (with joint returns counted twice). It shows that very few children under the age of 16 filed returns, while more than 9 out of every 10 people in the prime working years (25-64) were filers. Even counting joint returns twice does not account for everyone represented on tax returns, of course. In particular, most children will not file returns themselves, but will be claimed as dependents on their parents' returns.

Figure A.--Age of Population and Tax Filers, 1981

Age group	Total population (millions)	Total returns (millions)	Taxpayers as a percent of total population[1]
	(1)	(2)	(3)
Number	229.9	95.2	
Percent by age group:			
All age groups	100%	100%	61%
Under 16	24	1	1
16 under 20	7	8	48
20 under 25	10	15	77
25 under 45	28	40	91
45 under 65	20	25	91
65 under 75	7	7	66
75 and over	4	4	45

[1]Taxpayers on joint returns were counted as two; both taxpayers were assumed to be in the same age group for this distribution.

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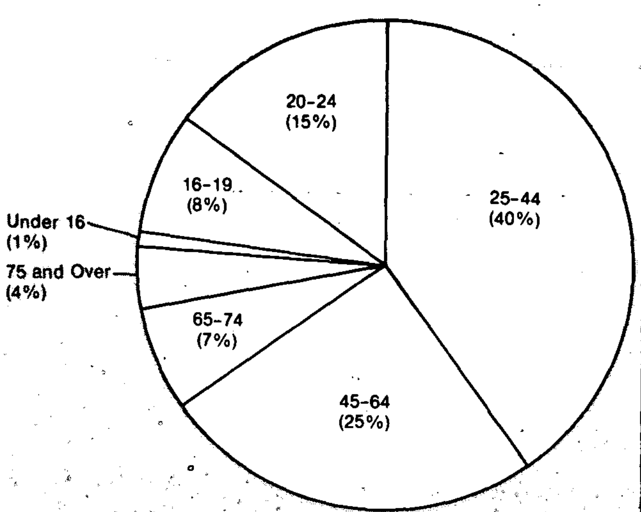
Figure B
Age of Taxpayers, 1981



AGE AND INCOME

Figure C divides tax returns into adjusted gross income (AGI) classes and shows age groups as percentages within these AGI classes. (Returns with AGI less than zero are excluded from the comparisons.) The second column shows the age distribution of the 18 million returns which reported AGI between $1 and $5,000. One can see that 37 percent of these "low income" returns were filed by taxpayers below the age of 20, while an additional 25 percent were filed by people in their early 20's. Thus, while returns filed by people under the age of 25 accounted for only 24 percent of all returns, they accounted for 62 percent of returns with AGI under $5,000.

The third column, for those returns with $5,000 to $7,500 of AGI, shows a distribution more like that of total returns; although again, teenagers accounted for somewhat more than their share of all returns (about 14 percent of returns in this income group).

The fourth column includes most (two-thirds) of the returns filed, representing two-thirds of all tax, namely, the 67 million with incomes between $7,500 and $500,000. Young people provided only a negligible portion of these returns.

The final column shows the distribution of people with very high incomes--$500,000 or more for 1981. People under the age of 25 provided less than 1 percent of such returns. The elderly (people age 65 or over), on the other hand, though only accounting for 11 percent of the population and 11 percent of all tax returns, made up one-third of these high income returns.

What are the conclusions to be drawn from the information in Figures A through C? The most important one is a cautionary note concerning income distributions based on tax returns. It is customary to consider returns with incomes below $5,000 (or $7,500) as representing poor

Figure C.--Age of Taxpayers Within Adjusted Gross Income Classes, 1981

Age group	Total returns[1]	Size of Adjusted Gross Income: $1 under $5,000[2]	$5,000 under $7,500	$7,500 under $500,000	$500,000 or more
	(1)	(2)	(3)	(4)	(5)
Number of returns (millions)......	94.4	17.9	9.1	67.4	(2)
Percent by age groups:					
All age groups................	100%	100%	100%	100%	100%
Under 16......................	1	4	1	-	-
16 under 20...................	8	33	13	1	-
20 under 25...................	15	25	27	11	-
25 under 45...................	40	21	28	47	16
45 under 65...................	25	9	15	31	50
65 under 75...................	7	5	10	7	18
75 and over...................	4	3	6	3	16

[1]Excludes 0.8 million returns with adjusted gross income less than zero, i.e., returns with business or investment losses in excess of income from other sources.
[2]Less than 0.05 million (20,011 returns).

people, but these data make it clear that this is misleading. In the bottom AGI class, two-fifths of all the returns for 1981 represented taxpayers under the age of 20. While it is true that some of these were young households struggling to make ends meet, it seems likely that the vast majority of them represented young people who should more appropriately have been considered part of some other economic unit. They must have derived their income from summer or part-time jobs and, in the absence of information concerning income of other members of their family or economic unit, it is impossible to tell whether these units were actually "poor" or "rich."

AGE AND TYPE OF RETURN

Figure D shows the distribution of each age group that used the "single taxpayer" tax rate schedule for 1981 [4]. Not surprisingly, almost all of the young age groups filed returns as single taxpayers. The percentage declines for each age group through 64, but then rises again for the elderly; presumably this reflects returns filed by widows and widowers [5].

The last column of Figure D shows the percentage of people filing Form 1040A, the simplified form [6]. It may seem surprising that 60 percent of the very young (under 16) tax filers did <u>not</u> use the 1040A, but rather used the 1040 or "long form." It turns out that many of these young taxpayers (44 percent of them) were dependents with "unearned income" of $1,000 or more, and so were required by law to itemize their deductions and to file a Form 1040 rather than a 1040A. Teenagers overwhelmingly (86 percent) made use of the 1040A (and in more recent years the 1040EZ); its use declined for older taxpayers, with only 7 percent of the oldest taxpayers using it. (People receiving taxable pensions were not eligible to use Form 1040A for 1981.)

AGE AND TYPE OF INCOME

Figure E shows returns by type of income. The second column includes those taxpayers whose only source of income was wages and salaries. Older people (presumably retired) are underrepresented in this group. (A distribution by income class showed no substantial differences.)

The third column shows returns which reported no wages, but only non-wage or capital income (including farm and self-employment income). There were 11.1 million of these and they are distributed as might be expected, with very few of them filed by young people. In fact, the majority tended to be filed by taxpayers 65 or over.

Figure D.--Age, Single Taxpayers and Use of Form 1040A, 1981

Age group	Total returns (millions)	Percent of returns filed -- by single taxpayers[1]	Percent of returns filed -- on Form 1040A
	(1)	(2)	(3)
All age groups..	95.2	42%	38%
Under 16........	.8	99	40
16 under 20.....	7.9	96	86
20 under 25.....	14.3	75	75
25 under 45.....	38.4	29	33
45 under 65.....	24.0	21	18
65 under 75.....	6.4	34	10
75 and over.....	3.4	58	7

[1]Represents those using the single taxpayer tax rate schedule; unmarried heads of household and surviving spouses are therefore excluded.

Figure E.--Age and Wage or Non-Wage Income, 1981

Age group	Total returns	Returns with -- Wage income only	Returns with -- Non-wage income only
	(1)	(2)	(3)
Number of returns (millions).....	95.2	48.9	11.1
Percent by age group:			
All age groups..	100%	100%	100%
Under 16........	1	1	4
16 under 20.....	8	14	1
20 under 25.....	15	24	2
25 under 45.....	40	45	14
45 under 65.....	25	15	25
65 under 75.....	7	1	30
75 and over.....	4	-	24

Figure F presents the same data in a different way, showing within each age bracket, the percentage of returns which had only wage income and the percentage which had only non-wage income. Looking first at returns with wages only, it can be seen that it was quite common, in fact usual, for people in their late teens and early 20's to be in this category, while it was quite rare for elderly people.

Figure F.--Wage or Non-Wage Income Within Age Groups, 1981

Age group	Total income (million)	Percent of returns with -- Any form of income	Wage income only	Non-wage income only	Wage and non-wage income
	(1)	(2)	(3)	(4)	(5)
All age groups................	95.2	100%	51%	12%	37%
Under 16......................	.8	100	37	57	6
16 under 20...................	7.9	100	86	2	12
20 under 25...................	14.3	100	80	1	19
25 under 45...................	38.4	100	58	4	38
45 under 65...................	24.0	100	31	12	57
65 under 75...................	6.4	100	8	52	40
75 and over...................	3.4	100	7	78	15

It is quite common for very young filers to have only non-wage income. Moreover, dependents with $1,000 or more of "unearned" (i.e., non-wage) income were required to check a particular box on the return. There were 612,000 such filers for 1981. Fifty-six percent of them were under 16, another 30 percent 16 to 19, and 12 percent were 20 to 24. About 80 percent of them had total AGI under $5,000 and 90 percent had less than $7,500. While a majority of filers under 16 had only non-wage income, the rate of occurrence dropped for those 16 or over, and then became more frequent again among the middle-aged. The vast majority of those 75 or over (almost four out of five) reported only non-wage income.

While the two columns are mutually exclusive, they are not exhaustive: over one-third of all filers reported a mix of types of income. Both the very young and the very old tended to have exclusively one kind of income or the other. For those in their prime working years (ages 25 to 64), and in particular in the last half of their working lives, a mixture of income types is more common. (Figure F confirms that.) In particular, for filers aged 45 to 64, a majority have both wage and non-wage income.

1981 COMPARED TO 1970

Tax Year 1970 is the earliest year for which tax returns and social security records were matched. Figures G through K repeat data from the previous figures, then add 1970 information so that changes over the decade can be observed. From 1970 to 1981, the total population of the United States rose by 12 percent, while the number of returns filed went up by 28 percent [7]. Using the same measure (with joint returns counted twice), the population filing returns rose from 57 percent for 1970 to 61 percent for 1981 (Figure G).

The 1981 population distribution was quite different from that of 1970. The biggest difference resulted from the end of the post-World War II baby boom; children under the age of 16 made up slightly over 30 percent of the population in 1970, but dropped to slightly under 25 percent in 1981. Even though they were a declining part of the population, they continued to file about 1 percent of all tax returns.

The population increase came mostly in what can be called the first half of the prime earning period, 25 to 44 years of age. Anyone born between 1945 and 1956 moved into this bracket between 1970 and 1981, as this age group increased its share of the population from 24 percent to 28 percent and its share of tax returns from 35 percent to 40 percent. Meanwhile, the second half of the prime age group, those 45 to 64, experienced almost no change in their share of the population and their share of tax returns dropped from 31 percent to 25 percent.

Looking at returns as a percent of population (again, counting joint returns twice), the only noticeable changes were a slight decline in filing rates for people in their early 20's and a rise in filing rates for those 75 or over.

Figure H shows the distribution across age groups of low income returns for 1970 and 1981. In interpreting these figures, there is a problem in that the value of the dollar changed considerably over this period [8]. Prices as measured by the Consumer Price Index increased by 134 percent from 1970 to 1981 [9]. For

Figure G.--Age of Population and Tax Filers, 1970 and 1981

Age group	Total population (millions)		Total returns (millions)		Taxpayers as a percent of total population[1]	
	1970	1981	1970	1981	1970	1981
	(1)	(2)	(3)	(4)	(5)	(6)
Number	205.1	229.9	74.1	95.2	57%	61%
Percent by age group:						
All age groups	100%	100%	100%	100%	100%	100%
Under 16	30	24	1	1	1	1
16 under 20	8	7	10	8	49	48
20 under 25	8	10	14	15	81	77
25 under 45	24	28	35	40	92	91
45 under 65	21	20	31	25	93	91
65 under 75	6	7	7	7	67	66
75 and over	4	4	3	4	37	45

[1]Taxpayers on joint returns were counted as two; both taxpayers were assumed to be in the same age group for this percentage distribution.

1970, 37 percent of all returns reported an AGI under $5,000; for 1981, only 19 percent had such a low income. However, an AGI of $5,000 for 1970 was the equivalent of an AGI in excess of $11,000 for 1981. For Figure H, the incomes have not all been deflated for this change in the value of the dollar. Instead, for 1981, all of the size classes for AGI under $10,000 have been combined. These people enjoyed real incomes that were about the same (a trifle lower) as those who had AGI's below $5,000 for 1970. As can be seen from Figure H, the young made up the same percentage of this bottom income group in both years, about 2 percent. The big changes occurred in the groups making up the first half of the prime earning ages. In these groups there was an increase of from 17 percent to 26 percent, offset by a decline in the second half of the prime earning ages, which dropped from 19 percent to 13 percent.

Examining single filers as a percentage of total filers (Figure I), it can be seen that those filing as single taxpayers became more common in almost all age groups between 1970 and 1981, rising from 35 percent to 42 percent of all returns. Those 20 to 24 years of age, already high at 61 percent, rose to 75 percent for 1981. Those 25 to 44 had an even more spectacular increase, from 18 percent to 29 percent.

If the sex of the single filers is considered, Figure I shows that the overall female percentage was about the same at 47 percent. For the very young, this percentage rose sharply, from 31 percent to 45 percent. It also rose somewhat for the young earners, did not change for the first half of the prime age earners, and declined for the older earners. Among the retired, the percentage of females rose even higher than it had been before. The relative frequency of the female returns was U-shaped in both years, that is, higher for the very young and the very old, but both the youngest and the oldest increased even more between 1970 and 1981 [10].

The last two columns in Figure I show how common it was for females to file as single taxpayers. The percentage increased between 1970 and 1981 from 12 percent to 16 percent. There was no change in the miniscule proportion of those filing who were under 16. The highest share of female filers occurred in the 16-24 year old age group. Above the age of 24, the percentage dropped sharply in both years as women disappeared behind the primary social security number of their spouses (when joint returns were filed). Even though the level is low, there was a noticeable increase between 1970 and 1981 for women under the age of 45. Above 64, the percentage of single females who filed their own returns began increasing; this was particularly true for 1981.

Figures J and K show the distribution of returns for people with exclusively wage or exclusively non-wage income. The shares of different age groups in wages-only income paralleled the changes in total returns, except for older teenagers who made up a larger percentage of all returns, but a smaller percentage of wages-only returns. Returns with only

Figure H.--Age of Taxpayers Within Adjusted Gross Income Classes, 1970 and 1981[1]

Age groups	Total returns		Size of adjusted gross income	
			$1 under $5,000	$1 under $10,000
	1970	1981	1970	1981
	(1)	(2)	(3)	(4)
Number of returns (millions)....	73.6	94.4	27.7	35.5
Taxpayers on joint returns (millions)[2]................	115.7	139.6	34.4	42.1
Percent by age group:				
All age groups..............	100%	100%	100%	100%
Under 16....................	1	1	2	2
16 under 20.................	10	8	25	21
20 under 25.................	14	15	23	26
25 under 45.................	35	40	17	26
45 under 65.................	31	25	19	13
65 under 75.................	7	7	10	8
75 and over.................	3	4	4	4

[1] Excludes 0.4 million returns for 1970 and 0.8 million returns for 1981 with adjusted gross income less than zero, i.e., returns with business or investment losses in excess of income from other sources.
[2] Two taxpayers per return.

Figure I.--Total Female and Single Taxpayers Within Age Groups, 1970 and 1981

Age groups	Number of returns (millions)		Percent filing as single taxpayers[1]				Returns filed by female single taxpayers as a percent of total population	
			Total		Females			
	1970	1981	1970	1981	1970	1981	1970	1981
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All age groups...............	74.1	95.2	35%	42%	47%	47%	12%	16%
Under 16.....................	.5	.8	100	99	31	45	1	1
16 under 20..................	7.3	7.9	93	96	41	43	37	40
20 under 25..................	10.6	14.3	61	75	38	41	48	41
25 under 45..................	25.8	38.4	18	29	37	37	7	13
45 under 65..................	22.8	24.0	20	21	67	61	14	13
65 under 75..................	5.1	6.4	33	34	68	76	17	18
75 and over..................	2.0	3.4	55	28	67	74	16	22

[1] Represents those using the single taxpayer tax rate schedule; unmarried heads of household and surviving spouses are therefore excluded.

non-wage income showed very little change between 1970 and 1981.

Within age brackets the trends were mixed, as shown in Figure J. People who had wage income only were generally more common, but showed a sharp drop for the youngest age group from 1970 to 1981. People with exclusively non-wage income either showed no change or, for the very young and the very old, showed increases.

Figure J.--Age and Wage or Non-Wage Income, 1970 and 1981

Age group	Total returns		Returns with --			
			Wage income only		Non-wage income only	
	1970	1981	1970	1981	1970	1981
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns (millions)..........	74.1	95.2	34.1	48.9	7.4	11.1
Percent by age group:						
All age groups......................	100%	100%	100%	100%	100%	100%
Under 16...........................	1	1	1	1	2	4
16 under 20........................	10	8	17	14	1	1
20 under 25........................	14	15	23	24	2	2
25 under 45........................	35	40	37	45	14	14
45 under 65........................	31	25	19	15	33	25
65 under 75........................	7	7	2	1	30	30
75 and over........................	3	4	-	-	20	24

Figure K.--Wage and Non-Wage Income Within Age Groups, 1970 and 1981

Age groups	Total returns (millions)		Percent of returns with --							
			Any form of income		Wage income only		Non-wage income only		Wage and non-wage income	
	1970	1981	1970	1981	1970	1981	1970	1981	1970	1981
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All age groups...............	74.1	95.2	100%		46%	51%	10%	12%	44%	37%
Under 16.....................	.5	.8	100		57	37	23	57	20	6
16 under 20..................	7.3	7.9	100		82	86	1	2	17	12
20 under 25..................	10.6	14.3	100		76	80	1	1	23	19
25 under 45..................	25.8	38.4	100		49	58	4	4	47	38
45 under 65..................	22.8	24.0	100		28	31	11	12	61	57
65 under 75..................	5.1	6.4	100		12	8	43	52	45	40
75 and over..................	2.0	3.4	100		5	7	73	78	22	15

CONCLUSIONS

What conclusions can be drawn from this brief overview of age and tax return data? The most striking thing is the clear evidence of a life cycle in income--at least in reported income. Almost one-fifth of all returns had AGI of less than $5,000, clearly below the "poverty level" by any definition. Yet nearly two-thirds of these returns were filed by people under 25, and two-fifths of them by teenagers and those younger.

At the other end of the income distribution, when returns with $500,000 or more in AGI are examined, it is clear that they represent older people. Only 16 percent of all such filers were as young as 44, and one-third of them were 65 or older. Tax burden calculations, especially those concerned with differential impacts on consumption and savings, must take account of these highly skewed age distributions.

The unit of tax filing (whether joint or single) is a clearly U-shaped function of age. Single filing is almost universal among the young, declines through middle age and then rises sharply among the elderly. Three-quarters of the elderly filers were women, many of whom had apparently not filled out tax forms for 30 or 40 years of marriage.

Diversity of income sources is an inverted U-shaped function of age. The very young tended to have only one kind of income--wages--and the elderly also had only one kind of income--capital or self-employed income.

Changes in the age patterns of tax return filing during the decade of the 70's tended to mirror underlying demographic and social changes. There were fewer children, people got married later, women outlived their husbands, and more women (especially younger ones) entered the labor force. Although there was some increase in the percentage of the total population which filed tax returns, the major picture that emerged was one of stability of filing patterns.

DATA SOURCES AND LIMITATIONS

A computer tape file was created containing the social security numbers (SSN's) from the 144,392 tax returns included in the regular Statistics of Income (SOI) sample for 1981 [11]. In the case of joint returns, both SSN's were included. This tape was then run against social security records, and where a match was found, information on the year of birth (last two digits) and sex was copied onto the tape. For joint returns, if the age of the primary taxpayer could not be determined, the age of the spouse was used instead. The tape with the social security data was then returned to the Department of the Treasury, Office of Tax Analysis, where the information was integrated into the SOI data base which is used solely for tax policy research purposes. All but 198 of the SSN's were successfully matched in this operation. The unmatched sample returns, which represented 174,000 returns out of the 95.4 million filed, are excluded from the statistics by age group presented in this article. They are also excluded from the 1970 historical data that are used for comparison purposes. When a similar study was conducted for 1970, there were 217,000 returns out of the 74.3 million total shown in SOI for which age information could not be obtained [12].

NOTES AND REFERENCES

[1] Alvey, Wendy and Scheuren, Fritz, "Background for an Administrative Record Census," 1982 Proceedings of the American Statistical Association, Social Statistics Section, pp. 137-146.

[2] The only information related to age of taxpayers reported on individual income tax returns that is regularly published in Statistics of Income is the additional exemption allowed for those age 65 or over. In this connection, see Holik, Dan, and Kozielec, John, "Taxpayers Age 65 or Over, 1977-1981," Statistics of Income Bulletin, Summer 1984.

[3] The "primary" taxpayer is the first person whose name is listed on a joint tax return; in most cases, the husband. For all other tax returns, primary taxpayer and taxpayer are synonymous. See also, Data Sources and Limitations at the end of this article.

[4] For a brief summary of the characteristics of returns filed for 1981-1984, see Riley, Dorothea, "Individual Income Tax Returns: Selected Characteristics from the 1984 Taxpayer Usage Study," Statistics of Income Bulletin, Summer 1985.

[5] See also, Grayson, Paul, "The Life Cycle of Individual Income Tax Returns," Statistics of Income Bulletin, Spring 1984.

[6] The simplest form, 1040EZ, was not introduced until 1982.

[7] For both 1970 and 1981, age could not be determined for about 0.2 million primary taxpayers. Therefore, the total number of returns for purposes of this analysis, 74.1 million for 1970 and 95.2 million for 1981, represent the number for which age of primary taxpayer could be obtained. The grand totals, regard-

less of age, as reported in Statistics of Income--Individual Income Tax Returns, are 74.3 million returns for 1970 and 95.4 million returns for 1981. For additional information about returns for which age could not be determined, see Data Sources and Limitations at the end of this article.

[8] Another problem is the revised tax return filing requirements that occurred during this period which increased the income floors above which individuals in the various marital status groups had to submit returns.

[9] See Monthly Labor Review and Handbook of Labor Statistics, U.S. Department of Labor, Bureau of Labor Statistics, annual.

[10] For another analysis, see Crabbe, Patricia A., and Gross, Elizabeth L., "Taxpayers Classified by Sex," Statistics of Income Bulletin, Spring 1985.

[11] For a more detailed description of this sample and of the sampling error associated with it, see Statistics of Income--1981, Individual Income Tax Returns, U.S. Treasury Department, Internal Revenue Service, 1983.

[12] For a description of a different match, see "1973 Current Population Survey -- Administrative Record Exact Match File Codebook, Part II -- Companion Datasets and Other Supplementary Information," Studies from Interagency Data Linkages, Report No. 9, U.S. Department of Health, Education and Welfare, Social Security Administration, November 1979. This report also includes a useful description of the basic physical and legal safeguards surrounding the matching operation.

Nonresident Alien Income and Tax Withheld, 1983

By Chris R. Carson*

U.S. source income paid to Netherlands Antilles recipients rose dramatically (33 percent) to more than $2 billion during 1983, the final year before implementation of the Deficit Reduction Act of 1984. (In contrast, U.S. source income paid in 1983 to all foreign recipients was slightly more than $11 billion.) This Act is expected to all but eliminate the use of the Antilles for future Eurobond financing.

U.S. interest payments to the Antilles increased by over $500 million to nearly $2 billion during 1983, with most of this interest paid to financial subsidiaries of the paying corporation. The Deficit Reduction Act, which exempts from tax withholding most interest payments to nonresident aliens on loans made after July 18, 1984, now allows U.S. borrowers to issue debt directly to the lender, without using Antilles finance subsidiaries as intermediaries to avoid withholding taxes.

The nature of new foreign investment in the United States has shifted markedly in recent years from corporate stock to interest-bearing bonds. Comparatively high U.S. interest rates in recent years have helped increase interest's share of U.S. income paid to foreigners from 22 percent in 1978 to 53 percent in 1983. Dividends' share during the same period fell from 64 percent to 38 percent. Interest payments rose at an average compound rate of 43 percent annually during this period (33 percent in real terms) as foreign investors, taking advantage of high U.S. interest rates, loaned large amounts of money, mainly to "blue-chip" U.S. corporations. In comparison, dividend payments increased by an annual average of about 8 percent from 1978 to 1983, approximately keeping pace with inflation.

Although total income paid to foreign individuals and organizations increased by 4 percent in 1983, income that was subject to tax withholding dropped by more than 6 percent from the 1982 level, causing a comparable decline in withholding tax revenues. As foreign investors shifted new investments toward interest-bearing bonds that were exempt from withholding (when paid to Netherlands Antilles recipients), the total tax withheld by U.S. withholding agents dropped by 8 percent from 1982 to about $698 million for 1983.

BACKGROUND INFORMATION

A U.S. individual or organization paying income to a nonresident alien (foreign individual, corporation, or other organization) reports this income and the U.S. tax withheld on Form 1042S. While the basic tax rate is 30 percent, certain types of income are taxed at different rates. Income paid to countries that have entered into tax treaty agreements with the United States is usually taxed at lower rates. The tax withheld represents final payment of the actual tax liability in almost all instances. Income connected with the recipient's U.S. trade or business is exempt from withholding. The United States taxes this income separately, as though it were received by a U.S. citizen or corporation. The responsibility for withholding tax belongs to the payer or the representative (usually a financial institution) of the payer rather than the recipient of the income.

The basic tax rate on nonresident alien income (30 percent) differs from the graduated tax rates for U.S. individuals and corporations because foreign individuals and corporations may receive income from an indefinite number of sources. Since most nonresident aliens are not required to file U.S. tax returns and consolidate all U.S. income, their total income cannot be taxed in graduated "brackets," as one payer would have no knowledge of the amount of income other individuals and organizations had paid to the same nonresident alien.

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RECENT LEGISLATION AND ITS EXPECTED IMPACT

The Deficit Reduction Act of 1984 exempts certain interest payments from withholding. Interest on debt issued after the enactment of this legislation (July 18, 1984) that is not paid to a foreign individual, bank, or corporation owning 10 percent or more of the voting shares of the U.S. payer generally qualifies for this exemption.

The exemption from tax withholding on most interest payments is expected to increase U.S. borrowing from foreign countries. Smaller U.S. companies and the U.S. Treasury are now more able to issue debt to foreign lenders [1]. Smaller companies do not have to bear the cost of setting up and maintaining finance subsidiaries. These costs might have offset any interest savings derived by borrowing overseas. In addition, blue-chip U.S. corporations that have been borrowing money through the Netherlands Antilles will issue most new debt directly to lenders. Future statistics, especially after 1984, may show a sharp reduction in interest payments to the Netherlands Antilles [2]. Interest payments should increase to major Western European countries and Japan as new borrowings are likely to come mainly from these countries.

DATA ANALYSIS AND TRENDS

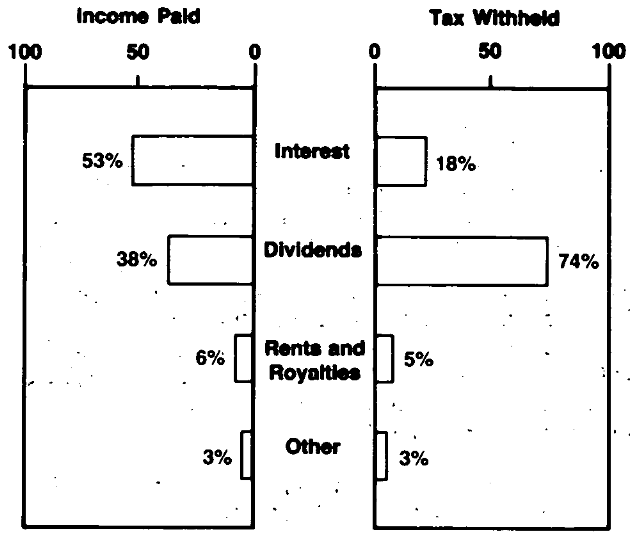
U.S. income payments to foreigners totalled $11.1 billion in 1983, increasing by only 4 percent, as compared to a 9 percent increase for 1982. The total increase was accounted for by the Netherlands Antilles, which received $514 million more in 1983 than in 1982. The total for all other countries actually decreased by about $82 million resulting in an overall net increase of about $432 million. As was mentioned earlier, tax withheld by U.S. withholding agents fell by 8 percent to $698 million.

The average income payment fell by 3 percent to about $18,200 for 1983. This was due to an increase of more than 40,000 in the number of Forms 1042S filed. About two-thirds of these additional payments were less than $100. Foreign government organizations and corporations received the largest average payments ($159,000 and $150,000, respectively), while individuals averaged only $1,600. The average amount of tax withheld per payment decreased more noticeably (14 percent) than income.

Type of Income

Interest continued to be the most common type of income payment. In 1982, 48 percent of income paid represented interest while 43 percent represented dividends. This 5 percentage point difference increased to 15 in 1983 as 53 percent of all income was interest, as is shown in Figure A.

Figure A
Percent of Total Income Paid and Percent of Total Tax Withheld, by Income Type, 1983



Since 1978, interest's share of all income has increased 31 percentage points, from 22 to 53 percent. The corresponding share for dividends fell by 26 percentage points, from 64 to 38 percent. The following table shows both total and average annual increases for dividends and interest in both constant and current dollars [3].

Gross Income Paid

[Thousands of dollars]

	Interest	Dividends
1978........	$ 990,949	$2,867,596
1983.........	5,905,658	4,168,145
Percent increase:		
Current dollars:		
Total.............	496.0%	45.4%
Average per year.. (Compounded)	42.9	7.8
Constant dollars:		
Total.............	316.3	1.5
Average per year.. (Compounded)	33.0	0.3

After making allowances for inflation, interest rose at a compound rate of 33 percent per year between 1978 and 1983. Although dividends rose by about 8 percent per year, this increase barely kept pace with the rate of inflation. The real increase in dividends after inflation was less than 1 percent annually.

As interest payments are often exempt from withholding or taxed at low rates established by treaties (see "Tax Treaty Countries" section below), only $122 million of tax was withheld on interest payments during 1983. This represented only 18 percent of all tax withheld, although interest represented 53 percent of all income. Dividends, which are rarely exempt from withholding, represented only 38 percent of all income, while tax withheld on dividends comprised 74 percent of the total tax withheld. Figure A shows the percent of income paid and the percent of tax withheld for several income types.

The type of income paid varied considerably by the country of the recipient. As is shown in Figure B, almost all U.S. source income paid to the Netherlands Antilles was interest income. Of the eight countries shown, however, dividends made up a larger percentage of all income than interest for five countries. The disparity was smaller on average (15 percentage points) for these five countries, than for the three countries (Netherlands Antilles, Japan, and West Germany) that received more interest (65 percentage points) than dividends. Non-tax-haven countries received a greater portion of rents and royalties (9 percent average) than the Netherlands Antilles, the Netherlands, and Switzerland (2 percent average), all of which can be considered tax havens to some degree. (See the discussion on tax haven countries later in this article).

Country of Recipient

The same eight countries continued to receive the majority of U.S. source income. The countries shown in Figure C received 89 percent of the total income. The Netherlands Antilles surpassed the United Kingdom as the country receiving the most U.S. income. Other than the Antilles' 1982-83 increase, there were no dramatic changes from 1982 in the amount of income paid to the countries shown.

Tax withheld on payments to six of the eight countries shown in Figure C fell from 1982 levels. In particular, tax withheld on payments to the Netherlands Antilles fell by 30 percent even though income rose by 33 percent. Increases were registered by Japan (23 percent) and West Germany (19 percent), as income also rose for these countries.

Effective Tax Rate by Country

Although the basic U.S. withholding tax rate is 30 percent, the actual rate can differ for a variety of reasons. Tax treaties allow for lower tax rates on certain types of payments to certain countries. Income paid to tax exempt or government organizations is generally not taxed. Most U.S. income paid to foreign private foundations is taxed at 4 percent. Finally, income that is connected with the recipient's U.S. trade or business is taxed as though it were received by a U.S. individual or organization, and is therefore not subject to withholding tax. Because of these factors, the effective U.S. withholding tax rate (tax withheld as a percent of gross income) varies by country.

The following table shows the income paid, tax withheld by U.S. withholding agents, and the effective withholding tax rates for the twelve countries having the lowest effective tax rates. Only countries receiving at least 100 payments and $1 million or more were considered.

Ranking of Effective Tax Rates by Country, 1983

[Thousands of dollars]

Country	Gross income	Tax withheld	Effective tax rate
	(1)	(2)	(3)
Antigua........	$ 1,826	$ 3	0.18%
Egypt..........	32,903	61	0.19
Netherlands Antilles......	2,094,680	9,174	0.44
Argentina......	235,469	1,250	0.53
Trinidad and Tobago........	9,429	61	0.65
Saudi Arabia...	123,209	1,525	1.24
Taiwan.........	13,090	346	2.64
South Korea....	1,343	50	3.74
Poland.........	1,608	61	3.80
Netherlands....	1,392,091	61,552	4.42
Singapore......	14,245	652	4.57
West Germany...	704,012	35,081	4.98
Other countries	6,432,096	588,574	9.15
All countries.	11,056,001	698,390	6.32

Eight of the twelve countries shown also were among those with the lowest effective tax rates for 1982. Egypt, Argentina, South Korea, and Singapore were newcomers to this list. Antigua had the lowest effective rate for the second year in a row. All but Argentina, Taiwan, Saudi Arabia, and Singapore are tax treaty countries receiving the benefit of reduced withholding rates. Although Saudi Arabia is not a treaty country, a substantial portion (42 percent) of its U.S. source income ($123 million) was paid to Saudi Government organizations and therefore not subject to withholding. A substantial portion (62 per-

Figure B

Percent of Income Paid by Income Type, by Country of Recipient, 1983

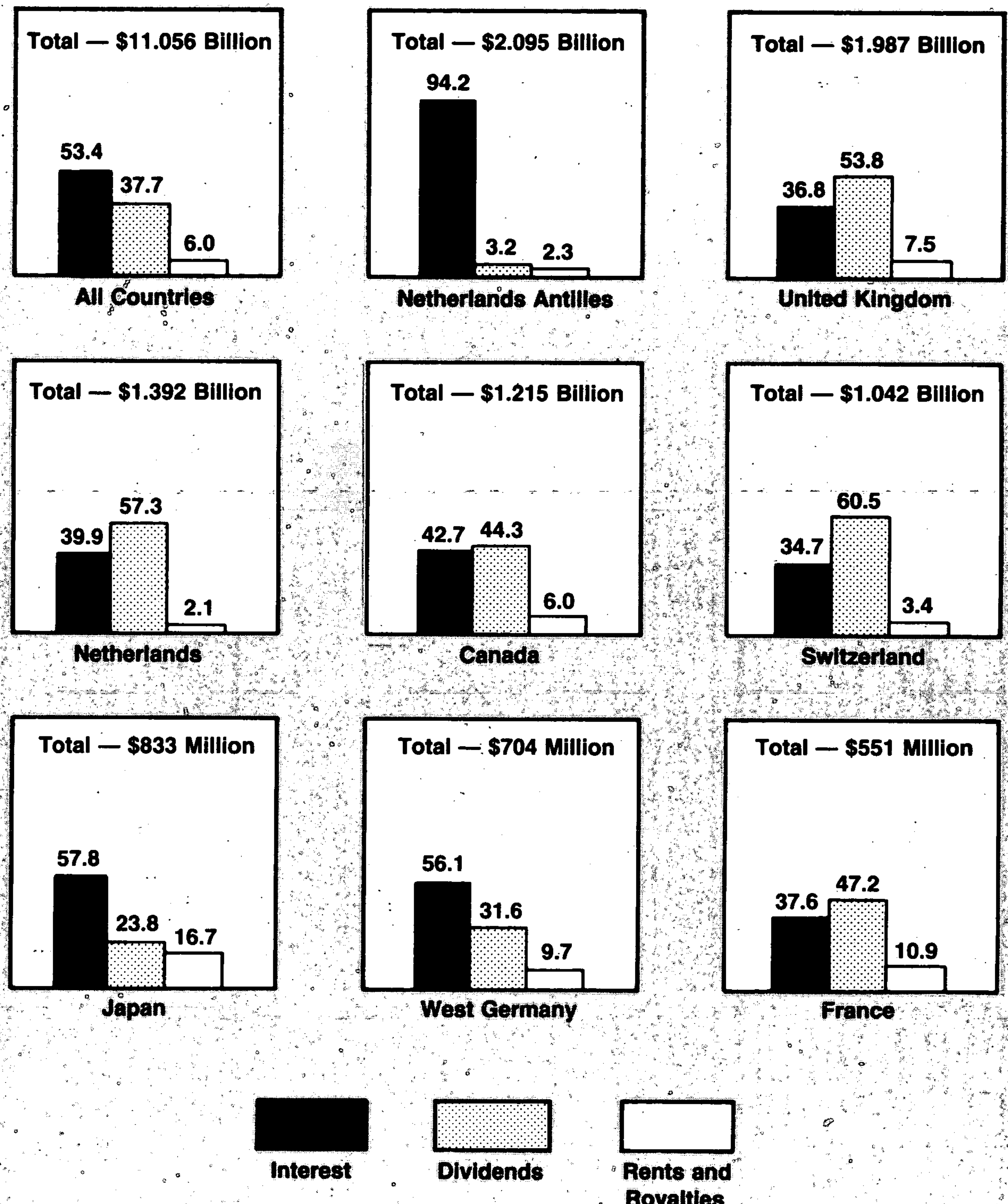
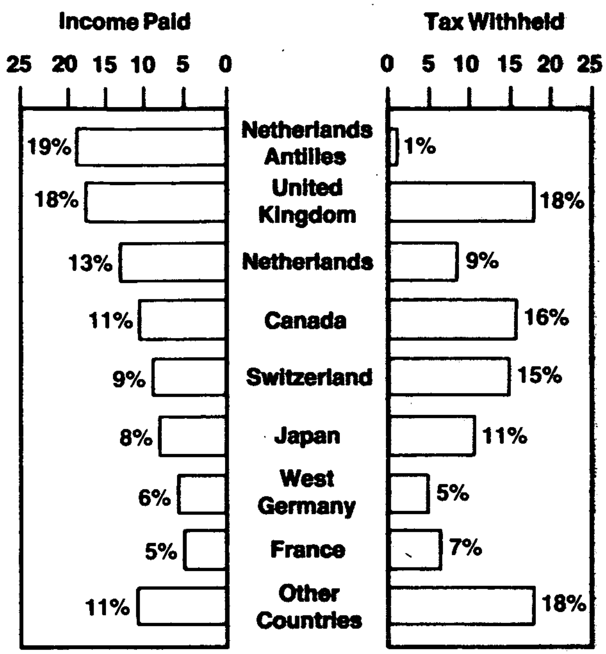


Figure C
Percent of Gross Income Paid and Percent of Tax Withheld by Domestic Withholding Agents, by Country of Recipient, 1983



cent) of Singapore's income ($14 million) was also paid to government organizations and therefore no tax was withheld on this income.

Although there are several tax haven countries listed, most tax havens do not have tax treaties with the United States allowing for reduced withholding tax rates. Antigua and Netherlands Antilles residents receive tax treaty benefits through extensions of tax treaties with the United Kingdom and the Netherlands, respectively. The tax treaty with Antigua was terminated as of January 1, 1984. Some tax haven countries, including the Bahamas and Bermuda have effective withholding tax rates (26 percent and 21 percent, respectively) considerably above the average for all countries (6 percent).

Tax Treaty Countries

The United States has tax treaties with foreign countries which usually reduce withholding tax rates in both countries. The major reason for such treaties is to avoid double taxation of income earned in one of the countries by residents of the other country. If income is earned in the United States and the U.S. taxes are only partially creditable against tax in the foreign country (because of limitations) this income may be taxed twice. This is especially true when a foreign corporation's U.S. subsidiaries are subject to U.S. income taxes and their dividend payments are also subject to U.S. withholding tax. Many tax treaties allow for reduced withholding tax rates (usually 5 percent) for dividends received from foreign subsidiaries. This lower withholding tax reduces overall tax rates on foreign investment and increases the likelihood of full credit for taxes paid to another country by the country of residence.

Although lower tax treaty rates may reduce U.S. withholding tax revenue, this revenue loss is at least partly offset by lower foreign tax credits for U.S. individuals and corporations. Since tax treaties usually allow for correspondingly lower foreign withholding tax rates, U.S. individuals and corporations receiving income from tax treaty countries have less foreign tax withheld. This usually reduces their foreign tax credit and increases the amount of income tax paid to the United States [4].

Lower tax rates on payments to recipients in treaty countries are evident in the following table which shows the effective tax rates for both treaty and nontreaty countries.

Gross Income, Tax Withheld and Effective Tax Rate

[Thousands of dollars]

Country status	Gross income	Tax withheld	Effective tax rate
	(1)	(2)	(3)
All countries.	$11,056,001	$698,390	6.3%
Treaty countries.....	10,232,898	615,968	6.0
Nontreaty countries.....	823,103	82,422	10.0

Although residents in tax treaty countries typically enjoy lower U.S. withholding tax rates, if the income is paid to a foreign nominee or fiduciary on behalf of a person not entitled to the treaty benefit, the full 30 percent U.S. tax should be collected. Some U.S. treaty partners collect the additional amounts on behalf of the United States (see Table 1, Column 7).

Tax Haven Countries

A tax haven is generally considered to be a country having tax laws favorable to foreign individuals and organizations in an attempt to attract these investors. The tax haven country typically benefits by collecting certain fees or taxes (at a low rate). Foreign individuals and organizations might not invest in or through the tax haven if taxes comparable to those of their own country were imposed. Tax haven countries tend to have the following characteristics:

- No withholding tax on most payments from the tax haven to foreign individuals and organizations,
- Low or zero effective income tax rates for individuals and organizations within the tax haven country, and
- Secrecy laws to prevent foreign governments from obtaining financial information about their own citizens and organizations.

Low or zero withholding tax rates usually attract foreign individuals and corporations to invest through the tax haven, rather than existing for the benefit of residents. However, many tax havens do not have tax treaties with the United States allowing for low or zero withholding rates on payments to the tax haven. While treaties with non-tax-havens allow for mutually-reduced withholding tax rates, this lost revenue is at least partially recovered in income taxes due to lower foreign tax credits claimed by U.S. taxpayers. As the Netherlands Antilles was the major tax haven country enjoying a zero withholding tax rate (on interest payments) during 1983, its treaty status was an extension of an existing treaty with the Netherlands, rather than a treaty negotiated with an existing tax haven. As the Deficit Reduction Act of 1984 exempts most interest payments from withholding, regardless of the country to which the income is paid, the Netherlands Antilles lost this interest exemption advantage in mid-1984.

Tax haven countries tend to receive far more U.S. source income than other countries when compared to their general level of economic activity, measured here by Gross National Product (GNP) [5]. Figure D shows the countries having the highest income-to-GNP ratios. The ten highest countries are all tax havens to varying degrees. The Netherlands Antilles actually received more U.S. source income in 1982 than it produced in goods and services, as measured by GNP (GNP data were not available for the Netherlands Antilles for 1983). As most U.S. source income is not spent on goods or services in the Netherlands Antilles, this portion of income does not enter the Antilles' GNP calculation. This is because most of the income paid to the Antilles is simply passed through to Eurobond lenders by finance subsidiaries of U.S. corporate borrowers.

Figure D.--Gross National Product (GNP), Gross Income, Gross Income as a Percent of GNP, Size of Average Payment, and Percent of Payments to Corporations, by Selected Country of Recipient, 1983

[Money amounts in thousands of dollars]

Country or geographic area	Income to GNP ratio				Size of payments		Percent of payments to corporations	
	Rank	Income as a percent of GNP	Gross income	GNP [1]	Rank	Average	Rank	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Netherlands Antilles [2]....	1	115.4	1,580,359	1,370,000	1	936	3	52.3
Bermuda..................	2	6.2	51,863	840,000	10	45	9	21.9
Bahamas..................	3	2.9	26,505	900,000	21	16	5	28.2
Barbados.................	4	1.9	19,032	1,020,000	5	86	8	23.9
Liberia..................	5	1.5	14,914	990,000	11	45	15	11.3
Luxembourg...............	6	1.3	59,552	4,470,000	13	37	11	21.4
Antigua..................	7	1.3	1,826	140,000	22	13	2	61.6
Panama...................	8	1.2	47,233	4,070,000	18	19	7	25.7
Switzerland..............	9	1.0	1,042,436	105,060,000	8	51	13	13.6
Netherlands..............	10	1.0	1,392,091	142,420,000	2	158	12	14.2
Cayman Islands...........	(3)	(3)	31,438	(3)	9	47	1	62.4
British Virgin Islands...	(3)	(3)	7,961	(3)	15	21	6	25.9

[1] World Bank, The World Bank Atlas, 1985.
[2] "Income to GNP ratio" information for the Netherlands Antilles is for 1982 as 1983 GNP information was not available.
[3] GNP information was not available for these countries or geographic areas.
NOTE: Only countries receiving 100 or more payments and $1 million or more were considered for this table.

Since GNP data were not available for all countries, an income-to-GNP average ratio could not be calculated for all countries. Based on available data, the worldwide ratio was less than 0.2 percent. All of the tax havens shown in Figure D had ratios at least six times higher than the maximum worldwide average, with the Antilles' ratio being nearly 750 times the maximum worldwide average. Only countries receiving at least 100 payments and totalling $1 million or more were considered for inclusion in Figure D.

Tax haven recipients also tend to receive larger-than-average payments. All but two of the countries shown in Figure D were above the average of $18,200. Once again, the Netherlands Antilles led all countries, receiving more than $936 thousand per payment.

As tax havens are mainly utilized by corporations, rather than individuals or other organizations, payments to these tax havens are more likely to go to corporations than are payments to non-tax-havens. There is often a predominance of financial corporations in tax havens, often subsidiaries of U.S. corporations. Figure D shows the percent of U.S. payments made to foreign corporations in certain tax haven countries. Each of these countries exceeded the 8.8 percent average for all countries. The Cayman Islands and Antigua led the countries listed with 62 percent of the total U.S. payments to these countries going to corporate recipients. These countries also had the highest percentages in 1982, although the order was reversed.

Type of Recipient

The vast majority of U.S. source income paid to nonresident aliens (72 percent) was paid to foreign corporations. Since much of this income (58 percent) was exempt from withholding, tax withheld on payments to corporations represented only 54 percent of all tax collected. Although individuals received a much smaller share of all income (6 percent), they had a disproportionately high percentage of all tax withheld (13 percent) on this income. Nominees also had a disproportionately high percentage of the total tax withheld (10 percent versus 5 percent for income), because only 7 percent of nominee income was exempt from withholding.

Foreign governments received the largest average payments ($159,200), but most of this was due to certain large payments to Saudi Arabian Government organizations. Excluding payments to Saudi Arabia, the average income paid to foreign governments was $54,000, below the average for corporations ($150,000). Individuals received the smallest average payments ($1,600).

Different types of recipients tended to receive different types of income. Individuals were less likely to receive interest (3 percent of total interest) but more likely to receive personal service income (89 percent of all personal service income) than other types of recipients. As is shown in Figure E, most corporate income was in the form of interest (62 percent). More than half the income paid to foreign partnerships was rents and royalties. This is more than ten times the percentage of rents and royalties for all recipients. Almost all of the income paid to nominees and fiduciaries was dividend income (92 percent). The distribution of income paid to foreign government, international and tax-exempt organizations was close to the overall distribution of income, but the tax withheld on such income was almost completely attributable to dividends.

SUMMARY

U.S. interest payments to the Netherlands Antilles soared to nearly $2 billion, as the Antilles surpassed the United Kingdom as the foreign country receiving the most U.S. source income in 1983. The Deficit Reduction Act of 1984, which exempts from withholding most interest payments to nonresident aliens after July 18, 1984, will eliminate the need to go through the Antilles to avoid U.S. withholding taxes on such interest.

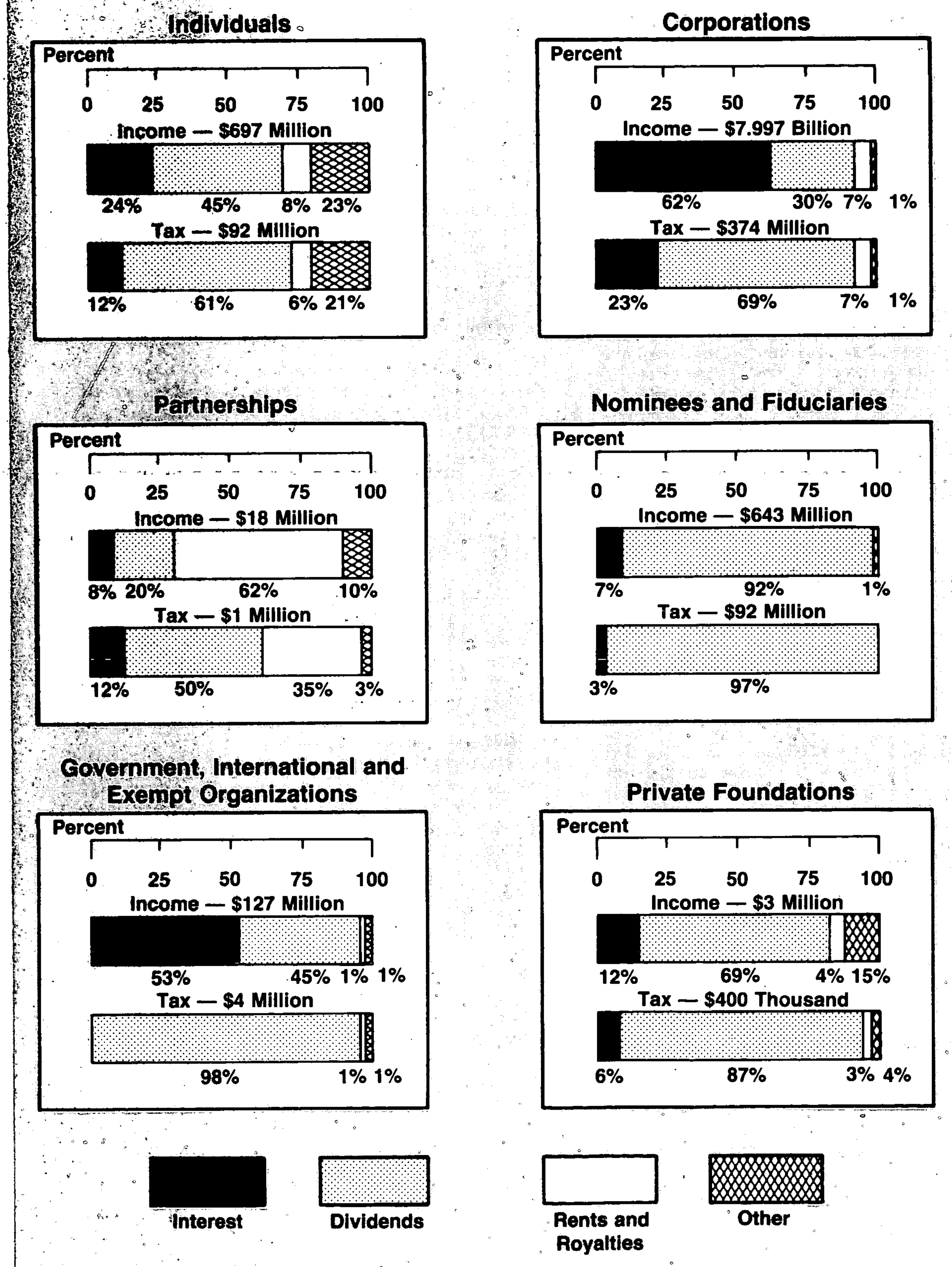
High U.S. interest rates have encouraged shifts of new foreign investment in the United States to interest-bearing bonds rather than corporate stock. Interest represented 53 percent of U.S. source income paid to nonresident aliens compared to 38 percent for dividends.

As in other years, while individuals received the most payments, corporations received the most U.S. source income. Foreign governments received the largest average payments. This was mainly due to certain large payments to Saudi Arabian Government organizations.

Tax-haven countries received disproportionately high U.S. source income when compared to their level of economic activity (Gross National Product). The Netherlands Antilles actually received more income than its GNP in 1982 as most of this money simply flowed through that country without being spent on goods or services there. Tax havens also received larger than average payments, nearly $1 million for the Antilles. The percentage of payments made to foreign corporations was more than twice as high for the twelve tax haven countries shown in Figure D than for all countries.

Figure E

Percent of Income Paid by Income Type and Percent of Tax Withheld by Income Type, by Recipient Type, 1983



Individuals were more likely than most recipients to receive dividends and personal service income. Foreign corporations received mostly interest income. Most partnership income was rents and royalties, even though rents and royalties represented only a small percentage of income for other recipients. Nominees and fiduciaries received almost exclusively dividend income.

DATA SOURCES AND LIMITATONS

Payers of most U.S. income to nonresident aliens must withhold tax in accordance with Chapter 3 of the Internal Revenue Code. The Form 1042S, Income Subject to Withholding Under Chapter 3, Internal Revenue Code, is filed to report this income and the U.S. tax withheld. Often the payer has a financial institution act as withholding agent.

The present statistics are tabulated by calendar year, based on all Forms 1042S filed for 1983. The years indicated in the tables represent the year in which the income was paid and the U.S. tax withheld, except for the U.S. tax withheld by foreign governments and withholding agents. These amounts are shown by the year the tax was remitted to the United States under treaty agreements. Tax withheld amounts and percentages shown in Table 2, text tables, and Figures A, C, and E, do not include tax withheld by foreign governments and withholding agents (except Canada). This additional tax cannot be properly attributed to specific income types and years. Income that is "effectively connected" with a nonresident alien's U.S. trade or business is not subject to withholding, and is therefore generally not included in these statistics. Definitions and other information are available in the IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

As all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to nonsampling errors such as computer data entry errors and minor taxpayer reporting errors. Forms 1042S with income greater than $500,000 were manually verified. A limited computerized program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld. The results of additional testing, to be done at a later date, were not available at the time this article was prepared. Any substantial changes resulting from this testing will be discussed in the 1984 Nonresident Alien Income and Tax Withheld article, tentatively scheduled for publication in the Statistics of Income Bulletin, Fall 1986.

More detailed information on nonresident alien income and tax is available from the Statistics of Income (SOI) Division [6]. This includes information for types of income and countries not discussed in this article.

EXPLANATION OF TERMS

Income Effectively Connected With a Trade or Business. -- Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding. This income is subject to substantially the same tax rates that apply to U.S. citizens, residents, and corporations. For example, if a foreign corporation has an unincorporated operation in the United States, a Form 1120F must be filed and appropriate taxes paid for the income of this operation. When income is then remitted to the foreign corporation, it is considered connected with a U.S. trade or business and not retaxed. In all but rare (and indeterminable) circumstances, these amounts are not included in these statistics.

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

Nonresident Alien. -- For purposes of this article, a nonresident alien is defined as an individual whose residence is not within the United States and who is not a U.S. citizen. Corporations and other organizations created or organized outside the United States are also considered nonresident aliens. The phrase "foreign individuals and organizations" is also used in this article to mean nonresident alien.

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

NOTES AND REFERENCES

[1] Carson, Chris R., "Nonresident Alien Income and Tax Withheld, 1982," Statistics of Income Bulletin, Vol. 4, No. 2, Fall 1984, pp. 21-22.

[2] New borrowing by U.S. corporations through finance subsidiaries in the Netherlands Antilles virtually stopped in the fourth quarter of 1984. See R. David

Belli and Ralph Kozlow, United States Department of Commerce News, June 27, 1985, p. 3.

[3] Computed using the GNP Implicit Price Deflator, Economic Report of the President, February 1985, p. 236. The computations shown consider the effects of compounding.

[4] For additional information on foreign withholding taxes, see States, William, "Corporate Foreign Tax Credit, 1980: An Industry Focus," Statistics of Income Bulletin, Vol. 4, No. 1, Summer 1984, pp. 63-84, and States, William, "Corporate Foreign Tax Credit, 1980: A Geographic Focus," Statistics of Income Bulletin, Vol. 4, No. 3, Winter 1984-85, pp. 37-63.

[5] World Bank, The World Bank Atlas, 1985.

[6] This information may be obtained by writing to the Statistics of Income Division, D:R:S, Internal Revenue Service, Washington, DC 20224.

Table 1.--Number of Forms 1042S Filed, Gross Income Paid, Tax Withheld, and Other Items, by Selected Treaty and Nontreaty Countries, 1983

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Income paid: Total	Income paid: Exempt from withholding	Income paid: Subject to withholding	Tax withheld: Total	Tax withheld: Domestic withholding agents	Tax withheld: Foreign Governments and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	606,787	11,056,001	5,482,081	5,573,920	803,714	698,390	105,324
Treaty countries, total	522,323	10,232,898	4,954,124	5,278,773	721,292	615,968	105,324
Australia	12,994	34,095	8,801	25,293	5,508	5,508	-
Austria	2,918	11,858	5,182	6,676	1,153	1,153	-
Barbados	222	19,032	488	18,544	2,859	2,859	-
Belgium	9,174	104,626	21,207	83,419	15,514	12,254	3,260
Canada	286,958	1,215,231	498,428	716,804	108,849	108,849	-
Denmark	1,743	5,031	2,654	2,377	331	322	9
Egypt	237	32,903	32,675	228	61	61	-
France	13,344	550,557	141,691	408,866	48,758	47,907	851
Greece	3,791	5,842	3,508	2,333	679	679	-
Ireland	4,172	8,518	2,746	5,772	987	918	69
Italy	6,905	38,594	15,818	22,776	5,425	5,425	-
Japan	5,942	832,793	104,267	728,526	76,089	76,089	-
Luxembourg	1,628	59,552	33,737	25,815	5,899	5,082	817
Netherlands	8,812	1,392,091	512,227	879,864	61,983	61,552	431
Netherlands Antilles	2,237	2,094,680	2,037,765	56,915	9,174	9,174	-
Norway	3,438	7,862	3,931	3,931	693	693	-
Sweden	4,874	48,446	6,407	42,039	4,366	4,366	-
Switzerland	20,378	1,042,436	134,365	908,072	202,988	105,071	97,917
Trinidad and Tobago	283	9,429	9,207	221	61	61	-
United Kingdom	87,444	1,987,293	891,821	1,095,472	130,296	128,326	1,970
West Germany	34,666	704,012	476,747	227,265	35,081	35,081	-
Other treaty countries	10,163	28,017	10,452	17,565	4,538	4,538	-
Nontreaty countries, total	84,464	823,103	527,957	295,147	82,422	82,422	-
Argentina	3,843	235,469	231,226	4,243	1,250	1,250	-
Bahamas	1,687	26,505	2,984	23,521	6,817	6,817	-
Bermuda	1,149	51,863	16,317	35,546	10,635	10,635	-
Brazil	1,941	11,107	5,525	5,582	1,655	1,655	-
British Virgin Islands	378	7,961	2,956	5,005	1,041	1,041	-
Cayman Islands	662	31,438	22,733	8,705	2,603	2,603	-
China (Taiwan)	716	13,090	11,918	1,173	346	346	-
Hong Kong	8,289	32,039	3,520	28,519	8,487	8,487	-
Israel	2,903	5,799	1,245	4,554	1,305	1,305	-
Kuwait	739	4,282	241	4,041	1,212	1,212	-
Liberia	335	14,914	185	14,728	4,418	4,418	-
Liechtenstein	666	12,288	1,655	10,633	3,160	3,160	-
Mexico	8,214	27,951	6,390	21,561	6,438	6,438	-
Panama	2,481	47,233	18,221	29,012	8,685	8,685	-
Puerto Rico	2,622	4,719	3,371	1,349	403	403	-
Saudi Arabia	2,384	123,209	118,093	5,116	1,525	1,525	-
Singapore	3,135	14,245	12,018	2,227	652	652	-
Spain	4,275	13,904	4,914	8,990	2,663	2,663	-
Venezuela	4,565	15,320	8,365	6,955	2,065	2,065	-
Other nontreaty countries	33,480	129,767	56,080	73,687	17,062	17,062	-

Table 2.--Number of Forms 1042S Filed, Tax Withheld, and Gross Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1983

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All countries, total	606,787	698,390	11,056,001	5,905,657	4,168,145	667,057	71,654
Individual	437,751	91,649	696,515	166,606	310,916	52,733	63,764
Corporations	53,391	374,264	7,997,212	4,940,945	2,379,523	551,553	5,429
Antigua	138	3	1,826	1,804	15	-	-
Individuals	47	3	18	-	12	-	-
Corporations	85	*	1,806	1,804	2	-	-
Argentina	3,843	1,250	235,469	231,442	2,248	291	788
Individuals	3,300	937	4,780	1,721	1,812	89	783
Corporations	44	86	1,891	1,369	13	187	1
Australia	12,994	5,508	34,095	9,490	13,330	7,233	2,601
Individuals	11,034	1,623	9,094	611	3,803	689	2,556
Corporations	755	3,073	20,470	8,565	6,371	5,503	31
Austria	2,918	1,153	11,858	2,724	6,018	171	465
Individuals	1,826	547	5,182	813	2,208	113	411
Corporations	144	428	3,577	823	2,694	50	-
Bahamas	1,687	6,817	26,505	8,097	16,908	708	68
Individuals	809	640	2,718	324	2,168	74	68
Corporations	476	2,728	11,844	4,816	6,491	512	-
Barbados	222	2,859	19,032	538	18,053	339	12
Individuals	135	55	395	49	246	-	12
Corporations	53	1,442	9,491	205	9,286	-	-
Belgium	9,174	12,254	104,626	33,908	51,076	15,625	1,362
Individuals	6,975	1,114	9,545	1,079	4,553	610	1,271
Corporations	898	6,120	57,969	23,293	19,568	15,006	12
Bermuda	1,149	10,635	51,863	17,250	17,124	5,538	255
Individuals	666	481	1,649	347	694	13	250
Corporations	252	6,217	37,031	15,565	9,158	965	-
Brazil	1,941	1,655	11,107	6,974	2,326	277	1,185
Individuals	1,648	801	3,055	608	734	185	1,184
Corporations	79	614	7,122	5,704	1,407	11	-
British Virgin Islands	378	1,041	7,961	3,439	4,394	121	-
Individuals	197	163	1,004	34	947	21	-
Corporations	98	626	5,996	2,999	2,916	77	-
Canada	286,958	108,849	1,215,231	518,414	538,184	72,535	8,905
Individuals	214,030	17,147	136,521	20,737	72,663	11,630	6,995
Corporations	26,104	55,858	813,934	468,700	241,543	54,020	1,483
Cayman Islands	662	2,603	31,438	24,131	5,567	213	50
Individuals	108	198	748	320	350	36	-
Corporations	413	1,572	27,045	21,977	3,465	118	50
Chile	1,093	528	2,951	1,439	1,221	11	74
Individuals	935	278	1,206	289	640	11	74
Corporations	14	15	919	917	2	-	-
China	625	297	1,308	135	234	11	18
Individuals	510	197	952	71	192	10	18
Corporations	12	83	278	26	1	-	-
China (Taiwan)	716	346	13,090	12,117	757	61	22
Individuals	625	280	1,065	199	673	61	22
Corporations	19	38	11,913	11,904	5	-	-
Colombia	1,374	463	2,579	1,188	1,144	67	45
Individuals	1,188	290	1,343	419	729	30	44
Corporations	48	89	663	371	246	31	-
Costa Rica	587	249	850	205	562	12	-
Individuals	500	216	735	184	472	10	-
Corporations	26	11	37	3	34	-	-
Denmark	1,743	322	5,031	513	1,982	1,372	420
Individuals	1,551	170	1,572	113	474	114	410
Corporations	72	108	2,649	381	1,236	751	-
Ecuador	552	123	751	292	329	49	37
Individuals	493	101	590	204	259	49	37
Corporations	16	4	16	1	13	-	-
Finland	454	208	3,010	1,353	647	22	510
Individuals	379	119	1,068	64	136	1	436
Corporations	18	50	1,687	1,187	480	16	-

Table 2.--Number of Forms 1042S Filed, Tax Withheld, and Gross Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1983--Continued

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
France	13,344	47,907	550,557	206,859	259,995	60,154	6,345
Individuals	9,651	4,194	37,454	4,603	14,006	6,760	5,983
Corporations	848	20,471	330,688	152,790	118,742	48,071	210
Germany-Democratic Republic	494	292	1,758	974	293	37	412
Individuals	452	215	792	131	191	16	412
Corporations	11	68	589	525	44	-	-
Germany-Federal Republic	34,666	35,081	704,012	394,864	222,182	68,637	5,425
Individuals	27,239	6,062	65,135	18,447	28,301	3,658	5,090
Corporations	1,346	20,409	547,388	352,460	137,027	55,023	201
Greece	3,791	679	5,842	582	2,002	588	370
Individuals	3,434	469	4,609	520	1,300	119	370
Corporations	63	68	687	7	230	450	-
Guam	297	18	71	17	30	-	-
Individuals	258	14	51	7	21	-	-
Corporations	14	2	13	8	5	-	-
Guatemala	494	187	1,004	331	428	6	45
Individuals	453	157	642	213	343	6	45
Corporations	11	6	279	105	16	-	-
Honduras	376	162	798	275	302	3	210
Individuals	347	153	719	225	274	2	210
Corporations	13	1	53	47	5	1	-
Hong Kong	8,289	8,487	32,039	7,344	22,680	1,623	96
Individuals	6,408	3,658	13,871	1,566	11,601	538	70
Corporations	510	3,557	12,708	4,652	6,979	874	26
India	978	331	3,310	1,914	272	51	167
Individuals	811	274	1,311	102	152	38	130
Corporations	48	23	360	296	53	8	3
Iran	646	168	1,498	344	433	15	-
Individuals	576	150	767	337	371	15	-
Corporations	13	2	672	7	2	-	-
Ireland	4,172	918	8,518	2,202	5,482	184	257
Individuals	3,695	287	2,466	381	1,413	133	233
Corporations	117	142	2,672	1,788	846	38	1
Israel	2,903	1,305	5,799	2,763	1,645	359	434
Individuals	2,246	690	2,907	675	1,034	240	364
Corporations	73	364	1,903	1,800	95	6	-
Italy	6,905	5,425	38,594	11,312	9,153	10,059	3,194
Individuals	5,737	4,182	21,935	2,110	3,796	8,162	3,148
Corporations	151	742	13,326	8,414	3,590	1,267	-
Jamaica	511	82	806	93	220	37	11
Individuals	420	29	609	32	86	36	11
Corporations	23	49	170	57	113	-	-
Japan	5,942	76,089	832,793	480,960	198,217	138,957	7,018
Individuals	4,204	2,365	24,111	10,835	3,106	435	5,723
Corporations	1,297	70,465	777,235	457,016	184,899	131,366	997
Kuwait	739	1,212	4,282	1,478	2,729	-	21
Individuals	558	292	1,073	431	594	-	21
Corporations	51	371	1,270	226	1,020	-	-
Lebanon	1,229	896	3,137	1,680	1,377	46	3
Individuals	1,098	855	2,999	1,678	1,243	46	3
Corporations	10	8	25	-	25	-	-
Liberia	335	4,418	14,914	837	14,008	61	-
Individuals	267	164	569	80	480	-	-
Corporations	38	4,223	14,174	670	13,443	61	-
Liechtenstein	666	3,160	12,288	3,497	8,604	82	10
Individuals	305	1,137	3,928	334	3,537	22	5
Corporations	195	1,158	5,209	2,129	2,952	60	5
Luxembourg	1,628	5,082	59,552	27,808	30,041	1,544	69
Individuals	433	334	2,653	853	1,686	-	69
Corporations	349	3,245	45,892	23,663	20,651	1,544	-
Malaysia	583	81	775	467	248	28	9
Individuals	537	69	247	4	209	4	9
Corporations	14	6	495	462	8	25	-

Table 2.--Number of Forms 1042S Filed, Tax Withheld, and Gross Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1983--Continued

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Tax withheld	Income paid: Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mexico	8,214	6,438	27,951	7,183	6,617	6,085	836
Individuals	7,356	3,340	15,427	3,842	5,477	3,391	820
Corporations	277	2,304	8,621	2,005	375	1,366	16
Monaco	308	656	2,629	623	1,467	170	351
Individuals	223	473	1,842	572	740	162	351
Corporations	20	39	219	2	218	-	-
Morocco	123	335	1,273	1,031	115	39	29
Individuals	96	41	233	56	82	7	29
Corporations	10	1	4	-	4	-	-
Netherlands	8,812	61,552	1,392,091	554,799	797,196	29,217	1,601
Individuals	5,017	2,815	41,876	22,175	16,262	278	1,520
Corporations	1,252	47,717	1,183,127	439,971	713,869	22,357	16
Netherlands Antilles	2,237	9,174	2,094,680	1,972,339	66,338	47,725	5
Individuals	537	653	25,223	20,108	4,140	901	5
Corporations	1,170	6,582	1,910,902	1,806,611	49,439	46,803	-
New Zealand	1,606	204	1,375	152	662	137	214
Individuals	1,384	155	1,058	114	445	86	214
Corporations	63	40	221	34	165	21	-
Norway	3,438	693	7,862	2,093	3,266	944	590
Individuals	3,027	330	2,791	125	914	227	586
Corporations	98	169	3,403	1,616	1,145	629	-
Panama	2,481	8,685	47,233	20,050	20,577	5,473	208
Individuals	1,438	1,839	6,703	598	5,708	24	158
Corporations	637	5,339	30,588	15,372	10,547	3,912	50
Peru	1,014	192	1,090	478	440	25	19
Individuals	873	163	692	174	370	25	19
Corporations	18	14	118	70	25	-	-
Philippines	2,600	926	3,754	523	890	6	102
Individuals	2,314	855	3,186	153	760	5	102
Corporations	73	12	150	74	18	-	-
Poland	292	61	1,608	123	124	53	896
Individuals	269	43	1,336	119	45	26	822
Corporations	10	18	106	-	77	27	-
Portugal	886	186	1,264	531	513	16	104
Individuals	737	141	678	87	388	-	104
Corporations	10	1	421	416	5	-	-
Puerto Rico	2,622	403	4,719	3,414	490	706	11
Individuals	2,286	121	469	65	294	1	11
Corporations	152	270	1,010	128	177	705	-
Saudi Arabia	2,384	1,525	123,209	105,181	2,053	99	16
Individuals	2,092	1,285	14,601	1,924	1,674	99	15
Corporations	23	120	51,315	51,171	144	-	-
Singapore	3,135	652	14,245	10,791	3,086	21	151
Individuals	2,895	394	1,471	60	1,092	21	151
Corporations	88	195	3,626	1,818	1,763	-	-
South Africa	2,232	1,075	4,010	1,125	1,845	279	218
Individuals	2,044	862	3,236	1,082	1,324	81	210
Corporations	22	33	161	13	66	74	8
Spain	4,275	2,663	13,904	7,754	3,942	457	886
Individuals	3,709	1,415	5,339	958	2,599	230	873
Corporations	89	899	7,222	6,398	609	99	5
Sweden	4,874	4,366	48,446	2,892	36,586	2,363	4,696
Individuals	4,461	1,859	9,213	278	2,156	346	4,585
Corporations	123	1,838	34,456	2,384	30,046	1,953	72
Switzerland	20,378	105,071	1,042,436	361,733	630,212	35,234	2,290
Individuals	8,711	8,802	68,336	14,326	43,579	4,394	1,626
Corporations	2,772	65,227	704,189	267,441	404,235	28,333	609
United Kingdom	87,444	128,326	1,987,293	731,896	1,069,647	148,378	14,652
Individuals	51,484	9,182	79,340	10,357	39,761	7,480	12,897
Corporations	10,362	34,547	1,200,030	696,531	360,847	127,960	1,432
Uruguay	578	591	2,901	1,153	1,498	226	5
Individuals	361	142	629	146	442	3	5
Corporations	51	301	1,149	443	688	-	-

Table 2.--Number of Forms 1042S Filed, Tax Withheld, and Gross Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1983--Continued

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Venezuela	4,565	2,065	15,320	8,418	6,478	45	151
Individuals	3,721	1,492	10,709	6,157	4,158	34	150
Corporations	111	322	2,616	1,127	1,484	5	-
Virgin Islands-United States	749	116	588	88	435	-	49
Individuals	554	43	157	24	120	-	-
Corporations	25	44	329	51	229	-	49
Zimbabwe	95	43	188	19	109	32	-
Individuals	58	20	108	16	41	32	-
Corporations	20	11	37	4	34	-	-
Other countries	23,249	13,249	153,004	89,214	51,099	2,200	2,661
Individuals	16,019	4,074	29,774	11,340	10,836	904	2,044
Corporations	1,094	3,679	81,046	69,533	7,638	1,268	152

*Less than $500.

Taxes Paid by High-Income Taxpayers and the Growth of Partnerships

By Susan Nelson*

Whether a tax system is judged to be fair depends, in part, on whether those citizens who are most able to pay taxes are perceived to pay a fair share of their income in taxes. Earlier analyses have focused on the extent to which taxpayers with high adjusted gross income (AGI) pay little or no tax. Such analyses are useful primarily in indicating the extent to which extraordinary itemized ("below-the-line") deductions reduce the tax liability of high-income taxpayers. But they do not shed much light on the extent to which taxpayers with substantial economic income are able to reduce AGI, and therefore taxable income and tax liability, with various "above-the-line" losses, including losses from tax shelters [1].

A computer analysis of all income tax returns for 1983 filed by high-income individuals provides further information on the tax burden borne by high-income taxpayers and on the commonly used means of lowering that burden. The analysis clearly identifies partnership losses as a primary source of offset to other income and thereby of reduction in tax liability for these high-income persons. Although the study does not measure the amount of tax reduction attributable to the specific tax incentives that provide opportunities for tax shelters, recent trends in the partnership sector suggest the growth and prevalence of tax shelter activity.

DEFINITION OF INCOME

It has long been recognized that losses allowed for tax purposes are often not real economic losses; frequently they are merely accounting losses that result from tax shelter activities. Because tax losses can offset normally taxable income, it is necessary in analyzing taxes paid by high-income groups to use a measure of income which is relatively unaffected by accounting losses that may not be real.

The measure of income chosen for this purpose is total positive income (TPI), which essentially equals the sum of (1) wages and salaries, (2) interest, (3) dividends, and (4) income from profitable businesses and investments [2]. Unlike the more commonly used measure of AGI, TPI does not subtract various exclusions or deductions which reduce AGI, such as Individual Retirement Arrangement (IRA) and self-employed retirement (Keogh) plan contributions and the 60 percent of long-term capital gains that is excluded from taxable income. TPI also excludes most business and investment losses which are taken into account in computing AGI.

Based on this definition of income, a return was classified as a high-income return if TPI was $250,000 or more. Since TPI excludes real losses as well as tax-shelter losses, it tends to overstate economic income; on the other hand, it understates economic income to the extent that tax-shelter losses offset economic gains within many activities. Nonetheless, most returns with positive income of $250,000 or more can reasonably be classified as "high income." For 1983, 260,000 tax returns (or 0.25 percent of all returns) reported TPI of $250,000 or more; nearly 28,000 tax returns reported TPI of $1 million or more.

INCOME TAXES

Many taxpayers with high positive incomes reported a substantial share of their income in taxes for 1983; nearly half (47 percent) owed at least 20 percent of their TPI in tax.

A significant minority, however, owed very low taxes, in spite of the current law minimum tax (see Figure A).

- o Almost 30,000, or 11 percent of returns with TPI of $250,000 or more, reported virtually no tax; that is, taxes were less than 5 percent of TPI.

- o Nearly twice as many owed no more than 10 percent of positive income in taxes. Fifty-five thousand, or 21 percent of all returns with positive incomes of $250,000 or more, reported 10 percent or less of

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positive income in taxes. Fifty-four hundred, or 19 percent of returns with TPI of $1 million or more, reported no more than 10 percent of positive income in taxes.

- Over 3,000, or 11 percent of returns with TPI of $1 million or more, showed virtually no tax.

Figure A.--Returns with Total Positive Income (TPI) of $250,000 or more, 1983

Item	Total Positive Income	
	$250,000 or more	$1 million or more
	(1)	(2)
All returns	260,275	27,796
Number of returns with income tax as a percent of TPI:		
Less than 5%	29,800	3,170
5% under 10%	25,452	2,225
10% under 20%	83,173	11,307
20% or more	121,850	11,094
Number of returns with:		
Partnership losses ...	166,401	19,871
Partnership losses exceeding 50% of TPI	12,655	1,600
Partnership losses exceeding TPI	1,916	306

These high-income taxpayers with less than 5 or 10 percent of TPI in taxes are shouldering lower tax burdens than typical taxpayers with substantially lower incomes.

- Upper-middle-income returns with TPI of between $30,000 and $75,000 showed, on the average, about 13 percent of positive income in taxes.

- Nearly 17,000 of the high-income returns with TPI of $250,000 or more owed less than $6,272 in tax, the amount that a typical four-person family with $45,000 of income owed. Fifteen hundred returns with TPI of $1 million or more showed less than this $6,272.

HOW TAXES WERE REDUCED

High-income returns with low tax liability relied most heavily on losses reported in current business activities, including those conducted in partnership form, to reduce their tax bills (see Figure B).

- Returns with TPI of $250,000 or more and taxes of less than 5 percent of TPI reported current business losses amounting, on the average, to 67 percent of TPI. (Thus, for example, a typical high-income return showing TPI of $300,000 might show losses of $200,000 and AGI of $100,000; taxable income would be even less, after allowance for itemized deductions and personal exemptions.)

The capital gains exclusion and losses carried over from previous years also offset large amounts of positive income for the low-tax returns. Itemized deductions (such as for state and local taxes, mortgage interest expenses, and charitable contributions) were much less important in reducing taxes.

- For the high-income, low-tax returns--those with taxes less than 5 percent of TPI--the combination of the capital gains exclusion and losses other than on current business activities offset 46 percent of TPI. (The combination of this exclusion and these losses, together with current business losses, offset more than 100 percent of TPI, on the average, for these returns.) "Excess" [3] itemized deductions offset only 18 percent of TPI.

The high-income returns with relatively high tax liability--those with taxes exceeding 20 percent of positive income--seem to have had more in common with the typical upper-middle-income return than with the high-income, low-tax return.

- "Above-the-line" offsets to TPI--primarily losses and the capital gains exclusion--were relatively unimportant for the high TPI returns with high taxes and for the upper-middle-income returns with TPI between $30,000 and $75,000. Current business losses averaged only 6 percent of TPI for the high-income, high-tax group and 4 percent of TPI for the moderate TPI returns. Capital gains exclusions and other losses offset an additional 11 percent and 6 percent of TPI for the two groups, respectively.

- For both the high-income, high-tax returns and for the upper-middle-income returns, itemized deductions--"below-the-line" offsets--were almost as important as all above-the-line offsets in reducing tax liability. Itemized deductions averaged 12 and 10 percent of TPI for the two groups, respectively.

For the high-income, low-tax returns, some of the current business losses that offset so much of positive income undoubtedly represented real economic losses. However, most of the losses came from partnerships. For some years,

Figure B.--Sources of Reductions to Income Subject to Tax as a Percent of Total Positive Income (TPI), 1983

Item	"Above-the-Line" Offsets to TPI			"Below-the-Line" Offsets to TPI		Tax after credits
	Current business losses[1]	All other losses and capital gains exclusion[2]	Total losses and capital gains exclusion	Excess itemized deductions	Investment and foreign tax credits	
	(1)	(2)	(3)	(4)	(5)	(6)
All high TPI returns ..	18.3%	23.2%	41.5%	13.6%	.8%	20.2%
Tax under 5% of TPI .	67.2	45.7	112.8	17.8	1.0	1.7
Tax 20% & over TPI .	5.8	10.7	16.5	11.6	.5	30.6
Upper-middle-income returns[3]............	4.4	6.1	10.5	9.9	.1	12.7

[1]Returns with $250,000 or more of TPI.
[2]Includes losses from partnerships; net losses from sole proprietorships (including farms), electing Small Business Corporations and rental and royalty properties; and net "supplemental losses" (from sales or exchanges of business assets and from involuntary conversions of assets). Includes primarily the excluded portion of capital gains plus net operating loss carryovers.
[3]Returns with $30,000 to $75,000 of TPI.

many partnerships have been utilized as vehicles for tax shelters (defined for purposes of this paper as activities producing net losses available to offset net income from other activities), and frequently they have registered accounting losses when they have incurred no real economic losses.

- Among the 30,000 taxpayers with TPI of $250,000 or more who owed virtually no tax (i.e., tax of less than 5 percent of TPI), partnership losses alone offset an average of 36 percent of positive income.

- Eighty-eight hundred, or 30 percent of taxpayers with TPI of $250,000 or more and tax liability below 5 percent of TPI, reported partnership losses equal to at least half of their positive incomes.

- Approximately 1,900 high-income, low-tax returns had partnership losses which fully offset positive income.

THE GROWTH IN PARTNERSHIPS

The growth in tax shelter activity in recent years, particularly but not exclusively in limited partnerships, has been well advertised. Some figures help document that the growth in the partnership sector has been disproportionately concentrated in partnerships registering net tax losses, in limited partnerships which are the form of business most commonly used to provide tax shelters, and in industries that are accorded favorable tax treatment such as the real estate and oil and gas extraction industries (see Figure C) [4].

Historically, the partnership sector has been the source of substantial net income for individuals. For many years though, losses reported for tax purposes have been growing much faster than income, and individuals have recently reported more partnership losses than income.

- For 1965, individuals reported almost nine times as much income from partnerships as they did losses--$11.1 billion in net profits versus $1.3 billion in net losses. By 1975, the ratio of reported income to reported loss had declined to 2.4 to 1--$18.4 billion versus $7.6 billion. By 1982, although net partnership income had reached $27.4 billion, net losses had risen dramatically to $28.3 billion, actually exceeding (positive) net income.

Growth in the partnership sector in recent years, much of it in the form of limited partnerships, has been concentrated in industries with favorable tax code treatment and therefore with opportunity for tax shelters.

- From 1965 to 1975, the total number of partnerships increased by a modest 17 percent, from 914 thousand to almost 1.1 million. Between 1975 and 1982, forma-

Figure C.--Partnership Activity, 1965, 1975, and 1982

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

Item and industry	1965	1975	1982
Partnership income reported on individual income tax returns by individuals:			
Net income	11,906	18,351	27,366
Net loss	1,354	7,600	28,274
Number of partnerships with and without net income:			
All industries	914,215	1,073,094	1,514,212
Oil and gas extraction	12,467	12,974	50,837
Real estate	192,833	320,878	562,575
Agriculture, forestry and fishing	127,782	123,173	132,394
Finance	44,537	106,595	147,676
Services	168,850	198,956	287,529
Number of partnerships with net income:			
All industries	684,822	661,134	791,117
Oil and gas extraction	6,934	7,214	21,686
Real estate	118,563	161,928	242,156
Agriculture, forestry and fishing	92,417	74,143	67,928
Finance	29,195	58,266	80,728
Services	137,774	138,510	180,153
Number of partnerships with net losses:			
All industries	229,393	411,960	723,095
Oil and gas extraction	5,533	5,760	29,151
Real estate	74,270	158,950	320,419
Agriculture, forestry and fishing	35,365	49,030	64,466
Finance	15,342	48,329	66,948
Services	31,076	60,446	107,376
Total net losses reported on partnership returns:			
All industries	1,569	14,694	60,871
Oil and gas extraction	128	1,657	13,220
Real estate	619	6,514	23,002
Agriculture, forestry and fishing	239	1,058	3,147
Finance	108	1,793	7,431
Services	158	1,877	6,750
Numbers of partners reported on partnership returns:			
All industries	2,721,899	4,950,634	9,764,667
Oil and gas extraction	n.a.	213,238	1,512,328
Real estate	674,489	1,549,716	3,720,805
Agriculture, forestry and fishing	322,147	351,062	448,623
Finance	317,187	1,422,954	1,983,132
Services	448,558	668,858	1,171,642

n.a. - Not available.

Source: Statistics of Income--Individual Income Tax Returns, selected years. Statistics of Income, Business Income Tax Returns, Statistics of Income--Partnership Returns and Statistics of Income Bulletin, selected years or issues.

NOTE: Net income or loss reported on partnership returns is after the deduction for guaranteed payments to partners. Income or loss reported by partners is the sum of partnership net income (or loss) and guaranteed payments to partners.

tion of partnerships accelerated, with the total number of partnerships rising by 41 percent from almost 1.1 million to 1.5 million.

- By comparison, from 1965 to 1975 the total number of partnerships in the two major tax-shelter industries, oil and gas extraction and real estate, rose by 63 percent, from 205,000 to almost 334,000. Partnership formation in these tax-shelter industries accelerated between 1975 and 1982, with the number of partnerships increasing by 84 percent to a little over 613,000.

- Between 1979 and 1982, 41 percent of the growth in all partnerships and 74 percent of the growth in the total number of partners occurred in limited partnerships.

The rapid growth in the number of partnerships reporting losses would lack a sound business rationale if it were not for the ability of many taxpayers to use the tax losses produced by these partnerships to shelter other income from taxation.

- Between 1965 and 1982, the number of partnerships with (positive) net income rose by only 16 percent, from 684,000 to 791,000.

- By comparison, the number of loss partnerships more than tripled during the same period: from 229,000 for 1965 to 723,000 for 1982.

Among partnerships with losses, the growth has been particularly rapid in two industries.

- Between 1965 and 1982, the number of partnerships reporting losses in the oil and gas extraction and real estate industries more than quadrupled. From 80,000 for 1965, the number doubled to 165,000 for 1975, and then more than doubled again to 350,000 by 1982.

While the statistics cited above indicate that tax-shelter activity has been growing rapidly, they say nothing about the importance of tax shelters in the overall economy and their distorting effect on the allocation of resources. Data from the Securities and Exchange Commission document that "tax shelters" have become a significant factor in the market for newly issued securities (see Figure D).

- In 1982 public offerings of tax shelter limited partnerships in oil and gas and in real estate equaled some $8.1 billion--almost 13 percent of all cash security offerings, and 31 percent of all cash equity offerings.

Figure D.--Limited Partnerships and Publicly-Offered Tax Shelters, 1979 and 1982

Item	Tax Year 1979	Tax Year 1982
	(1)	(2)
Number of Partnerships:		
All partnerships	1,299,493	1,514,212
Limited partnerships .	136,112	225,006
Number of partners:		
All partnerships	6,594,767	9,764,667
Limited partnerships .	2,352,378	4,710,080
New public offerings (billions):		
All cash offerings ...	$37.6	$63.7
Cash equity offerings	10.4	26.3
Tax shelter limited partnerships[1].......	2.3	8.1

[1]Public offerings of limited partnership interests in oil and gas drilling and real estate ventures which, in the opinion of the Securities and Exchange Commission (SEC) legal staff, promise significant benefits based on tax savings to the prospective investor and therefore are classified as tax shelters by the SEC.

Sources: Statistics of Income--Partnership Returns and Statistics of Income Bulletin, selected years or issues, and Securities and Exchange Commission (SEC), Registered Offering Statistics file. SEC data are actually for Calendar Years 1979 and 1982.

SUMMARY

Nearly half of the high income taxpayers for 1983 reported a substantial share of their income in taxes--47 percent reported taxes of at least 20 percent of their positive income. These high-income taxpayers made hardly any more use of special provisions of the tax code for reducing tax liability than did typical upper-middle-income taxpayers.

A significant minority of the high-income returns, however, showed virtually no tax. Nearly 30,000 (or 11 percent) of the returns with TPI of $250,000 or more reported no more than 5 percent of TPI in taxes. Over 3,000 (or 11 percent) of returns with $1 million or more in TPI reported virtually no tax. These high-income, low-tax returns look very different from both those of typical upper-middle-income taxpayers and those of high-income taxpayers who owe at least 20 percent of TPI in taxes.

The evidence discussed in this article supports the presumption that tax-shelter partnerships are an important vehicle for high-income individuals to reduce their tax liabilities. For the high-income returns examined that reported less than 5 percent of positive income in taxes, losses on current business activities--including sole proprietorships, farms, partnerships and rental and royalty properties--form the largest offset to positive income. Partnership losses are by far the largest component of current business losses.

DATA SOURCES AND LIMITATIONS

The data from individual income tax returns with TPI of $250,000 or more used for this analysis were obtained from two sources. One was a special extract, created for this purpose, from 1983 individual income tax return transaction files on computer tape. The transaction files are prepared by the Internal Revenue Service's ten service centers mainly for use as input to the centralized Individual Master File (IMF) of all taxpayers.

The information from the IMF system was supplemented by more detailed data from the Statistics of Income (SOI) sample of returns for 1983. This file is maintained as a data base by the Office of Tax Analysis in the Department of Treasury solely for use in tax policy research.

Data from the IMF system were based on all returns filed and, while subject to nonsampling error, are not subject to sampling error. To the extent that the data used in the analysis were from the SOI sample, however, sampling (as well as nonsampling) error is a limitation [5]. All of the data, whether from the IMF system or the SOI sample, were based on returns that had not yet been subjected to audit examination.

Data from partnership returns are from the SOI reports for the years cited and are also subject to sampling (and nonsampling) error.

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NOTES AND REFERENCES

[1] "Above-the-line" losses (or deductions) were those used in the computation of adjusted gross income (AGI). "Below-the-line" deductions were subtractions from AGI used to compute taxable (net) income (or subtractions from tax, i.e., tax credits, used to compute tax after credits).

[2] More specifically, total positive income (TPI) measures gross income reported on tax returns before losses. It primarily equals the sum of positive amounts of income on the Form 1040, with the following exceptions: for capital gains, it equals long- and short-term gains before losses and before exclusions; for Schedule E, TPI includes the income from rental and royalty properties with profits and the income from partnerships, from estates and trusts, and from Small Business Corporations (electing to be taxed through their shareholders) with net income. TPI is before subtraction of various exclusions or deductions which reduce AGI, such as Individual Retirement Arrangement (IRA) and self-employed retire- ment (Keogh) plan contributions, and the 60 percent exclusion of long-term capital gains.

[3] Excess itemized deductions was the amount, after reduction by the "zero bracket amount," used in computing taxable (net) income.

[4] For the more recent years, see also Piet, Patrick, "Partnership Returns, 1983," Statistics of Income Bulletin, Summer 1985 and "Partnership Returns, 1982," Statistics of Income Bulletin, Summer 1984.

[5] For information about the SOI sample and the sampling error associated with it, see Statistics of Income--1983, Individual Income Tax Returns, U.S. Department of the Treasury, Internal Revenue Service, 1985.

Projections of Returns To Be Filed in Fiscal Years 1986-1993

By Corman Franklin*

The number of primary tax returns and supplemental documents processed by the Internal Revenue Service (IRS) is projected to exceed 184 million, reaching 184.9 million in Fiscal Year (FY) 1986. This represents a 2.6 percent increase over the estimated 180.3 million filings in FY 1985 [1]. The 1986 projections signal the initiation of a period of decline in the rate of growth of total filings. After an estimated 4.2 percent increase for 1985, the year-to-year rate of growth in total returns to be processed by IRS is projected to decline progressively to 2.2 percent in 1987 and 2.0 percent in 1993. The level of increases, however, remains relatively constant, between three and four million each year.

These projections capture the effects of any recent legislative, regulatory and administrative changes on the filings of the various primary tax returns and supplemental documents. They do not include the possible effect of legislative or administrative changes which are under review, such as proposals for tax reform legislation.

Individual income tax returns, because they are such a large proportion of total returns (56 percent), dominate the primary tax returns category. Employment is the determining variable in projecting individual tax returns because of the high correlation between employed individuals and those filing individual returns. The 1985 employment estimate used by IRS, obtained from Data Resources, Inc. (DRI), shows the rate of employment growth decelerating throughout the period of 1986 to 1993 [2]. Total employment is assumed to reach 109.6 million in 1985, a 2.3 percent increase over the actual 1984 level. After a momentary growth pause projected for 1987, the rate of growth of employment is expected to decrease from 1.8 percent in 1988 to 1.0 percent in 1993. The decline in the rate of growth of employment is expected to be mirrored in individual income tax return filings, so that a decline in the growth of these filings when compared to last year's projections is anticipated.

Returns projections are developed by: (1) using econometric models that relate the number of returns filed to selected independent economic and demographic variables and (2) extrapolating observed time trends into the projected interval. The forecasting models are initially formulated on a calendar year basis. Fiscal year projections are derived from calendar year statistics by various methods including seasonal adjustment [3].

TOTAL PROJECTED RETURNS AND DOCUMENTS

The total number of projected returns, shown in Table 1, consists of primary returns plus selected supplemental documents that are not a part of the IRS Master File system. Because collectively they make up the bulk of total filings, primary returns have traditionally generated most of the IRS document processing workload and their relationship to total filings is expected to continue throughout the 1986-1993 period. Of the approximately 172.5 million tax forms filed in 1984, 164.6 million were designated as primary returns. Major elements of the primary returns category include: Forms 1040, 1040A and 1040EZ--U.S. Individual Income Tax Returns; Form 1040ES--Individual Declaration of Estimated Tax; Form 1120--U.S. Corporation Income Tax Return; and, Form 941--Employer's Quarterly Federal Tax Return.

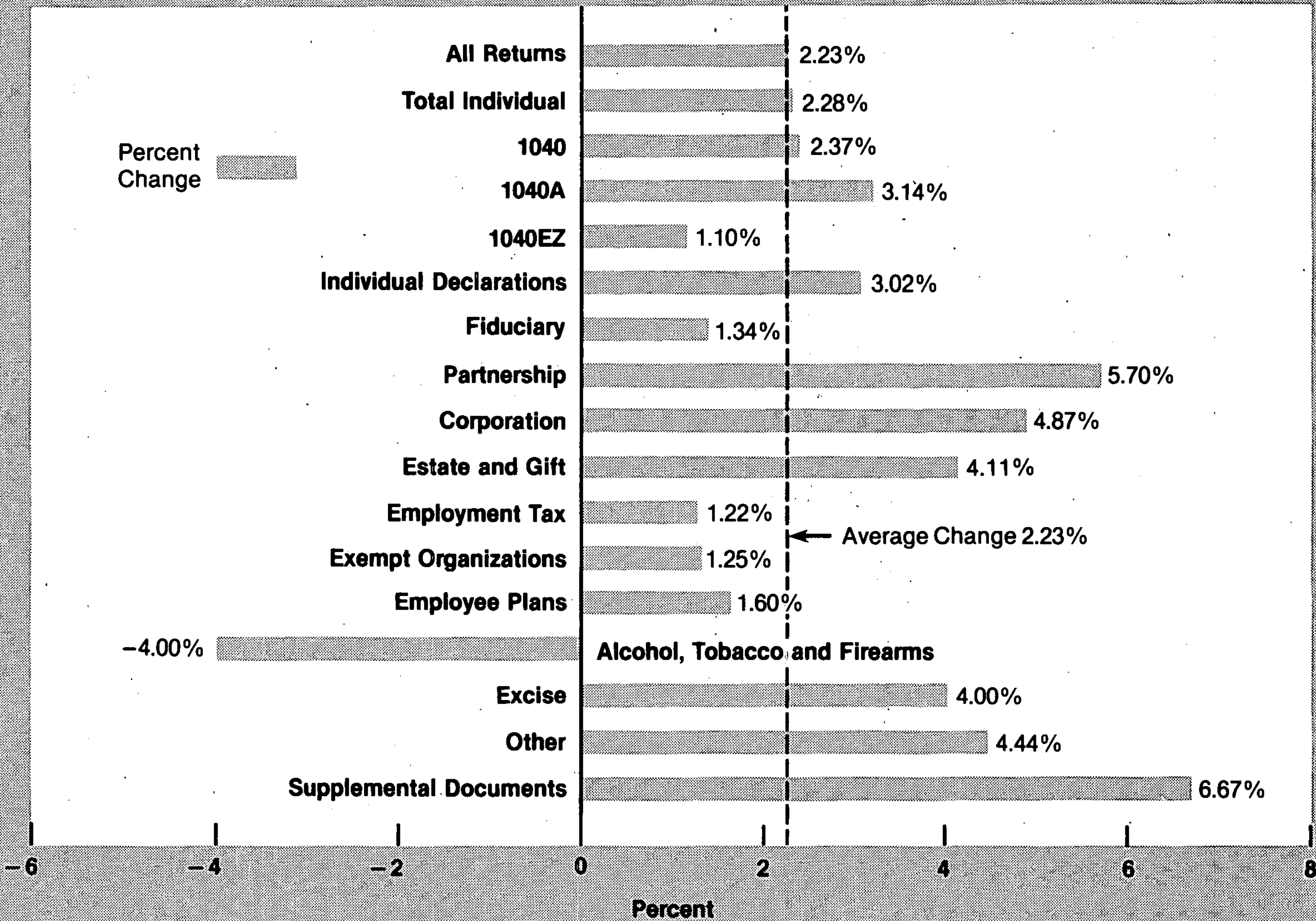
Information documents processed by the Service, such as interest and dividend statements or Forms W-2, Wage and Tax Statement, are not included in the returns counted or projected in this article and, consequently, have been excluded from all of the previously discussed return categories. These various information documents, while large in volume (668 million were processed in 1984 and 806 million are expected in 1985), are mostly filed on magnetic media.

Figure A presents the average annual percentage changes for the major return types during the 1984-1993 projection period. Total returns increase by an average of 2.2 percent per year after 1985.

*Projections and Forecasting Group, Research Division. Prepared under the direction of James Dumais, Acting Chief.

Figure A

Projected Average Annual Percentage Change in the Number of Returns Processed, FY 1984-Fy 1993



Projections for 1986 and the associated rates of change from 1985 to 1986 are presented in the following table:

Type of Return	1986 Projection (thousands)	Percent Increase or Decrease from 1985
Total Returns	184,992	+ 2.6%
Primary Returns	175,851	+ 2.4
Individual	103,761	+ 2.9
Individual Declaration of Estimated Tax	34,536	+ 1.5
Fiduciary	2,086	+ 1.4
Partnership	1,852	+ 4.2
Corporation	3,479	+ 4.3
Estate and Gift	161	- 3.0
Employment Tax	27,056	+ 1.5
Exempt Organization.	426	+ 2.7
Employee Plans	1,083	+ 3.8
Alcohol, Tobacco, and Firearms 1/....	551	+27.8
Excise	884	-15.3
Other 2/............	16	-15.8
Selected Supplemental Documents.......	9,141	+ 7.3

1/ Forms 7, 8, 4705, 4706, 4707 and 4708 are no longer counted in this total. An estimated 200,000 additional Form 11 returns are expected because of a one-time alcohol floor tax.

2/ Decrease is due to a change in filing requirements for Foreign Sales Corporations enacted by the Tax Reform Act of 1984.

Individual Income Tax Returns

After realizing a 4.6 percent increase in filings of individual income tax returns in 1985, a post-World War II single-year record, the rate of growth of individual filings is expected to decelerate, i.e., filings are expected to grow at a slower pace than previously anticipated. Current projections call for an increase of 2.9 percent in individual filings in 1986 over 1985. This increase can be described as modest in light of 1985's record increase percent over the previous year [4].

Current projections for individual filings during 1986 are 0.6 percent lower than last year's projection for 1986. Similarly, projections for 1987 and 1988 are 1.0 percent and 0.9 percent lower, respectively, than last year's estimates. Over the spectrum of the forecast interval, projections this year are marginally lower than those proposed last year. The projections are affected by employment projection revisions since the spring of 1985 and an overprojection of 618,000 returns in 1984.

The revamped forecasts also suggest a change in the composition among the principal forms constituting individual returns--Forms 1040, 1040A and 1040EZ. It now appears that the number of Forms 1040A and 1040EZ to be filed in 1986 will be 8.9 percent and 3.8 percent less, respectively, than last year's estimates for the same period, while Form 1040 filings are expected to increase. These adjustments are based on the approximately 1.2 million increase in 1040EZ's between 1984 and 1985, and an increase of 3.8 million in Forms 1040. Over the projection period, 1040's will increase as a proportion of total individual filings, while 1040A's and 1040EZ's decline. This projection reflects the prevailing trend toward more complex returns seen over the past few years.

Figure B compares the number of Forms 1040, 1040A, 1040EZ and total individual returns expected to be filed in 1986 and 1993, respectively.

Individual Declarations of Estimated Tax

The current projections of Individual Declarations of Estimated Tax (Form 1040-ES) are lower than last year's projections for the same period. Form 1040-ES vouchers, while expected to post nominal gains for the forecast interval, are somewhat lower compared to last year's forecast, principally because of refinements made in the projection model.

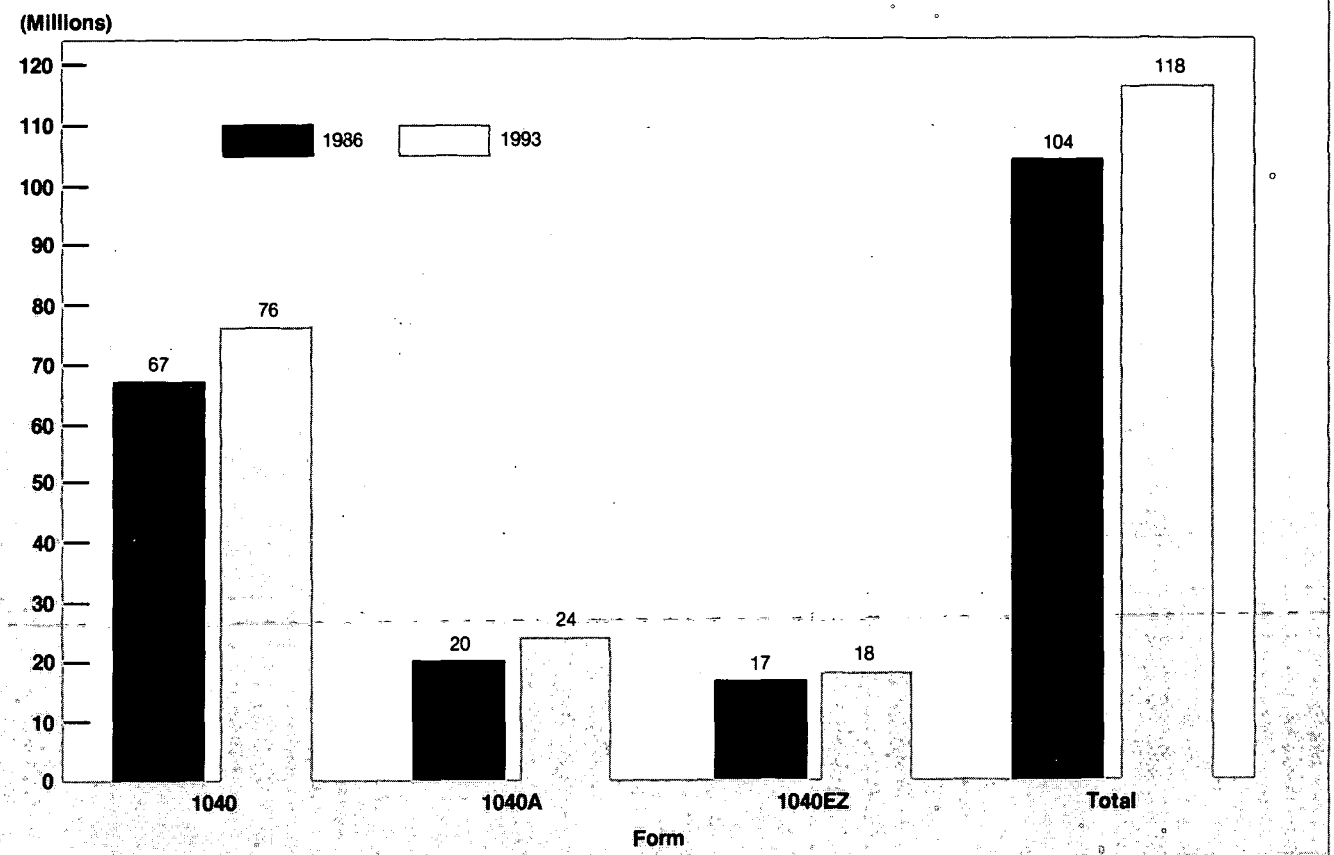
Fiduciary

Fiduciary income tax returns (Form 1041) were projected as a function of current dollar personal income (a proxy for changes in wealth) and time. Although current dollar personal income is projected to increase, this year's forecast calls for fiduciary filings to grow at a slower pace than last year's projections. The lower growth is expected because of the filing requirement change in 1981 allowing grantor trusts to file on Form 1040. By 1993, fiduciary income tax returns should decline to 91.6 percent of the 1984 level.

Partnership

Partnership (Form 1065) return projections are also closely related to movements in per capita personal income (in current dollars). This year's partnership projections differ slightly from those published last year in that increases averaging 2.6 percent per year from 1986 to 1993 are projected. The slight increase reflected in this year's projections is expected as taxpayer awareness of the tax advantages of partnerships increases and as per capita personal income (in current dollars) continues to grow at a steady pace.

Figure B
Individual Returns by Type
Fiscal Years 1986 & 1993



Corporation

Corporation returns posted an unexpected decrease between 1983 and 1984, marking the first decrease ever recorded in the number of corporation returns processed. As a result, current estimates are in the range of 6 to 7 percent lower through 1988 than estimates made last year. Lower growth is also anticipated for the remainder of the projection period compared to last year. Although growth has slowed, the most recent estimates still call for corporate return filings in the near term to increase to about 3.5 million in 1986, 3.7 million in 1987 and 4.0 million in 1989.

Estate and Gift Tax

The Economic Recovery Tax Act of 1981 mandates that the filing threshold for estate tax returns be gradually increased on an annual basis, through 1988. Current projections have incorporated this and thus call for a decline in filings through the latter part of the decade, with the 1989 estate returns projected to decline to 33 percent of their 1984 total. Filings are then expected to gradually increase through the early part of the 1990's from a low of 30,000 returns in 1989 to 40,000 by 1993. This increase is anticipated as per capita personal income and the number of deaths of persons age 45 and over increases.

The Tax Reform Act of 1984 will freeze the maximum estate and gift tax rate at 55 percent through 1987 and will reduce it to 50 percent thereafter. This change, however, should not have a significant effect on filings of estate and gift tax forms over the projection interval.

Employment Tax

Employment tax returns consist of Employer's Annual Federal Unemployment Tax Return, Employer's Annual/Quarterly Federal Tax Return. and Employer's Annual Railroad Retirement Tax Return. Projections for the forecast period 1986-1993 show relatively small year-to-year increases.

Exempt Organizations

This category of returns consists of exempt organization, farmers' cooperative association and private foundation returns. The aggregate total is effectively dictated by changes in Form 990, Return of Organization Exempt from Income Tax, which accounts for 75 percent of exempt organization filings. This year's projections call for a slight increase of approximately 2 percent every year over the forecast period. Although increasing, current projections represent a decrease of 6 percent per year when compared to last year's estimates. This lower projection level reflects an administrative change within the tax law that relieves small organizations whose gross receipts are normally $25,000 or less from filing a return.

Employee Plans

Projections of employee plans were initially increased to reflect the impact of the Tax Equity and Fiscal Responsibility Act of 1982, which was expected to significantly increase the employee plan filing population. This Act significantly changed the reporting requirements for self-employed or Keogh plans by requiring all administrators of plans with fewer than 100 participants, including owner-employee plans, to file Form 5500-C, Return/Report of Employee Benefit Plan, beginning with returns filed in 1985. Two hundred thousand additional filers are anticipated in 1985, with additional increases expected in future years as more taxpayers become aware of this new filing requirement. This year's projections have been revised downward, because although the filing population has increased due to the law change, it is anticipated that there will be a slowdown in the growth of businesses providing retirement plan coverage. Thus, current projections for 1986 are 11 percent less than projections made in 1984, and 1993 numbers are 23 percent less than those presented last year. Current projections call for a growth rate of less than 2 percent for the forecast interval, with returns rising from 1.0 million in 1986 to 1.2 million in 1993.

Alcohol, Tobacco and Firearms

Forms 7, 8, 11, 4705, 4706, 4707, 4708 and alcohol and tobacco excise tax returns constitute the total alcohol, tobacco and firearms return category. Filings are projected to show a steady drop, declining to 61 percent of their corresponding 1986 level by 1993. This downward revision in projections is a consequence of the Service no longer being responsible for processing Forms 7, 8, 4705 and 4706, and 4707 and 4708 (these items are firearm and explosives licensing forms). By being released from the responsibility of processing more forms (in real terms), projections for alcohol, tobacco and firearms filings are projected to decline throughout the forecast period.

Excise

Projections of excise tax filings (Forms 11C, 720, 730 and 2290) have been significantly revised relative to last year's projections. Last year's projection overestimated the effect that the Tax Reform Act of 1984 would have on excise tax returns. This Act subjected only trucks of 55,000 pounds and over to a Federal highway tax (Form 2290). Prior law had a 26,000 pound filing exclusion. However, fewer returns than previously anticipated dropped from the filing universe as a result of this change. Also, processing of certain 1984 quarterly excise tax returns was postponed until 1985. This accounts for the apparent jump in filings between 1984 and 1985.

Supplemental Documents

Supplemental documents are composed of amended returns and requests for filing extensions from both individuals and corporations. Current forecasts call for moderate increases over last year's numbers. Increases in supplemental documents range from 2.9 percent in 1986 to 0.4 percent in 1992.

DATA SOURCES AND LIMITATIONS

The number of returns filed (as used in this article) represents returns processed at IRS service centers during a fiscal year. Returns processed in 1984 and receipts for previous years are presented in the Annual Report, Commissioner and Chief Counsel, Internal Revenue Service. Data for 1985 include actual returns processed through June, with the remainder of the year estimated, in general, on the basis of 1984 filing patterns [5].

To illustrate the general forecasting process, projections for the combined total of Forms 1040, 1040A and 1040EZ returns were developed based on a multiple regression relating total 1040 returns to total employment, employed married women with husbands present (used as a proxy for potential joint filers), pension beneficiaries and annuitants and a qualitative "dummy" variable which accounts for the effects of the Tax Reduction and Simplification Act of 1977 [6]. The historical base period for this regression was 1949-1985, with 1985 estimated on January-June processed returns and 1984 filing patterns.

Return projections were primarily formulated on a calendar year basis and subsequently converted to fiscal year projections by the Census Bureau's X11-Q Seasonal Adjustment Program by applying resultant seasonal factors to calendar year projections [7].

NOTES AND REFERENCES

[1] All statistics cited are on a fiscal year basis, unless otherwise noted. As defined in Table 1, primary tax returns are equal to total returns minus supplemental documents. A complete listing of tax returns included in this table can be found in U.S. Department of the Treasury, Internal Revenue Service, Annual Report, Commissioner of Internal Revenue and Chief Counsel, Internal Revenue Service, 1984.

[2] Employment, gross national product and personal income projections were obtained from Data Resources, Inc. (DRI), in June 1985.

[3] For details of these methods, see U.S. Department of the Treasury, Internal Revenue Service, "Number of Returns to be Filed," Fiscal Year Projection series, Document 6292 (Rev. 8-85). In particular, see the Fall Update.

[4] See Soffer, Evan, "Projections of Returns to be Filed in Fiscal Year 1985-1992," Statistics of Income Bulletin, Fall 1984, p.13.

[5] U.S. Department of the Treasury, Internal Revenue Service, Annual Report, Commissioner of Internal Revenue and Chief Counsel, Internal Revenue Service, 1984.

[6] Projections of total employment, employed married women with husbands present and pension beneficiaries and annuitants were made by the Projections and Forecasting Group, Research Division, Internal Revenue Service.

[7] U.S. Department of Commerce, Bureau of the Census, "The X11-Q Variant of the Census Method II Seasonal Adjustment Program," Technical Paper No. 15 (1967 revision).

Table 1. -- Number of Returns by Type, Fiscal Years 1984 - 1993[1]
[Numbers are in thousands]

Type of Return	Actual	Projected								
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Grand Total	172,517	180,265	184,992	188,411	193,321	197,799	201,807	206,014	210,064	214,424
Primary Total	164,615	171,746	175,851	178,605	182,754	186,506	189,813	193,294	196,609	200,226
Individual, Total	96,296	100,829	103,761	105,435	108,085	110,333	112,061	113,813	115,380	117,207
Form 1040	60,854	64,610	66,740	67,798	69,287	70,634	71,777	73,084	74,267	75,607
Form 1040A	19,599	19,135	19,716	20,225	20,966	21,624	22,169	22,776	23,325	23,915
Form 1040EZ	15,690	16,922	17,146	17,255	17,675	17,918	17,956	17,793	17,625	17,519
Other[2]	153	163	159	157	157	158	158	160	163	166
Declarations of Estimated Tax	32,597	34,019	34,536	35,171	35,952	36,701	37,492	38,398	39,316	40,271
Fiduciary	2,013	2,058	2,086	2,112	2,138	2,166	2,192	2,223	2,251	2,276
Partnership	1,663	1,777	1,852	1,926	2,029	2,144	2,274	2,418	2,578	2,751
Corporation[3]	3,129	3,335	3,479	3,652	3,820	4,001	4,193	4,396	4,604	4,813
Estate Tax	90	71	53	38	30	30	32	35	37	40
Gift Tax	87	95	108	123	138	151	165	178	190	200
Employment Tax[4]	26,133	26,658	27,056	27,396	27,772	28,149	28,535	28,928	29,317	29,697
Exempt Organization[5]	393	415	426	435	444	453	462	470	479	488
Employee Plans[6]	955	1,043	1,083	1,097	1,116	1,138	1,158	1,175	1,189	1,206
Alcohol, Tobacco & Firearms[7]	551	431	551	351	348	346	343	340	337	335
Excise[8]	694	997	844	855	866	877	888	899	911	922
Other[9]	14	19	16	16	17	18	19	20	20	21
Supplemental Documents	7,902	8,518	9,141	9,806	10,567	11,294	11,995	12,720	13,455	14,198
Form 1040X	1,929	2,161	2,333	2,479	2,649	2,816	2,973	3,134	3,295	3,455
Form 4868	3,746	3,923	4,171	4,487	4,859	5,227	5,582	5,947	6,314	6,681
Form 2688	885	986	1,065	1,139	1,222	1,305	1,384	1,465	1,545	1,626
Form 1120X	38	42	51	59	67	75	83	91	99	106
Form 1120-ND	---	---	---	1	1	1	1	1	1	1
Form 7004	1,269	1,370	1,483	1,606	1,731	1,833	1,934	2,044	2,163	2,291
Form 1041A	18	19	19	20	20	21	21	21	21	22
Form 1042	17	17	17	17	17	17	17	17	17	17

[1] Projections based on counts of returns processed as reported on NO-TX-R-308 as of August, 1985.
[2] "Individual, Other" includes Forms 1040NR, 1040PR, 1040SS and 1040C; excludes amended returns.
[3] "Corporation" includes Forms 1120, 1120-A, 1120-F, 1120-POL, 1120S, 1120-H and other special purpose 1120's except as noted in footnote 9 and those included in Supplemental Documents.
[4] "Employment Tax" includes Forms 940, 940PR, 941, 941E, 941PR, 941SS, 942, 942PR, 943, 943PR and CT-1.
[5] "Exempt Organization" includes Forms 990, 990PF, 990C, 990-T, 4720 and 5227.
[6] "Employee Plans" includes Forms 5500, 5500-C, and 5500-R; and 5500-G and 5500-K in the historical period.
[7] "Alcohol, Tobacco & Firearms" includes Forms 7, 8, 4705, 4706, 4707 and 4708 for 1984-85; and only Form 11 and alcohol and tobacco excise tax returns after 1985. A one-time alcohol floor tax is included in 1986.
[8] "Excise" includes Forms 11C, 720, 730 and 2290.
[9] "Other" includes Forms CT-2, 941M, 941NMI, 990BL and 1120-DISC/FSC.
NOTE: Detail may not add to total due to rounding.

Crude Oil Windfall Profit Tax, 1984

By Edward Chung*

The Crude Oil Windfall Profit Tax Act of 1980 imposed a Federal excise tax on domestic crude oil extracted on or after March 1, 1980. The tax was enacted in response to the planned phaseout of government price controls on domestic crude oil. The Act was intended to tax a fair share of the additional revenues received by oil producers and royalty owners as a result of oil price decontrol without adversely affecting domestic production. Congress designated the Windfall Profit Tax to be temporary, with a 33-month gradual phaseout. This phaseout is to begin in January 1988, if $227.3 billion in net revenue (see the Definitions) have been realized by then; if not, by no later than January 1991 [1].

The windfall profit tax liability after adjustments for the fourth quarter of 1984 was $2.0 billion. This was the lowest amount of windfall profit tax reported since the first full quarter (June 1980) for which liability was reported. The total reported windfall profit tax after adjustments since the enactment of the Crude Oil Windfall Profit Tax Act amounted to more than $72 billion through December 1984.

The formula to calculate the windfall profit (WP) is:

$$WP = RP - (ABP + SST)$$

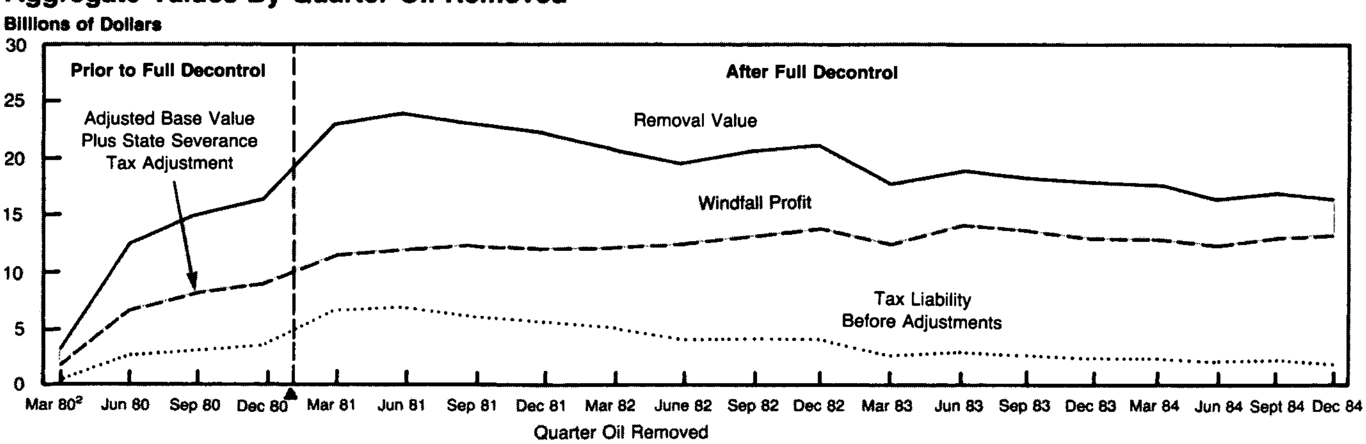
where:

RP = Removal Price
ABP = Adjusted Base Price
SST = State Severance Tax Adjustment

The windfall profit declined from a high of $11.9 billion for the quarter ending June 1981 to $3.4 billion for the quarter ending December 1984 (Figure A). This decrease was a result of declining removal prices (generally the price for which oil is sold) and rising adjusted base prices and state severance tax adjustments.

Figure A

Components[1] of Windfall Profit Tax Liability Before Adjustments: Aggregate Values By Quarter Oil Removed



[1]Some 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.
[2]One month only

*Foreign Special Projects Section. Prepared under the direction of Michael Alexander, Chief.

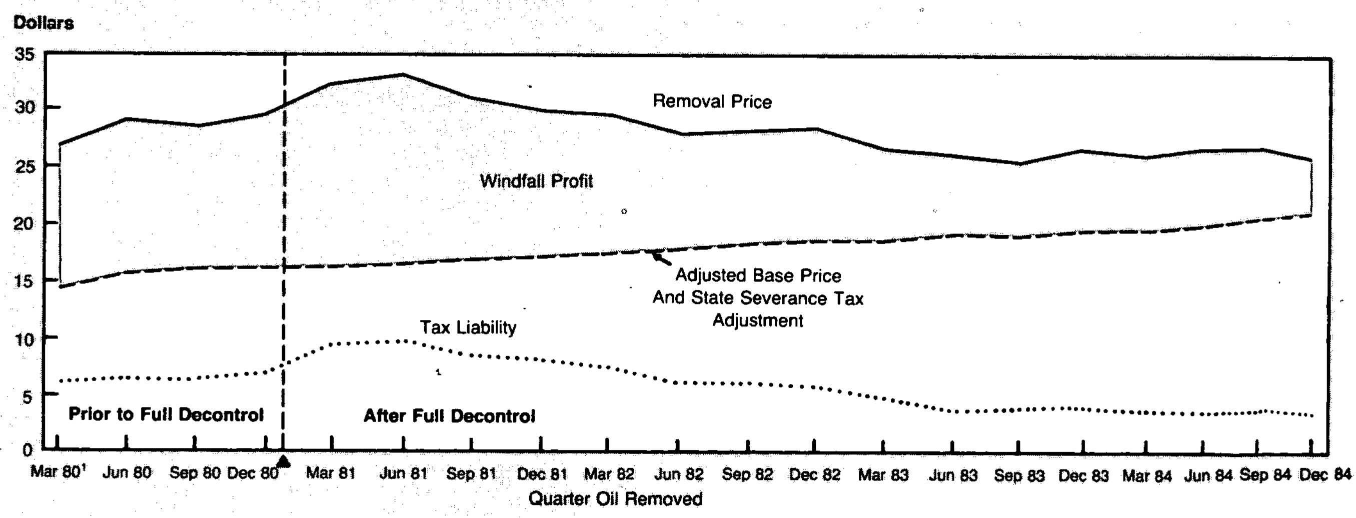
Since June 1981, when the average removal price for domestic crude oil was at its height, the removal price fell by almost 21 percent, from $33.09 to $26.04 per barrel for the quarter ending December 1984 (Figure B). The downward trend in the removal price began in early 1981 because of a decrease in U.S. demand for oil and gasoline, a result of a sluggish economy and increased conservation efforts. The declining prices continued through 1984, primarily because of an abundant supply of foreign crude oil relative to worldwide demand, which created a downward force on removal prices for domestic crude oil.

The Bankers Trust Company of New York reported that spending for oil and gas drilling is expected to decline by 10 to 15 percent during 1985; it is already down from $40 billion in 1982 to less than $27 billion in 1984 [2].

In 1984 the U. S. economic growth (the annual rates of change in real Gross National Product or GNP for the first quarter through fourth quarter of 1984 were, respectively, 10.1, 7.1, 1.6 and 4.3 percents) led to increased demand for oil and gasoline products. In response, there was a temporary increase in the price of crude oil in the second quarter, following a slight decline in the first quarter. However, the predominating influence of foreign oil producers (both OPEC and non-OPEC) thereafter caused the price of domestic crude oil to decline again in spite of increased demand. As a result, the average removal price for both the third and fourth quarters of 1984 experienced a decline, with the fourth quarter falling $0.49 per barrel from the previous quarter. The combined average adjusted base price and state severance tax increased by $0.47 per barrel, causing the total average windfall profit to decline by $0.96 per barrel. The adjusted base price increased chiefly as a result of an inflation adjustment derived from the GNP "implicit price deflator" [3].

The total windfall profit tax liability after adjustments reported for Calendar Years 1980 to 1984 totalled $72.2 billion. Of the total tax liability, 1981 accounted for the largest proportion (36 precent) and 1984 the lowest (12 percent), a decline from 1981 to 1984 of 66 percent (Figure C). Some returns report windfall profit tax only; therefore, data for removal value, adjusted base value, state severance tax, and the resulting windfall profit have been adjusted to account for the missing detail. Concomitant with this decline in tax liabilities was a decrease in reported windfall profit of 64 percent from 1981 to 1984.

Figure B
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.

[1]One month only.

The immediate cause for falling profits was the combined effect of declining removal price (-26 percent from 1981 to 1984) accompanied by an 8 percent increase in the sum of the adjusted base value and state severance tax (Figure D). Crude oil production reported on the Form 6047's averaged 2.5 billion barrels annually during the period 1981-1984.

The following table is a summary, by quarter, of tax liability before and after adjustments since the tax went into effect in 1980. The adjustments were allowed because of errors by withholding agents during previous quarters or, more frequently, because of application of the "net income limitation."

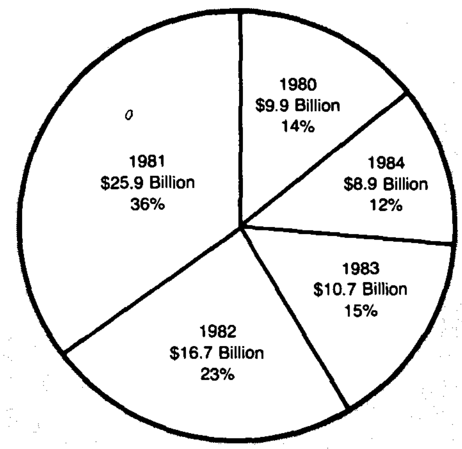
Windfall Profit Tax Before and After Adjustments
(Millions of Dollars)

Quarter Ending	Tax Before Adjustments	Total Adjustments	Tax After Adjustments
Total	$77,469	-$5,304	$72,165
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
June 1982 ...	4,283	-295	3,988
Sept. 1982 ...	4,404	-445	3,959
Dec. 1982 ...	4,440	-634	3,806
Mar. 1983 ...	3,320	-193	3,127
June 1983 ...	2,951	-203	2,748
Sept. 1983 ...	2,822	-300	2,522
Dec. 1983 ...	2,736	-465	2,271
Mar. 1984 ...	2,622	-228	2,394
June 1984 ...	2,468	-218	2,250
Sept. 1984 ...	2,447	-200	2,247
Dec. 1984 ...	2,236	-253	1,983

[1]One month only.

The net income limitation generates an adjustment because it limits the windfall profit to 90 percent of the net income per barrel of oil and was estimated by certain taxpayers for the quarter ending December 1984 (see the computation below). The adjustments for the previous quarters were for under- or over-withholding that the depositing or withholding agent (usually the first purchaser) corrects by adjusting the amounts withheld in the current and succeeding quarters. Producers claim as a refund or a credit on their income tax returns additional over-withholding of windfall profit tax due to error or the net income limitation that has not been corrected by the withholding agent [4].

Figure C
Windfall Profit Tax Liability After Adjustment by Year: March 1, 1980 Through December 31, 1984



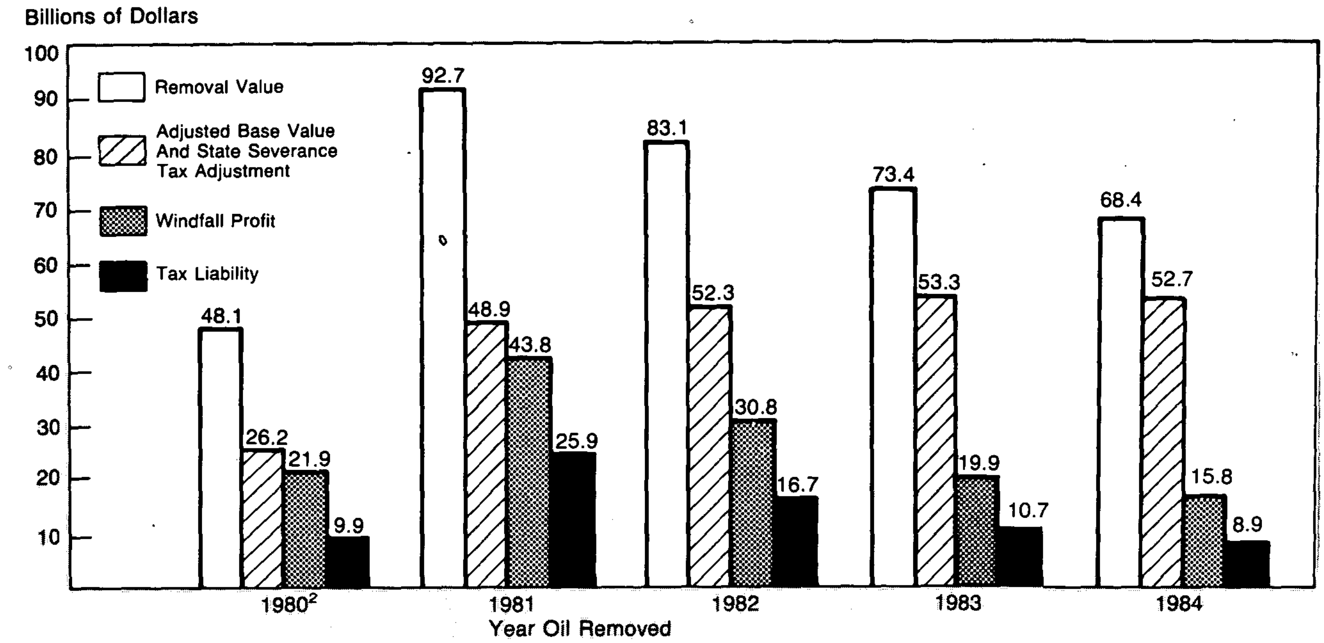
Adjustments to Tax, Fourth Quarter 1984
(Millions)

Net income limitation	-$249
Prior quarters	-7
Total adjustments	-$256

Based on returns of taxpayers that provided complete detail on the windfall profit tax computation [5], tier one oil continued to dominate production for the quarter ending December 1984. Tier one oil (all domestically produced crude oil other than oil specifically classified as tier two or tier three, or oil explicitly exempted from the tax) represented 58 percent of total production. Tier two oil, which represented 9 percent of total production, is oil produced from stripper well property not qualifying for the stripper exemption and oil from economic interests in a Naval Petroleum Reserve held by the United States. Tier three oil, which is heavy oil and incremental tertiary oil, but mostly newly discovered oil, accounted for 33 percent of total production. Tier three oil, which is generally taxed at a rate lower than tier one oil, accounted for a steadily increasing percentage of total production. (See the Definitions below for further explanations of the three tier concept.)

Figure D

Components[1] of Windfall Profit Tax Liability After Adjustments: Aggregate Values by Year Oil Removed



1 Some 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.

2 Represents only 10 months.

FISCAL YEAR BUDGET EFFECTS

The total reported windfall tax liability for Fiscal Years 1980-1984 amounted to $71 billion (see table below). Refunded overpayments, government royalty interests and reductions in income tax resulting from the deductibility of the tax accounted for a negative adjustment of $36 billion.

The net revenue, or net budget effect as shown in the following table, for the first four fiscal years of the windfall profit tax is estimated at $35.3 billion. Since the net revenue receipts from the windfall profit tax are much below the targeted $227.3 billion, the tax will most likely begin its phaseout in January 1991. The targeted amount was the result of using estimated oil prices which, in hindsight, were well above the actual prices.

DATA SOURCES AND LIMITATIONS

The windfall profit tax is reported on the Quarterly Federal Excise Tax Return, Form 720. Form 6047, Windfall Profit Tax, shows how the tax is computed and is filed as an attachment to Form 720. Tabulations in this article are based on the Form 6047. Returns are due 2 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.

Sampling and nonsampling errors were controlled by a variety of methods. Although efforts were made to secure missing returns, some returns may have been omitted because of time and resource constraints. Attempts were made to correct imbalances in taxpayer entries for the components of windfall profit; if this proved impossible, an out-of-balance return was treated as a return on which the components were not reported, and therefore only the tax liability for each tier was tabulated. However, for returns not reporting the tax computation detail (for Figures A and D only), the components were estimated using a factor derived from the relationship of the tax liability for those reporting all of the tax computation detail. A number of verification checks were performed at all stages of manual data abstraction and computer tabulation.

Estimated Windfall Profit Tax Receipts for Fiscal Years 1980-1984

[Millions of dollars]

Item	Cumulative 1980-1984	Fiscal Years				
		1980	1981	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
Total windfall profit tax liability as reported on Form 6047[1]	$70,792	$6,939	$23,463	$18,973	$12,246	$9,171
Less: refunds and credits for prior year overpayments reported on:						
Individual income tax returns ...	-1,097	-	-237	-445	-262	-153
Corporation income tax returns ..	-1,238	-	-524	-266	-304	-144
Amended returns and claims for refunds........................	-345	-	173	-51	-68	-53
Gross reported windfall profit tax liability less refunded overpayments..	68,112	6,939	22,529	18,211	11,612	8,821
Less: net windfall tax receipts from Federal royalty interests and the estimated reduction in individual and corporate income tax payments...	-32,845	-2,870	-9,601	-8,979	-6,468	-4,926
Net budget effect	35,267	4,068	12,928	9,232	5,143	3,895

[1] The totals do not necessarily agree with that reported in past SOI Bulletins due to adjustments based on additional information available to the Office of Tax Analysis.
Source: Crude Oil Windfall Profit Tax Annual Report to Congress on Net Receipts, Office of the Secretary of the Treasury, Office of Tax Analysis.

The Statistics of Income Bulletin also includes data on excise tax collections. The excise tax collection figures show the liability after adjustments, as reported on Form 720, from returns entered into the Internal Revenue Service (IRS) computerized Business Master File (BMF) each quarter. A number of considerations affect comparisons of data from these two sources. Returns are not due until 2 months after the close of the taxable quarter; however, the interval between the close of the taxable period and the final recording of the return often varies, so that the quarterly BMF totals may represent more than one taxable period. On the other hand, the data presented here have been tabulated for specific taxable periods. As a result, the two sets of statistics are not directly comparable.

DEFINITIONS

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

Adjusted Base Price.--The base price multiplied by the inflation adjustment, which is derived from the Gross National Product (GNP) "implicit price deflator."

Adjustments to Liability.--Corrections applied to the current quarter's liability 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 $0.21. 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.

Deposit Requirements.--The timing of any first purchaser to deposit amounts withheld depends on the identity of the first purchaser. Major refiners, other than independent refiners, are required to make semi-monthly deposits of the withholding tax. All other first purchasers are required to make withholding deposits no later than 45 days after the oil is removed from the premises, except independent refiners that purchase oil under delayed payments contracts. The latter are required to make deposits by the first day of the third month beginning after the month of removal.

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, before January 22, 1980, the net proceeds from 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 a 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 pro vided to Indians by the Secretary of the Interior; or (c) oil, the proceeds from 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, including wholly-owned subsidiaries of the native Indian corporation as clarified by IRS on September 3, 1982.

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.

Exempt Stripper Oil.--Oil removed from stripper wells after 1982 may qualify for exemption from the windfall profit tax if the following conditions are met:

(1) the oil must be removed from a stripper well property after 1982,
(2) the oil must be extracted by an independent producer,
(3) the oil must be attributable to the independent producer's working interest in the property, and
(4) the stripper well property must not be a property transferred by a nonindependent producer on or after July 23, 1981.

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

Net Revenue.--This equals the gross revenue from the windfall profit tax, or excise tax (excluding that amount attributable to U.S. government interests), less the reduction of income tax resulting from taxpayers claiming deductions for windfall profit tax paid. Figures presented in this report are the gross liabilities reported by the withholding agents on Form 6047 and are before the reductions mentioned above.

Removal Price.--Generally, the price for which a barrel of oil is sold. In some instances, a constructive sales 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 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 for 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 by law from the tax. This includes the bulk of domestic oil from reservoirs proven to be productive before 1979.

Tier Two Oil.--Any oil 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. Note that the Crude Oil Windfall Profit Tax Act of 1980 defined tier two oil as from a "National" Petroleum Reserve. This was amended to read "Naval" Petroleum Reserve by the Technical Corrections Act of 1982.

Tier Three Oil, Heavy Oil.--All crude oil (1) produced that 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 before 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 using one of several specific chemical, fluid or gaseous recovery methods to extract oil not recoverable using standard techniques) has been undertaken. The nonincremental oil (i.e., the amount of production up to the base level) remains in the otherwise applicable tier.

Tier Three Oil, Newly Discovered Oil.--Crude oil sold after May 31, 1979, and 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 state severance tax adjustment.

NOTES AND REFERENCES

[1] Staff of the Joint Committee on Taxation, General Explanation of the Crude Oil Windfall Profit Tax Act of 1980, U.S. Government Printing Office, 1981.

[2] New York Times, September 8, 1985, Section 3, page 1.

[3] The inflation adjustment, calculated by the Internal Revenue Service, Research Division, is published quarterly in the Internal Revenue Bulletin. (See Internal Revenue Bulletin 1985-37, September 16, 1985.)

[4] See also Alexander, Michael, "Crude Oil Windfall Profit Tax for 1983," Statistics of Income Bulletin, Fall 1984, pp. 59-65.

[5] At the inception of the windfall profit tax (March 1980), taxpayers were not required to complete the detail called for on the Form 6047, which shows how the tax is computed. However, taxpayers have been required to provide full information as of January 1981.

[6] See also Belal, Carol, and Clark, Phil, "Windfall Profit Tax Liability for 1980," Statistics of Income Bulletin, Fall 1981, pp. 50-54.

Table 1.--Windfall Profit Tax Liability by Oil Tier, Tax Rate and Aggregate Components of Windfall Profit for Quarter Ending December 1984

[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	632,176	16,463	13,041	163	3,258	2,236
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	259,224	7,200	4,610	101	2,488	1,729
Taxed at 50 percent	22,301	639	405	14	220	110
Tier one, Sadlerochit oil:						
Taxed at 70 percent	85,909	1,534	1,485	11	38	27
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	56,148	1,556	1,178	16	362	214
Taxed at 30 percent	2,804	50	39	1	10	8
Tier three oil (taxed at 30 percent):						
Newly discovered oil[1]	127,959	3,569	3,526	14	29	46
Incremental tertiary oil	44,934	1,221	1,111	6	104	31
Heavy oil	32,898	695	687	-	8	4
Returns with total tax liability only	-	-	-	-	-	66

[1]Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.
NOTE: Detail may not add to total because of rounding.

Table 2.--Windfall Profit Tax Liability for Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate for the Quarter Ending December 1984[1]

Oil tier and tax rate	Average daily production (000's) (barrels)	Removal price	Adjusted base price	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	6,871	26.04	20.62	.25	5.17	3.43
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	2,818	27.77	17.78	.39	9.60	6.66
Taxed at 50 percent	242	28.64	18.13	.64	9.87	4.94
Tier one, Sadlerochit oil:						
Taxed at 70 percent	934	17.85	17.28	.12	.45	.31
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	610	27.71	20.98	.28	6.45	3.81
Taxed at 30 percent	30	17.80	14.05	.26	3.49	2.99
Tier three oil (taxed at 30 percent):						
Newly discovered oil[2]	1,391	27.89	27.55	.11	.23	.35
Incremental tertiary oil	488	27.16	24.72	.13	2.31	.68
Heavy oil	358	21.11	20.87	-	.24	.11

[1]All amounts are average dollars per barrel.
[2]Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.
NOTE: Detail may not add to total because of rounding.

Table 3.--Windfall Profit Tax Liability by Oil Tier, Tax Rate and Aggregate Components of Windfall Profit for January - December 1984

[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	2,519,579	66,265	50,243	770	15,253	9,772
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	1,054,964	29,679	18,407	450	10,821	7,461
Taxed at 50 percent	94,144	2,716	1,658	68	990	508
Tier one, Sadlerochit oil:						
Taxed at 70 percent	382,533	6,765	6,558	44	163	119
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	216,447	6,143	4,495	82	1,566	893
Taxed at 30 percent	9,290	239	177	4	58	24
Tier three oil (taxed at 30 percent):						
Newly discovered oil[1]	472,022	13,662	12,412	95	1,154	300
Incremental tertiary oil	162,327	4,393	3,902	26	464	141
Heavy oil	127,851	2,670	2,634	1	35	18
Returns with total tax liability only	-	-	-	-	-	310

[1]Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.
NOTE: Detail may not add to total because of rounding.

Table 4.--Windfall Profit Tax Liability for Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate for January - December 1984[1]

Oil tier and tax rate	Average daily production (000's) (barrels)	Removal price	Adjusted base price	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	6,884	26.30	19.94	.31	6.05	3.88
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	2,882	28.13	17.45	.43	10.26	7.07
Taxed at 50 percent	257	28.85	17.61	.72	10.52	5.40
Tier one, Sadlerochit oil:						
Taxed at 70 percent	1,045	17.68	17.14	.11	.43	.31
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	591	28.38	20.77	.38	7.23	4.13
Taxed at 30 percent	25	25.68	19.01	.39	6.29	2.55
Tier three oil (taxed at 30 percent):						
Newly discovered oil[2]	1,290	28.94	26.30	.20	2.45	.63
Incremental tertiary oil	444	27.06	24.04	.16	2.86	.87
Heavy oil	349	20.88	20.60	-	.27	.14

[1]All amounts are average dollars per barrel.
[2]Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.
NOTE: Detail may not add to total because of rounding.

Table 5.--Exempt Oil Volume by Tier and Category, Quarter Ending December 1984

[Thousands of barrels]

Exempt Oil	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total	87,216	17,692	49,687	17,981	1,130	725
Exempt governmental interest	17,741	13,653	711	2,177	621	579
Exempt charitable interest	1,000	424	315	167	86	8
Exempt Indian oil	1,153	432	345	313	56	6
Exempt Alaskan oil	11,231	136	40	11,056	-	-
Exempt royalty oil	11,186	3,047	3,371	4,268	368	132
Exempt stripper oil	44,905	-	44,905	-	-	-

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

Table 6.--Exempt Oil Volume by Tier and Category, January - December 1984

[Thousands of barrels]

Exempt Oil	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total	322,479	70,635	186,306	58,821	4,310	2,408
Exempt governmental interest	68,748	54,067	2,870	7,625	2,440	1,745
Exempt charitable interest	4,024	1,837	1,258	656	242	30
Exempt Indian oil	4,614	1,628	1,856	938	165	29
Exempt Alaskan oil	36,037	320	113	35,603	1	-
Exempt royalty oil	42,691	12,782	13,843	13,998	1,462	605
Exempt stripper oil	166,365	-	166,365	-	-	-

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

Selected Statistical Series, 1970-1985

NOTICE

The data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Years, 1970-1983
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1981	1982	1983
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
All returns	74,279,831	82,229,332	93,902,469	95,396,123	95,337,432	96,321,310
Joint returns	42,376,365	44,140,085	45,243,211	45,697,648	46,050,287	46,363,787
Total gross income, amount	639,357,791	962,886,872	1,642,345,558	1,804,046,591	1,917,022,530	2,023,982,876
Salaries and wages:						
Number of returns	66,965,659	73,520,046	83,802,109	84,208,807	83,106,842	83,120,588
Amount	531,883,892	795,399,462	1,349,842,802	1,486,100,497	1,564,995,190	1,644,572,655
Interest received:						
Number of returns	32,630,355	40,378,240	49,019,575	49,656,550[1]	52,841,721	57,076,334
Amount	22,021,267	43,433,554	102,009,444	140,559,366[1]	157,021,475	153,805,163
Taxable pensions and annuities:						
Number of returns	3,249,558	5,088,937	7,373,704	8,157,475	8,824,885	10,120,721
Amount	7,878,808	20,886,871	43,339,736	51,886,406	60,123,166	69,813,961
Dividends:						
No. of returns before exclusion	12,452,227	13,370,427	14,640,139	16,482,018	17,186,673	17,620,109
Amount	17,018,148	23,270,182	43,567,241	48,161,460	54,044,825	50,411,519
No. of returns after exclusion	7,729,939	8,853,491	10,738,982	n.a.	13,172,360	13,326,556
Amount	15,806,924	21,892,126	r38,761,253	n.a.	52,142,410	48,556,703
Net capital gain less loss:						
Number of returns	7,962,663	7,574,823	8,929,474	9,484,987	9,636,414	9,542,529
Amount	9,006,683	14,071,893	29,659,600	30,818,535	34,403,728	48,895,719
Business net income (less loss):						
Number of returns	6,159,985	7,242,542	8,881,119	9,571,409	10,092,322	10,682,124
Amount	30,554,201	39,421,478	55,129,154	53,071,628	50,573,164	60,359,154
Total adjustments:						
Number of returns	6,370,552	9,024,255	13,148,919	14,078,211	33,421,412	34,837,711
Amount	7,665,251	15,101,999	28,614,061	31,442,288	64,887,065	81,393,011
Married couple who both work:						
Number of returns	N/A	N/A	N/A	N/A	21,690,558	22,557,433
Amount	N/A	N/A	N/A	N/A	9,048,263	19,762,365
Individual Retirement Arrangement:						
Number of returns	N/A	1,211,794	2,564,421	3,415,053	12,010,038	13,613,167
Amount	N/A	1,436,443	3,430,894	4,750,190	28,273,852	32,060,627
Self-Employed Retirement (Keogh):						
Number of returns	591,655	595,892	568,936	557,038	559,011	656,038
Amount	847,692	1,603,788	2,007,666	2,011,947	2,482,594	2,937,980
Adjusted gross income	631,692,540	947,784,873	1,613,731,497	1,772,604,303	1,852,135,465	1,942,589,865
Exemptions:						
Total number	204,126,402	212,202,596	227,925,098	231,222,374	232,191,565	234,390,944
Number, age 65 or over	8,904,331	9,937,208	11,847,168	13,118,926	13,955,570	14,819,860
Total amount	127,531,204	159,140,845	227,569,280	231,119,115	232,142,140	234,390,944
Total deductions:						
Number of returns	73,862,448	81,585,541	88,491,251	90,319,941	90,283,236	90,816,724
Amount	120,549,755	233,181,778	346,000,155	401,168,213	425,157,106[2]	448,667,194
Total itemized deductions:						
Number of returns	35,430,047	26,074,061	28,950,282	31,571,246	33,432,809	35,230,292
Amount	88,178,487	122,260,601	218,028,139	256,448,021	284,506,318	309,633,773
Medical and dental expense	10,585,749	11,422,312	14,972,082	17,878,680	21,705,262	18,074,335
Taxes paid	32,014,673	44,141,289	69,404,275	79,698,519	88,037,196	99,750,645
Interest paid	23,929,477	38,885,282	91,187,006	108,718,281	121,852,419	134,691,655
Contributions	12,892,732	15,393,331	25,809,608	30,800,722	33,471,694	37,677,955
Taxable income:						
Number of returns	59,593,598	65,852,602	88,104,696	89,851,304	89,717,836	90,816,724
Amount	401,154,285	595,492,866	1,279,985,360	1,410,880,665	1,473,348,899	1,544,872,497
Income tax before credits:						
Number of returns	59,596,755	65,854,734	76,135,819	79,011,548	78,349,842	80,610,882
Amount	84,156,695[3]	132,452,044	256,294,315	293,590,035	283,931,862	279,841,890
Total tax credits	369,610	8,069,846	7,215,839	11,288,005	7,854,493	7,810,511
General tax credit	N/A	5,020,477	N/A	3,382,711[4]	N/A	N/A
Investment credit	30,554	1,593,150	3,288,415	3,971,199	4,139,897	4,161,453
Foreign tax credit	169,623	381,985	1,341,645	1,233,564	757,326	617,749
Child care credit	N/A	N/A	956,439	1,147,907	1,501,453	2,051,462
Credit for the elderly	167,656	128,968	134,993	124,011	131,074	116,324
Residential energy credit	N/A	N/A	562,141	600,831	582,857	549,024
Earned income credit	N/A	252,141	451,366	452,482	359,717	314,499
Income tax after credits	83,787,323	124,382,197	249,078,475	282,302,029	276,077,369	271,965,652[5]
Additional tax for tax preferences	121,988	144,100	1,262,964	1,826,960	1,519,921	2,530,170
Total income tax:						
Number of returns	59,317,371	61,490,737	73,906,244	76,724,724	77,035,300	78,016,323
Amount	83,909,311	124,526,297	250,341,440	284,128,989	277,597,290	274,181,323
Payment status:						
Returns with payment due	16,478,813	15,842,400	21,755,516	23,007,970	20,326,807	18,467,829
Returns with refund or credit due	55,273,385	63,825,188	69,868,451	70,028,741	72,425,701	74,993,969

See notes following Table 13.

Table 2.—Individual Income and Tax by State, 1983
[Money amounts are in thousands of dollars]

State	Number of returns	Number of exemptions[1]	Adjusted gross income (AGI)	Salaries and wages		Dividends after exclusion	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total[2]	96,716,604	234,828,957	1,934,237,194	82,691,193	1,630,336,530	13,340,131	48,525,516
Alabama	1,422,165	3,667,156	25,082,252	1,254,844	21,775,297	118,216	395,685
Alaska	237,345	533,067	6,157,292	202,981	5,542,935	48,600	62,382
Arizona	1,209,627	3,016,078	22,957,236	1,008,426	18,843,233	171,971	679,070
Arkansas	821,505	2,146,051	13,264,586	690,908	11,039,284	64,336	218,648
California	10,831,226	26,217,018	232,086,235	9,224,027	197,116,194	1,529,376	5,667,163
Colorado	1,373,637	3,188,606	28,577,309	1,187,389	24,625,533	198,105	637,692
Connecticut	1,491,499	3,351,160	34,928,496	1,287,623	29,415,838	298,327	1,217,233
Delaware	264,754	626,589	5,569,248	230,479	4,683,486	45,178	211,262
District of Columbia	311,580	641,772	6,558,453	268,946	5,169,345	43,687	257,482
Florida	4,668,008	11,127,921	89,292,600	3,730,170	65,343,912	810,289	4,265,504
Georgia	2,260,477	5,522,447	42,636,979	2,031,640	37,632,733	206,033	742,788
Hawaii	450,097	1,037,030	8,652,808	393,300	7,366,153	66,359	184,607
Idaho	362,852	983,552	6,055,958	300,425	5,132,540	41,424	111,742
Illinois	4,743,900	11,579,626	99,838,116	4,044,405	83,951,636	750,851	2,636,730
Indiana	2,180,415	5,464,640	41,352,869	1,863,779	35,208,900	241,758	730,218
Iowa	1,159,981	2,931,880	20,774,276	910,904	16,209,042	164,078	423,870
Kansas	996,338	2,478,646	19,438,353	821,241	15,870,195	134,719	430,640
Kentucky	1,309,583	3,318,603	22,977,177	1,112,410	19,242,736	118,431	456,324
Louisiana	1,615,918	4,179,292	31,517,645	1,428,162	26,885,342	144,715	559,607
Maine	475,091	1,138,571	7,903,705	408,878	6,500,551	61,731	230,998
Maryland	1,931,053	4,461,266	43,205,197	1,699,308	36,821,097	290,340	952,475
Massachusetts	2,642,035	5,866,990	55,152,239	2,293,026	46,028,724	439,164	1,632,920
Michigan	3,569,505	8,719,744	73,636,513	3,056,825	63,599,112	516,052	1,468,090
Minnesota	1,730,923	4,204,002	34,352,536	1,451,620	29,029,433	258,247	709,993
Mississippi	870,451	2,344,377	13,802,262	770,642	11,932,149	61,517	190,089
Missouri	1,997,575	4,906,869	38,060,626	1,673,934	31,723,047	252,835	970,114
Montana	336,675	837,764	5,492,428	269,622	4,438,271	47,630	129,851
Nebraska	666,168	1,664,622	11,524,781	534,721	9,420,020	89,368	246,989
Nevada	417,580	945,701	8,220,875	362,779	7,007,234	42,132	197,666
New Hampshire	439,470	1,016,557	8,743,783	385,238	7,386,932	64,777	242,495
New Jersey	3,572,581	8,417,191	80,547,933	3,123,373	69,057,040	651,442	2,118,360
New Mexico	552,481	1,417,721	9,548,314	477,977	8,181,516	61,766	200,982
New York	7,291,876	17,339,894	161,078,984	6,252,909	131,758,422	1,273,613	5,533,251
North Carolina	2,449,066	5,893,271	42,964,433	2,189,491	36,957,743	244,518	865,415
North Dakota	279,747	706,072	4,693,080	216,647	3,643,476	28,514	58,514
Ohio	4,344,572	10,581,309	85,219,611	3,722,724	72,809,793	594,861	1,965,902
Oklahoma	1,254,184	3,170,094	24,612,133	1,055,351	20,461,988	113,154	460,796
Oregon	1,091,518	2,658,382	19,936,641	897,474	16,307,680	150,300	432,286
Pennsylvania	4,894,889	11,619,471	93,256,307	4,128,837	77,592,256	754,168	2,443,990
Rhode Island	416,984	945,948	7,707,680	362,462	6,396,730	57,400	205,040
South Carolina	1,224,787	3,055,106	21,293,430	1,102,455	18,424,752	105,733	374,619
South Dakota	279,709	713,682	4,001,114	215,484	3,235,942	33,032	75,613
Tennessee	1,802,504	4,455,398	31,638,042	1,585,251	27,569,186	152,009	500,389
Texas	6,304,777	15,956,320	132,517,016	5,536,844	112,959,489	656,712	2,791,560
Utah	561,951	1,599,262	10,678,179	491,659	9,428,113	62,213	193,336
Vermont	218,059	513,396	3,720,007	186,252	3,044,795	37,187	141,439
Virginia	2,333,144	5,467,431	49,036,686	2,064,294	41,960,316	326,841	1,049,622
Washington	1,810,686	4,326,458	37,064,042	1,529,084	30,970,513	262,408	781,587
West Virginia	656,791	1,694,295	11,764,471	562,014	9,897,363	67,659	225,682
Wisconsin	1,951,626	4,737,346	36,484,064	1,657,568	30,999,800	282,614	803,203
Wyoming	207,567	522,341	4,172,707	179,038	3,631,199	25,037	96,446
Other areas[3]	429,672	920,972	4,489,487	255,353	10,107,514	78,704	347,159

Table 2. (Continued)—Individual Income and Tax by State, 1983
[Money amounts are in thousands of dollars]

State	Interest received		Unemployment compensation in AGI		Itemized Deductions		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Total Deductions	Average amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
United States, total[2]	57,003,581	154,895,870	5,291,239	7,575,048	35,631,382	316,330,501	8,878
Alabama	672,945	1,514,062	81,798	73,754	505,120	3,655,671	7,237
Alaska	135,955	243,227	24,065	43,772	85,267	884,583	10,374
Arizona	675,843	2,167,987	43,759	47,875	511,480	4,578,717	8,952
Arkansas	408,042	1,217,272	34,769	37,226	231,737	1,739,152	7,505
California	6,273,630	19,854,263	581,344	822,616	4,516,408	51,502,261	11,403
Colorado	828,030	2,135,517	58,939	91,785	613,815	5,957,178	9,705
Connecticut	1,057,998	2,588,216	89,439	103,169	537,853	5,065,953	9,419
Delaware	154,235	337,697	14,716	14,789	102,951	869,100	8,442
District of Columbia	137,265	372,705	6,451	10,983	118,062	1,209,286	10,243
Florida	2,589,400	10,713,722	88,653	107,253	1,462,368	13,030,873	8,911
Georgia	995,061	2,503,078	88,893	77,463	764,281	6,636,500	8,683
Hawaii	313,901	636,123	19,831	27,670	177,997	1,713,958	9,629
Idaho	215,622	594,835	23,889	32,165	138,804	1,112,182	8,013
Illinois	3,079,812	8,760,698	301,905	611,523	1,764,853	14,533,120	8,235
Indiana	1,309,848	3,259,308	135,170	147,025	672,999	4,963,863	7,376
Iowa	838,428	2,632,147	72,634	100,985	471,076	3,289,661	6,983
Kansas	630,231	1,905,812	48,216	64,035	372,937	3,019,995	8,098
Kentucky	670,592	1,771,071	84,640	101,164	440,376	3,174,911	7,210
Louisiana	770,102	2,058,625	93,399	179,516	488,625	4,014,508	8,216
Maine	284,077	540,249	21,918	21,611	128,015	936,933	7,319
Maryland	1,165,283	2,528,994	79,446	111,210	868,643	8,143,442	9,375
Massachusetts	1,837,896	3,876,599	136,616	188,227	986,747	8,138,956	8,248
Michigan	2,278,904	4,996,398	353,179	602,263	1,630,268	13,235,257	8,118
Minnesota	1,206,693	2,934,224	102,576	174,897	820,506	7,262,850	8,852
Mississippi	337,235	945,498	38,462	39,430	236,279	1,837,688	7,778
Missouri	1,208,402	3,496,086	96,311	94,630	669,675	4,983,461	7,442
Montana	214,252	644,530	31,041	28,090	115,747	841,210	7,268
Nebraska	448,936	1,369,086	20,807	20,960	216,171	1,786,019	8,262
Nevada	208,479	676,644	24,548	33,818	141,737	1,345,306	9,492
New Hampshire	292,126	590,578	20,212	19,260	130,992	1,031,941	7,878
New Jersey	2,274,563	5,681,548	187,189	279,085	1,317,971	11,867,841	9,005
New Mexico	272,384	723,579	17,673	22,775	167,575	1,320,198	7,878
New York	4,766,651	13,405,393	337,366	422,276	3,238,799	30,865,282	9,530
North Carolina	1,194,828	2,542,544	125,771	108,853	833,853	6,317,671	7,576
North Dakota	190,588	586,041	13,934	20,286	75,206	560,967	7,459
Ohio	2,686,213	6,441,041	338,969	551,983	1,479,633	11,960,423	8,083
Oklahoma	641,341	2,090,547	51,244	68,224	473,725	4,266,935	9,007
Oregon	685,017	1,973,509	78,363	111,761	468,097	3,989,619	8,523
Pennsylvania	3,191,992	7,372,005	419,034	704,969	1,601,748	11,997,713	7,490
Rhode Island	263,349	619,418	31,662	38,638	139,239	1,096,734	7,877
South Carolina	551,038	1,202,041	61,709	53,098	451,026	3,345,234	7,417
South Dakota	179,825	574,186	5,661	5,993	65,278	465,042	7,124
Tennessee	853,810	2,137,757	85,381	80,584	465,374	3,739,809	8,036
Texas	3,029,416	9,558,656	195,960	295,444	1,904,772	18,262,519	9,588
Utah	328,240	659,387	27,792	39,651	272,108	2,435,986	8,952
Vermont	141,127	289,177	10,566	10,891	65,419	488,980	7,475
Virginia	1,279,227	2,928,530	78,480	75,790	885,977	8,111,029	9,155
Washington	1,130,119	3,167,266	143,366	244,813	662,554	5,697,670	8,600
West Virginia	371,297	817,995	59,166	99,666	149,862	1,102,914	7,360
Wisconsin	1,399,139	3,142,572	186,578	280,239	821,652	6,461,531	7,864
Wyoming	127,826	350,109	13,827	21,701	71,568	596,045	8,328
Other areas[3]	206,368	767,321	3,922	9,164	98,157	885,823	9,025

Table 2. (Continued)—Individual Income and Tax by State, 1983
[Money amounts are in thousands of dollars]

State	Tax liability			Earned income credit			
	Total tax		Average tax	Number of returns	Amount	Used to offset tax	
	Number of Returns	Amount				Number of returns	Amount
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
United States, total[2]	81,369,458	282,663,316	3,474	6,247,220	1,768,859	4,782,819	1,268,789
Alabama	1,167,745	3,293,423	2,820	159,927	-46,269	123,143	-33,664
Alaska	204,228	1,090,544	5,340	7,491	-1,980	5,492	-1,306
Arizona	999,624	3,062,607	3,064	82,433	-23,559	65,070	-17,846
Arkansas	669,366	1,755,291	2,622	94,064	-27,066	71,698	-19,015
California	9,104,508	33,330,626	3,661	687,081	-199,110	558,452	-154,356
Colorado	1,168,943	4,146,808	3,547	65,318	-18,529	49,933	-12,978
Connecticut	1,303,295	5,839,546	4,481	41,589	-11,259	29,649	-7,704
Delaware	226,405	808,238	3,570	15,309	-4,205	10,990	-2,969
District of Columbia	263,943	1,055,522	3,999	23,685	-6,727	18,185	-5,104
Florida	3,924,995	13,701,874	3,491	328,536	-94,415	243,047	-66,084
Georgia	1,893,182	5,863,257	3,097	211,326	-60,489	157,991	-43,126
Hawaii	379,140	1,129,902	2,980	18,243	-4,817	13,088	-3,234
Idaho	298,348	760,859	2,550	29,470	-8,374	22,571	-5,555
Illinois	3,998,414	15,385,820	3,848	261,312	-72,320	205,076	-53,951
Indiana	1,812,965	5,874,460	3,240	134,890	-37,602	102,426	-26,726
Iowa	971,658	2,951,622	3,038	65,916	-17,774	49,646	-10,838
Kansas	846,356	2,912,423	3,441	51,252	-14,112	38,079	-9,288
Kentucky	1,075,358	3,159,081	2,938	127,499	-36,536	99,205	-25,272
Louisiana	1,322,622	4,837,420	3,657	172,220	-49,121	135,111	-36,603
Maine	395,533	1,014,408	2,565	31,533	-8,841	22,896	-5,748
Maryland	1,668,994	6,323,004	3,789	91,445	-25,519	67,389	-17,968
Massachusetts	2,292,450	8,451,270	3,687	94,342	-26,267	68,783	-18,335
Michigan	2,982,274	10,228,794	3,430	176,570	-48,844	138,276	-35,530
Minnesota	1,472,898	4,558,198	3,095	79,250	-21,798	60,323	-13,277
Mississippi	685,668	1,780,479	2,597	140,279	-40,928	112,527	-30,942
Missouri	1,679,113	5,559,927	3,311	134,405	-37,581	100,740	-25,426
Montana	271,956	752,141	2,766	24,545	-6,842	18,822	-4,445
Nebraska	558,862	1,652,289	2,957	39,507	-10,575	29,466	-6,243
Nevada	350,738	1,248,932	3,561	21,615	-6,147	16,284	-4,440
New Hampshire	377,948	1,295,990	3,429	17,087	-4,725	11,872	-3,058
New Jersey	3,133,376	12,678,566	4,046	157,384	-43,757	115,573	-31,383
New Mexico	439,923	1,307,304	2,972	55,051	-15,331	44,337	-11,661
New York	6,313,932	24,352,451	3,857	442,451	-126,208	331,557	-90,310
North Carolina	2,050,284	5,561,242	2,712	209,490	-58,930	150,281	-40,166
North Dakota	235,415	671,941	2,854	17,736	-4,705	13,259	-2,585
Ohio	3,659,482	11,945,396	3,264	241,105	-66,945	184,284	-48,324
Oklahoma	1,046,444	3,749,737	3,583	94,572	-27,442	72,396	-19,151
Oregon	900,759	2,592,948	2,879	66,995	-19,144	51,942	-13,545
Pennsylvania	4,112,135	13,396,725	3,258	261,856	-72,424	197,336	-51,383
Rhode Island	354,814	1,048,482	2,955	20,398	-5,681	15,207	-4,081
South Carolina	1,012,593	2,667,936	2,635	118,450	-33,841	88,621	-24,445
South Dakota	226,703	565,122	2,493	23,876	-6,450	18,258	-3,641
Tennessee	1,485,458	4,430,147	2,982	176,179	-50,432	133,763	-35,549
Texas	5,260,730	21,819,463	4,148	506,934	-146,728	397,768	-109,200
Utah	462,653	1,282,378	2,772	32,567	-9,298	25,084	-6,656
Vermont	183,781	487,608	2,653	13,456	-3,712	9,785	-2,351
Virginia	2,007,410	6,990,314	3,482	128,135	-35,637	91,944	-24,396
Washington	1,531,627	5,430,016	3,545	86,976	-24,557	66,988	-17,602
West Virginia	538,246	1,608,586	2,989	61,427	-16,957	48,444	-12,760
Wisconsin	1,631,551	4,783,060	2,932	91,652	-24,862	70,221	-16,162
Wyoming	172,847	653,875	3,783	11,481	-3,237	8,784	-2,196
Other areas[3]	241,766	815,264	3,372	910	-252	757	-208

See notes following Table 13.

Table 3.—Number of Individual Returns, Income, Tax and Average Tax by Size of Adjusted Gross Income, Tax Years 1980-1983
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns for -		Total adjusted gross income		Taxable income	
	1980	1981	1980	1981	1980	1981
	(1)	(2)	(3)	(4)	(5)	(6)
Total	93,902,469	95,396,123	1,613,731,497	1,772,604,303	1,279,985,360	1,410,880,665
Less than $1000	3,687,997	3,484,734	-11,063,711	-16,952,842	11,799	7,084
$1,000 under $3,000	8,673,301	7,855,771	17,314,975	15,691,845	7,569,858	7,064,102
$3,000 under $5,000	7,694,231	7,405,871	30,654,346	29,580,649	18,534,160	17,994,684
$5,000 under $7,000	7,633,889	7,251,941	45,738,822	43,446,800	30,497,371	29,153,117
$7,000 under $9,000	7,336,650	7,066,520	58,608,700	56,341,030	42,267,675	40,597,471
$9,000 under $11,000	6,605,618	6,514,144	65,907,303	65,051,373	49,980,765	49,147,621
$11,000 under $13,000	5,830,212	5,821,233	69,911,911	69,702,815	54,591,487	54,207,411
$13,000 under $15,000	5,267,669	5,190,200	73,590,238	72,548,282	58,114,413	57,705,230
$15,000 under $17,000	4,654,783	4,648,986	74,387,702	74,256,678	59,701,351	59,486,499
$17,000 under $19,000	4,350,522	4,291,557	78,267,330	77,161,287	63,009,244	62,056,343
$19,000 under $22,000	5,925,162	5,967,094	121,233,104	122,157,450	97,261,921	98,703,455
$22,000 under $25,000	5,325,787	5,207,693	125,021,261	122,181,884	100,538,990	98,956,187
$25,000 under $30,000	6,783,466	7,205,282	185,760,754	197,424,953	150,218,626	159,682,521
$30,000 under $35,000	4,729,899	5,294,687	152,927,369	171,601,299	124,032,123	138,893,019
$35,000 under $40,000	3,221,053	3,910,649	120,167,693	145,814,841	97,276,738	118,288,891
$40,000 under $50,000	3,053,039	4,182,389	134,907,796	185,322,655	109,091,818	149,273,745
$50,000 under $75,000	2,033,079	2,796,836	120,009,700	164,256,670	96,834,054	131,174,316
$75,000 under $100,000	535,348	645,884	45,918,079	55,099,048	36,849,386	43,524,621
$100,000 under $150,000	336,269	398,479	40,213,979	47,552,689	32,528,035	37,518,693
$150,000 under $200,000	107,245	118,037	18,377,241	20,164,437	14,823,138	15,842,213
$200,000 under $300,000	68,422	80,945	16,387,236	19,350,168	13,211,348	15,230,276
$300,000 under $500,000	31,947	37,147	11,956,450	13,906,555	9,505,239	10,788,043
$500,000 under $1,000,000	12,467	14,758	8,323,125	9,815,188	6,516,941	7,416,993
$1,000,000 or more	4,414	5,286	9,210,095	11,128,551	7,018,879	8,168,130

Size of adjusted gross income	Total income tax [1]		Percent of filers with no income tax liability		Filers with income tax liability: Average tax (whole dollars)		Filers with income tax liability: Tax as percent of adj. gross inc.	
	1980	1981	1980	1981	1980	1981	1980	1981
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	250,341,440	284,128,989	21.3	19.6	3,387	3,703	16.1	16.5
Less than $1,000	103,645	137,840	99.7	99.5	10,091[2]	8,626[2]	-	-
$1,000 under $3,000	32,471	43,465	96.9	95.5	122	123	6.1	6.0
$3,000 under $5,000	530,988	516,050	42.5	41.7	120	120	2.9	2.9
$5,000 under $7,000	1,864,897	1,761,464	32.1	32.0	360	357	6.0	5.9
$7,000 under $9,000	3,494,441	3,306,387	17.8	18.1	579	571	7.2	7.1
$9,000 under $11,000	5,296,395	5,150,823	5.0	5.2	844	834	8.5	8.3
$11,000 under $13,000	6,586,710	6,531,708	2.5	3.2	1,159	1,160	9.7	9.7
$13,000 under $15,000	7,633,561	7,601,053	2.1	2.2	1,480	1,498	10.7	10.7
$15,000 under $17,000 M 1980	8,417,235	8,355,068	1.5	1.8	1,835	1,830	11.5	11.5
$17,000 under $19,000 M 1981	9,351,972	9,226,778	1.1	1.3	2,173	2,179	12.1	12.1
$19,000 under $22,000	15,189,223	15,609,261	1.0	1.1	2,589	2,645	12.9	12.9
$22,000 under $25,000	16,620,372	16,563,264	.6	.9	3,138	3,209	13.7	13.7
$25,000 under $30,000	26,635,973	28,474,945	.4	.6	3,941	3,976	14.4	14.5
$30,000 under $35,000	23,969,187	26,910,961	.5	.4	5,091	5,103	15.7	15.7
$35,000 under $40,000	20,419,148	24,834,220	.5	.3	6,373	6,370	17.1	17.1
$40,000 under $50,000	25,565,426	34,847,163	.4	.6	8,404	8,379	19.9	18.9
$50,000 under $75,000	27,208,647	36,299,454	.6	.5	13,463	13,050	22.8	22.2
$75,000 under $100,000	12,549,071	14,715,265	.4	.4	23,531	22,867	26.4	26.8
$100,000 under $150,000	12,868,433	14,619,378	.3	.4	38,368	36,828	32.1	30.9
$150,000 under $200,000	6,537,749	6,886,418	.3	.2	61,169	58,439	35.7	34.2
$200,000 under $300,000	6,370,648	7,183,611	.1	.2	93,234	88,930	38.9	37.2
$300,000 under $500,000	4,971,806	5,566,282	.1	.1	155,797	149,990	41.6	40.1
$500,000 under $1,000,000	3,713,691	4,100,676	.1	.1	298,169	278,182	44.7	41.8
$1,000,000 or more	4,409,751	4,887,456	.1	.1	999,944	925,655	47.9	44.0

M - The median taxpayer was at this income level.
See notes following Table 13.

Table 3. (Continued)—Number of Individual Returns, Income, Tax and Average Tax by Size of Adjusted Gross Income, Tax Years 1980-1983
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns for -		Total adjusted gross income		Taxable income	
	1982	1983	1982	1983	1982	1983
	(1)	(2)	(3)	(4)	(5)	(6)
Total	95,337,432	96,321,310	1,852,135,465	1,942,589,865	1,473,348,899	1,544,872,497
Less than $1000	3,412,105	3,415,113	-22,324,833	-25,592,802	29,646	75,549
$1,000 under $3,000	7,573,825	7,253,408	15,122,101	14,482,816	6,717,217	6,757,833
$3,000 under $5,000	6,966,104	7,167,924	27,925,256	28,679,137	17,168,389	17,374,119
$5,000 under $7,000	6,682,490	6,734,360	39,885,078	40,321,353	26,709,472	26,472,290
$7,000 under $9,000	7,176,962	6,879,931	57,512,193	55,039,361	40,904,714	39,153,168
$9,000 under $11,000	6,421,665	6,205,165	64,229,520	61,927,394	47,995,843	46,314,016
$11,000 under $13,000	5,651,414	5,724,798	67,793,416	68,522,507	52,526,932	52,529,347
$13,000 under $15,000	5,414,103	5,161,674	75,702,223	72,217,107	59,652,891	57,062,111
$15,000 under $17,000	4,734,479	4,593,795	75,594,637	73,350,227	60,951,455	58,956,588
$17,000 under $19,000	3,964,008	4,291,218	71,295,728	77,093,374	57,689,594	62,209,794
$19,000 under $22,000	5,365,925	5,617,176	109,806,080	115,071,603	88,855,846	93,320,322
$22,000 under $25,000	5,273,703	5,115,957	123,853,268	120,238,524	100,054,304	97,650,110
$25,000 under $30,000	7,621,965	7,357,487	209,572,367	201,763,983	169,726,189	163,111,031
$30,000 under $35,000	5,646,966	6,011,290	182,644,120	194,666,035	146,947,632	156,601,086
$35,000 under $40,000	4,215,650	4,409,645	157,391,914	164,664,066	126,471,828	131,804,272
$40,000 under $50,000	4,716,532	5,147,782	208,952,374	228,225,122	166,018,176	181,289,066
$50,000 under $75,000	3,057,266	3,591,188	179,566,469	211,838,450	141,376,967	166,095,719
$75,000 under $100,000	702,064	822,840	59,748,095	70,011,841	46,720,423	54,345,021
$100,000 under $150,000	432,757	469,391	51,674,638	56,206,333	40,228,978	43,403,109
$150,000 under $200,000	138,082	152,560	23,616,649	26,170,484	18,710,797	20,312,767
$200,000 under $300,000	93,033	108,379	22,323,087	26,016,239	17,807,227	20,642,936
$300,000 under $500,000	47,245	53,960	17,650,665	20,144,746	14,153,358	15,959,347
$500,000 under $1,000,000	20,681	25,469	13,830,843	17,173,250	11,042,159	13,706,293
$1,000,000 or more	8,408	10,800	18,769,578	24,358,715	14,888,860	19,726,601

Size of adjusted gross income	Total income tax[1]		Percent of filers with no income tax liability		Filers with income tax liability: Average tax (whole dollars)		Filers with income tax liability: Tax as percent of adj. gross inc.	
	1982	1983	1982	1983	1982	1983	1982	1983
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	277,597,301	274,181,323	19.2	19.0	3,604	3,514	15.4	14.5
Less than $1,000	130,288	127,789	99.6	99.7	9,298[2]	13,249	-	-
$1,000 under $3,000	35,182	51,414	95.0	93.4	92	108	5.0	5.7
$3,000 under $5,000	475,448	409,533	41.9	42.0	117	99	2.8	2.4
$5,000 under $7,000	1,473,139	1,310,055	31.4	33.7	321	293	5.4	4.9
$7,000 under $9,000	2,967,854	2,603,057	20.7	21.2	521	480	6.5	6.0
$9,000 under $11,000	4,462,848	3,888,167	6.8	8.3	746	684	7.4	6.8
$11,000 under $13,000	5,566,452	5,012,113	4.0	4.2	1,026	914	8.6	7.6
$13,000 under $15,000	7,002,695	6,066,527	2.3	2.7	1,324	1,208	9.5	8.6
$15,000 under $17,000	7,766,398	6,809,411	1.5	2.4	1,665	1,518	10.4	9.5
$17,000 under $19,000 M	7,786,372	7,664,811	1.8	1.6	2,001	1,816	11.1	10.1
$19,000 under $22,000	12,725,118	12,163,958	1.2	1.2	2,399	2,192	11.7	10.7
$22,000 under $25,000	15,378,094	13,595,791	1.3	1.3	2,956	2,692	12.6	11.5
$25,000 under $30,000	27,852,640	24,354,551	.6	.8	3,676	3,338	13.4	12.2
$30,000 under $35,000	25,867,035	25,156,554	.5	.6	4,605	4,208	14.2	13.0
$35,000 under $40,000	24,098,091	22,673,889	.5	.8	5,743	5,182	15.4	13.9
$40,000 under $50,000	35,029,801	34,798,186	.5	.4	7,468	6,787	16.9	15.3
$50,000 under $75,000	35,892,383	38,352,897	.5	.4	11,803	10,725	20.1	18.2
$75,000 under $100,000	14,594,818	15,392,973	.4	.3	20,865	18,770	24.5	22.1
$100,000 under $150,000	14,385,740	14,351,743	.2	.4	33,321	30,690	27.9	25.6
$150,000 under $200,000	7,483,155	7,662,455	.5	.3	54,447	50,365	31.8	29.4
$200,000 under $300,000	7,651,434	8,488,945	.2	.2	82,400	78,513	34.3	32.7
$300,000 under $500,000	6,380,687	7,124,258	.1	.2	135,233	132,313	36.2	35.4
$500,000 under $1,000,000	5,222,845	6,463,482	.1	.2	252,751	254,228	37.8	37.7
$1,000,000 or more	7,368,787	9,658,764	.1	.3	877,132	896,655	39.3	39.8

M - The median taxpayer was at this income level for both 1982 and 1983.
See notes following Table 13.

Table 4.—Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Years, 1970–1983
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1981	1982	1983
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	5,769,741	7,221,346	8,931,712[1]	9,584,790[1]	10,105,515[1]	10,703,921[1]
Number with net income	n.a.	n.a.	n.a.	6,534,688	6,761,405	n.a.
Inventory, end of year	11,060,775	15,578,040	21,996,236	22,921,503	21,804,915	n.a.
Business receipts, total	198,582,172	273,954,741	411,205,713	427,063,055	433,664,897	465,168,637
Income from sales and operations	n.a.	272,342,560	407,169,299	421,700,025	428,311,840	455,382,492
Total deductions	168,044,746	234,318,288	356,258,495	373,991,426	383,091,734	404,808,647
Cost of goods sold/operations	109,148,811	146,261,435	209,889,809	209,723,950	205,471,499	212,631,063
Purchases	88,585,913	117,722,352	168,301,517	167,751,431	161,295,256	n.a.
Cost of labor	7,704,285	8,791,083	10,922,221	10,923,120	11,424,639	9,870,673
Materials and supplies	6,216,057	9,090,638	12,909,222	12,081,423	12,735,789	n.a.
Commissions	1,274,016	2,225,830	3,333,345	3,539,844	4,464,026	n.a.
Salaries and wages	15,107,047	20,227,859	26,560,821	28,749,357	30,403,121	31,665,698
Car and truck expenses	n.a.	n.a.	13,378,289	12,358,478	n.a.	14,758,472
Rent paid	4,636,528	6,676,314	9,636,290	10,715,102	11,797,053	11,830,835
Repairs	2,444,607	3,044,175	5,031,573	5,414,156	6,006,403	n.a.
Taxes paid	3,775,502	5,423,961	7,672,459	6,661,054	7,747,540	n.a.
Utilities	n.a.	n.a.	4,790,337	8,275,517	n.a.	n.a.
Insurance	2,309,608	3,503,812	6,003,126	6,238,704	6,448,494	n.a.
Interest paid	1,784,276	3,390,845	7,190,257	9,052,338	10,143,489	9,925,746
Depreciation	5,451,525	7,958,143	13,952,703	15,854,513	19,121,559	22,069,530
Pension and profit sharing plans	72,741	125,296	141,463	152,588	136,359	122,915
Net income (less loss)	30,537,426	36,636,453	54,947,219	53,071,628	50,573,164	60,359,153
Net income, businesses w/profit	33,735,732	45,624,890	68,010,051	68,552,791	68,647,384	78,618,410
Net loss, businesses w/o profit	3,198,306	5,988,437	13,062,832	15,481,162	18,094,220	18,259,256

See notes following Table 13.

Table 5.—Partnership Returns: Selected Income Statement and Balance Sheet Items for Selected Years, 1970-1983
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1981	1982	1983
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships	936,133	1,073,094	1,379,654	1,460,502	1,514,212	1,541,539
Number with net income	639,795	661,134	774,173	749,222	791,117	783,968
Number with balance sheets	555,741	783,271	1,194,236	1,193,792	1,217,386	1,190,696
Number of partners	3,697,818	4,950,634	8,419,899	9,448,361	9,764,667	10,589,338
Total assets [1]	116,752,751	235,468,301	597,503,923	715,232,726	845,281,449	886,992.767
Buildings/depreciable assets (net)	n.a.	113,124,969	239,139,823	367,270,152	310,846,376	485,402,717
Inventories, end of year	n.a.	11,985,431	33,218,272	59,649,950	100,728,688	n.a.
Land	n.a.	36,731,958	70,241,248	76,336,446	84,820,308	98,427,459
Total liabilities	n.a.	193,875,629	488,734,023	580,033,757	701,630,766	886,992,774
Accounts payable	n.a.	12,302,055	33,899,048	29,092,451	37,254,748	34,724,772
Short-term debt [2]	n.a.	22,709,476	48,001,839	55,691,914	73,277,805	67,294,519
Long-term debt [3]	n.a.	136,296,764	178,044,406	196,508,937	236,218,378	268,268,458
Nonrecourse loans	n.a.	n.a.	118,910,380	138,134,304	154,508,961	194,828,542
Partners' capital accounts	n.a.	41,592,672	108,769,900	135,198,969	143,650,646	141,839,683
Total receipts [4]	93,348,080	148,417,529	291,998,115	272,129,807	296,690,303	291,318,703
Business receipts [4]	90,208,834	142,505,781	271,108,832	230,027,336	251,608,987	243,248,370
Interest received [4]	942,304	2,477,173	10,869,323	13,772,559	15,259,801	15,006,055
Total deductions [4]	83,557,684	140,679,959	283,749,460	274,864,704	304,004,833	298,928,744
Cost of goods sold/operations	46,040,874	64,672,843	113,885,668	130,043,609	144,595,111	125,330,745
Purchases	31,820,581	42,608,734	70,439,607	92,136,914	96,111.197	n.a.
Cost of labor	4,146,927	4,585,836	7,015,547	5,835,683	7,183,865	n.a.
Salaries and wages [4]	8,129,233	12,489,039	22,336,337	21,136,914	23,204,883	24,733,780
Taxes paid	3,159,258	5,770,918	9,553,145	5,040,336	5,288,971	5,909,545
Interest paid [4]	4,470,206	12,097,100	28,362,385	19,586,018	21,517,044	22,364,264
Depreciation [4,5]	4,578,820	10,108,834	21,576,189	27,263,184	32,361,640	37,340,062
Net income (less loss)	9,790,396	7,737,570	8,248,655	-2,734,897	-7,314,587	-2,610,041
Net income, businesses w/profit	14,419,124	22,431,931	45,061,756	50,567,190	53,556,856	60,308,114
Net loss, businesses w/o profit	4,628,728	14,694,361	36,813,100	53,302,086	60,871,442	62,918,155

See notes following Table 13.

Table 6.—Number of Business Income Tax Returns, by Size of Receipts and Assets, for Selected Years, 1970-1983
[All figures are estimates based on samples — number of businesses are in thousands]

Size of business	Number of businesses reporting					
	1970	1975	1980	1981	1982	1983
	(1)	(2)	(3)	(4)	(5)	(6)
CORPORATIONS						
Receipt size[1]						
Under $25,000[2]	451.9	468.9	557.0	585.3	620.0	n.a.
$25,000 - $49,999	170.7	186.4	207.7	210.2	217.5	n.a.
$50,000 - $99,999	219.8	260.7	322.7	311.5	324.7	n.a.
$100,000 - $199,999			558.4	569.1	593.4	n.a.
$200,000 - $499,999	516.9	673.9	367.3	404.4	427.9	n.a.
$500,000 - $999,999	141.1	184.2	279.8	291.6	296.0	n.a.
$1,000,000 or more	165.0	249.5	417.7	440.3	446.4	n.a.
Asset size						
Under $100,000[3]	961.0	1,177.7	1,514.6	1,569.5	1,646.6	n.a.
$100,000 - $1 million	599.1	704.6	968.9	1,004.1	1,033.5	n.a.
$1 million - $10 million	87.0	116.4	191.8	201.2	206.5	n.a.
$10 million - $25 million	9.8	12.2	16.6	17.5	18.3	n.a.
$25 million - $50 million	3.9	5.6	7.8	8.4	8.9	n.a.
$50 million - $100 million	2.1	3.1	4.8	5.2	5.5	n.a.
$100 million - $250 million	1.4	2.1	3.2	3.4	3.5	n.a.
$250 million and over	1.2	1.9	2.9	3.1	3.2	n.a.
PARTNERSHIPS						
Receipt size[1]						
Under $25,000	501.7	549.7	638.0	748.2	758.8[4]	763.4[4]
$25,000 - $49,999	125.2	141.0	181.8	163.6	178.1	173.4
$50,000 - $99,999	119.6	133.7	183.6	180.2	190.6	203.7
$100,000 - $199,999	97.2	114.0	155.2	147.1	155.0	154.2
$200,000 - $499,999	65.2	90.6	135.6	131.3	137.8	143.7
$500,000 - $999,999	17.0	25.5	48.1	50.8	52.1	56.0
$1,000,000 or more	10.3	18.6	37.4	39.2	41.9	46.4
Asset size[5]						
Under $25,000	635.7	611.0	541.9	612.5	350.6	360.1
$25,000 - $49,999	80.8	105.9	156.3	154.6	143.8	115.5
$50,000 - $99,999	73.5	106.8	180.2	173.6	186.9	164.6
$100,000 - $249,999	74.7	116.0	219.1	211.5	209.6	207.0
$250,000 - $499,999	33.8	56.9	117.9	122.0	132.2	131.2
$500,000 - $999,999	19.3	35.3	72.1	83.4	83.7	86.3
$1,000,000 or more	18.3	41.2	92.2	103.0	115.9	125.8
NONFARM SOLE PROPRIETORSHIPS						
Receipt size						
Under $2,500	1,894.3	2,299.9	2,783.1	n.a.	2,882.0	2,908.5
$2,500 under $5,000	815.1	959.4	1,158.6	n.a.	1,220.9	1,313.9
$5,000 under $10,000	891.5	1,041.7	1,262.9	n.a.	1,361.4	1,452.3
$10,000 under $25,000	1,137.4	1,325.7	1,711.8	n.a.	1,738.5	1,916.6
$25,000 under $50,000	746.4	849.5	1,079.1	n.a.	1,117.1	11877.0
$50,000 under $100,000	562.0	644.5	835.6	n.a.	843.6	919.3
$100,000 under 200,000	297.4	380.9	795.8	n.a.	838.3	888.7
$200,000 under $500,000	122.3	209.2		n.a.		
$500,000 under $1,000,000	20.8	35.3	73.9	n.a.	68.1	82.9
$1,000,000 or more	6.6	13.5	29.2	n.a.	35.6	

See notes following Table 13.

Table 7.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division for Selected Years, 1970-1982
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1979	1980	1981	1982
	(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE, FORESTRY AND FISHING						
Number of returns, total	37,283	56,280	76,643	80,883	85,370	91,320
Number with net income	19,843	33,328	46,683	43,827	44,948	47,858
Total assets	11,909,403	21,177,941	36,265,804	40,738,977	46,081,067	50,409,537
Total liabilities	7,897,335	14,332,992	24,775,572	29,278,042	32,492,648	36,289,615
Total receipts	14,277,707	28,118,514	50,986,876	52,089,915	65,061,959	65,356,911
Business receipts	13,591,763	26,624,149	48,367,354	48,850,056	60,907,045	60,643,550
Interest received	69,742	171,732	349,252	476,654	751,553	758,699
Total deductions	14,209,713	27,369,286	49,751,856	51,418,280	64,735,599	65,442,003
Cost of sales and operations	10,555,539	19,738,447	36,226,280	35,798,332	45,552,234	43,222,379
Interest paid	356,225	797,420	1,592,102	2,184,441	2,738,463	3,048,844
Net income (less loss)	65,295	746,908	1,239,718	673,158	328,308	-86,418
Net income, businesses w/profit	493,400	1,493,168	2,469,480	2,464,381	2,551,988	2,528,479
Deficit, businesses w/o profit	428,105	746,260	1,229,762	1,791,222	2,223,679	2,614,897
Income tax before credits	113,115	351,059	501,397	533,768	543,280	490,228
Total income tax after credits [1]	107,023	294,584	365,106	422,282	414,448	375,422
Distributions to stockholders except in own stock	65,824	244,524	326,037	304,733	512,027	409,070
MINING						
Number of returns, total	14,465	14,242	24,296	25,576	33,363	36,676
Number with net income	7,303	8,297	11,259	12,698	17,634	15,950
Total assets	23,972,812	64,505,341	115,530,163	126,947,880	168,908,241	192,380,473
Total liabilities	10,590,991	31,739,651	64,248,721	72,879,732	98,442,207	112,503,993
Total receipts	17,747,750	65,909,994	132,926,563	176,672,390	200,194,751	203,098,557
Business receipts	16,699,586	63,670,496	127,833,110	167,397,918	189,552,446	191,152,749
Interest received	176,728	522,757	959,329	1,301,266	2,432,908	2,695,216
Total deductions	15,927,348	42,348,765	89,992,366	169,051,624	195,021,576	203,045,736
Cost of sales and operations	9,955,600	30,171,612	60,477,876	116,989,880	150,193,394	151,521,066
Interest paid	388,032	1,166,182	2,769,022	3,440,080	6,051,461	7,623,777
Net income (less loss)	1,834,315	23,574,833	43,063,340	7,750,561	5,620,746	543,578
Net income, businesses w/profit	2,399,507	24,347,893	44,911,264	10,133,685	10,611,609	8,429,100
Deficit, businesses w/o profit	565,192	773,060	1,571,455	2,383,124	4,990,863	7,885,522
Income tax before credits	1,031,550	11,361,037	20,098,354	3,947,569	4,119,612	3,203,406
Total income tax after credits [1]	342,928	1,051,138	1,212,267	1,672,492	1,685,491	1,044,556
Distributions to stockholders except in own stock	1,177,550	1,015,895	3,215,842	4,757,780	3,278,771	3,926,230
CONSTRUCTION						
Number of returns, total	138,905	191,219	259,213	272,432	276,395	282,345
Number with net income	82,078	108,852	162,732	150,368	145,206	138,783
Total assets	42,719,792	76,691,947	125,420,947	132,939,026	150,764,144	153,085,046
Total liabilities	30,900,188	57,662,870	95,369,236	100,112,852	113,695,252	114,150,550
Total receipts	90,610,644	146,955,117	258,723,850	267,205,356	280,172,375	281,747,868
Business receipts	88,945,385	143,412,715	252,702,613	260,387,692	270,543,236	271,633,721
Interest received	219,698	614,583	1,394,177	2,073,650	3,122,737	3,137,599
Total deductions	89,070,022	144,717,309	252,709,644	262,116,275	276,744,601	279,555,128
Cost of sales and operations	73,434,969	116,845,554	204,421,609	208,064,925	214,612,975	212,698,363
Interest paid	711,496	1,973,244	3,536,998	4,278,502	5,318,285	5,455,056
Net income (less loss)	1,538,418	2,236,262	6,136,913	5,271,209	3,455,058	2,323,952
Net income, businesses w/profit	2,548,013	4,514,864	9,117,112	8,911,143	8,295,947	8,106,061
Deficit, businesses w/o profit	1,009,595	2,278,602	2,980,199	3,639,934	4,840,889	5,782,109
Income tax before credits	776,979	1,320,196	2,550,908	2,521,507	2,316,708	2,069,718
Total income tax after credits [1]	756,637	1,131,960	1,824,890	1,973,614	1,868,113	1,578,992
Distributions to stockholders except in own stock	299,204	464,553	697,637	793,764	889,557	916,690
MANUFACTURING						
Number of returns, total	197,807	217,354	241,795	242,550	251,294	259,106
Number with net income	120,814	136,839	164,605	153,640	149,964	146,415
Total assets	612,912,516	944,581,970	1,533,494,376	1,709,471,700	1,933,710,383	2,060,710,683
Total liabilities	303,989,223	501,994,296	856,041,068	960,284,926	1,085,493,079	1,163,839,539
Total receipts	722,952,890	1,296,359,650	2,166,399,886	2,404,323,844	2,613,512,581	2,488,331,915
Business receipts	700,090,661	1,258,338,650	2,086,220,228	2,301,056,550	2,487,695,859	2,357,973,059
Interest received	4,748,499	8,691,092	21,355,133	28,315,784	38,848,407	38,134,480
Total deductions	692,455,462	1,230,689,496	2,045,448,376	2,290,593,808	2,509,134,569	2,423,254,936
Cost of sales and operations	495,879,549	925,111,030	1,533,327,048	1,707,143,900	1,822,985,043	1,660,537,002
Interest paid	12,570,242	22,055,903	41,587,856	54,177,356	73,084,336	79,322,435
Net income (less loss)	31,846,078	68,406,627	130,791,918	125,667,815	116,775,393	75,791,264
Net income, businesses w/profit	37,925,489	74,466,554	140,223,449	141,547,510	138,215,539	108,170,744
Deficit, businesses w/o profit	6,079,411	6,059,927	9,431,531	15,879,695	21,440,146	32,379,481
Income tax before credits	16,744,905	32,306,739	58,668,112	59,577,413	58,820,480	45,015,096
Total income tax after credits [1]	13,242,226	21,024,964	35,059,349	32,701,861	30,115,496	26,616,529
Distributions to stockholders except in own stock	14,616,282	19,973,061	38,321,486	37,306,509	41,434,134	43,912,134

Table 7. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division for Selected Years, 1970-1982
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1979	1980	1981	1982
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns, total	67,398	80,701	106,824	111,324	109,127	115,470
Number with net income	38,204	45,360	61,583	62,232	56,480	59,793
Total assets	287,740,207	443,236,797	676,186,972	758,364,400	837,300,816	919,861,069
Total liabilities	166,535,185	266,792,390	411,531,388	467,708,707	516,438,230	566,980,444
Total receipts	135,495,271	243,480,637	448,140,811	523,807,396	598,507,994	632,294,442
Business receipts	131,463,171	234,689,427	434,427,319	507,372,820	575,602,089	606,039,657
Interest received	930,266	1,520,913	4,067,665	5,760,072	8,048,746	9,138,892
Total deductions	127,931,131	233,409,166	429,849,123	503,954,285	579,172,068	614,397,320
Cost of sales and operations	77,743,359	143,932,463	284,041,578	336,868,172	358,354,512	338,796,961
Interest paid	7,364,200	13,761,062	21,631,167	27,638,591	34,085,384	36,839,460
Net income (less loss)	7,543,718	10,099,571	18,462,903	20,046,155	19,573,717	18,335,959
Net income, businesses w/profit	9,471,595	12,088,189	22,058,598	24,917,293	25,739,287	27,378,633
Deficit, businesses w/o profit	1,927,877	1,988,618	3,595,695	4,871,138	6,165,570	9,042,673
Income tax before credits	4,342,334	5,107,158	9,115,461	10,532,722	10,481,203	11,356,073
Total income tax after credits [1]	4,036,650	2,836,470	4,834,026	5,322,990	5,065,529	4,925,936
Distributions to stockholders except in own stock	5,837,565	8,900,353	15,275,029	17,329,807	19,622,705	21,438,500
WHOLESALE AND RETAIL TRADE						
Number of returns, total	518,062	614,632	776,661	799,628	816,836	839,547
Number with net income	339,987	399,668	502,947	487,300	476,877	468,108
Total assets	192,181,800	323,496,726	573,310,389	646,901,005	708,060,408	753,351,132
Total liabilities	115,179,668	200,846,992	376,719,434	424,611,318	472,256,895	501,934,034
Total receipts	522,547,923	969,938,872	1,750,559,063	1,955,523,778	2,039,628,384	2,017,701,364
Business receipts	511,316,883	951,463,550	1,711,773,627	1,919,347,689	1,997,262,710	1,972,305,356
Interest received	1,291,906	3,857,318	8,243,949	10,503,989	14,319,277	14,373,589
Total deductions	512,910,193	947,511,780	1,711,496,089	1,919,454,218	2,006,891,471	1,989,739,286
Cost of sales and operations	392,391,856	745,299,204	1,361,550,632	1,538,128,634	1,594,256,679	1,556,263,179
Interest paid	4,309,663	8,587,173	19,931,751	25,645,855	30,997,865	30,429,310
Net income (less loss)	9,671,044	22,489,430	40,242,601	38,309,671	33,320,403	28,442,678
Net income, businesses w/profit	12,395,411	27,681,721	48,246,345	49,426,500	47,657,374	45,747,936
Deficit, businesses w/o profit	2,724,367	5,192,291	8,003,744	11,116,829	14,336,971	17,305,258
Income tax before credits	4,476,047	8,103,316	13,313,992	13,515,653	12,329,212	11,372,087
Total income tax after credits [1]	4,237,181	7,348,619	10,772,309	10,550,255	10,282,598	9,379,328
Distributions to stockholders except in own stock	2,068,501	5,029,897	8,821,280	10,343,087	10,034,841	12,069,015
FINANCE, INSURANCE AND REAL ESTATE						
Number of returns, total	406,235	411,846	471,227	493,426	469,795	461,630
Number with net income	248,586	243,409	281,195	273,853	258,622	252,689
Total assets	1,401,153,520	2,321,965,956	3,630,045,296	4,022,206,073	4,486,191,441	4,987,466,401
Total liabilities	1,204,673,072	2,052,195,429	3,187,436,102	3,491,664,756	3,830,001,863	4,220,527,191
Total receipts	177,321,173	315,795,981	560,968,442	697,460,846	877,808,946	949,867,877
Business receipts	92,091,887	157,126,715	254,722,667	256,892,475	330,631,846	337,493,098
Interest received	63,694,046	127,040,303	250,979,245	315,146,115	421,159,015	456,333,537
Total deductions	161,630,060	297,963,817	514,086,140	652,637,787	838,764,803	915,164,762
Cost of sales and operations	48,434,362	84,614,209	123,367,688	129,644,330	162,447,596	169,435,694
Interest paid	34,548,509	77,677,659	164,365,541	219,167,684	314,128,780	340,960,344
Net income (less loss)	12,214,079	11,663,330	37,011,262	33,122,792	26,346,494	21,804,088
Net income, businesses w/profit	15,081,939	18,825,003	43,275,518	46,040,390	53,018,005	57,745,075
Deficit, businesses w/o profit	2,867,860	7,161,673	6,264,256	12,917,599	26,671,510	35,940,986
Income tax before credits	4,404,449	5,558,647	11,595,112	9,680,755	7,968,422	7,643,631
Total income tax after credits [1]	4,150,009	4,673,705	9,601,617	7,698,134	6,037,489	5,497,997
Distributions to stockholders except in own stock	7,387,211	8,729,977	18,348,769	24,692,146	41,998,295	46,504,963
SERVICES						
Number of returns, total	281,218	435,672	609,103	671,338	752,813	819,706
Number with net income	150,525	249,641	364,156	408,716	441,100	472,799
Total assets	61,875,140	90,534,067	153,219,483	178,163,737	213,724,531	237,876,895
Total liabilities	42,346,078	63,678,693	108,132,469	125,298,224	152,673,683	170,091,510
Total receipts	69,572,626	131,377,364	244,542,893	279,883,187	346,846,723	380,767,394
Business receipts	66,459,515	125,747,462	234,497,897	266,088,619	328,053,889	355,090,610
Interest received	435,070	875,506	2,196,467	3,269,412	4,696,008	5,120,807
Total deductions	68,384,452	127,996,443	236,359,966	271,792,974	338,790,049	373,717,841
Cost of sales and operations	37,733,747	63,724,869	117,057,522	129,352,692	157,886,393	135,273,962
Interest paid	1,802,802	3,279,438	6,082,021	8,033,612	10,472,892	11,265,412
Net income (less loss)	1,198,703	3,396,744	8,252,805	8,193,903	8,197,916	7,199,258
Net income, businesses w/profit	3,384,869	6,025,592	12,060,033	13,246,601	15,182,552	16,061,222
Deficit, businesses w/o profit	2,186,166	2,628,848	3,807,228	5,052,698	6,984,635	8,861,964
Income tax before credits	1,058,264	1,625,093	3,276,011	3,497,265	4,029,725	3,885,618
Total income tax after credits [1]	1,003,130	1,323,637	2,419,382	2,613,888	2,943,149	2,617,390
Distributions to stockholders except in own stock	558,452	855,402	1,816,177	1,841,945	2,491,324	3,269,285

See notes following Table 13.

Table 8.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970-1982
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1979	1980	1981	1982
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	1,665,477	2,023,647	2,577,801	2,710,538	2,812,420	2,925,933
Number with net income	1,008,337	1,226,208	1,599,322	1,596,632	1,597,298	1,608,363
Small Business Corp. returns	257,475	358,413	518,550	545,389	541,489	564,219
DISC returns	N/A	6,431	8,066	8,665	9,408	9,663
Total assets	2,634,706,564	4,286,556,273	6,844,891,231	7,617,238,403	8,547,161,872	9,357,784,804
Notes and acc'ts receivable	614,667,376	1,051,542,806	1,817,469,863	1,984,601,790	2,239,832,960	2,420,475,398
Inventories	190,401,642	317,718,545	504,315,590	534,806,547	588,219,956	581,241,455
Investments in Gov't obligations	196,625,390	316,131,699	421,441,738	472,059,737	514,837,697	605,513,662
Net capital assets, except land [1]	552,838,384	825,107,002	1,264,872,322	1,418,605,742	1,591,843,868	1,761,860,557
Total liabilities	1,882,295,401	3,189,491,468	5,125,337,041	5,672,850,147	6,303,221,090	6,888,211,820
Accounts payable	148,812,597	263,417,584	482,558,295	542,172,368	619,969,292	678,630,282
Short-term debt [2]	170,884,261	272,123,551	452,958,194	504,802,288	585,947,678	667,060,956
Long-term debt [2]	362,700,303	586,703,526	885,515,693	986,663,932	1,058,070,877	1,224,277,725
Net worth	752,411,163	1,097,064,806	1,719,554,190	1,944,388,256	2,243,940,782	2,469,572,984
Total receipts	1,750,776,503	3,198,627,860	5,615,625,519	6,361,284,012	7,026,351,839	7,024,097,766
Business receipts	1,620,885,576	2,961,729,640	5,152,613,019	5,731,616,337	6,244,678,064	6,156,994,009
Interest on Gov't obligations	9,687,116	17,264,405	30,420,365	38,061,592	50,519,552	n.a.
State and Local	3,775,917	6,711,606	10,878,916	12,620,876	13,881,460	14,124,877
United States	5,911,199	10,552,799	19,541,449	25,440,716	36,638,092	515,628,874
Other interest	61,883,309	126,034,505	259,146,298	328,802,958	442,918,194	
Rents and royalties	16,524,889	26,932,271	40,303,671	53,821,391	67,522,636	83,051,513
Net short-term capital gain less net long-term capital loss	190,439	301,601	1,209,842	2,013,510	2,178,572	2,882,207
Net long-term capital gain less net short-term capital loss	5,481,580	8,364,523	20,005,538	24,910,957	29,064,630	26,318,184
Net gain, sales of noncap. assets	5,315,562	7,757,287	15,397,176	20,117,615	16,639,271	20,992,023
Dividends received from domestic corporations	5,238,421	8,818,282	16,863,766	18,654,800	17,442,112	18,155,559
Dividends received from foreign corporations	3,466,515	5,467,726	12,715,084	14,563,353	13,790,320	13,950,906
Total deductions	1,682,778,847	3,052,674,597	5,331,970,825	6,125,365,155	6,813,841,356	6,869,267,462
Cost of sales and operations	1,146,263,273	2,129,928,467	3,721,782,971	4,204,905,905	4,509,198,199	4,270,850,310
Bad debts	6,479,814	13,781,147	17,486,107	18,769,771	22,286,815	26,690,963
Taxes paid	49,523,243	81,530,302	128,172,063	163,003,622	170,470,926	165,888,353
Interest paid	62,055,010	129,307,921	261,530,850	344,612,542	476,964,684	515,032,667
Contributions or gifts	797,029	1,202,130	2,294,755	2,358,554	2,514,425	2,906,476
Depreciation	52,941,266	86,295,664	138,490,396	157,345,828	186,195,048	213,179,160
Depletion	5,623,339	5,341,489	7,828,973	8,871,993	7,929,396	7,021,176
Pension, profit-sharing, stock bonus, and annuity plans	12,225,912	26,526,129	46,583,431	51,529,310	52,952,583	54,232,011
Net loss, sales of noncap. assets	1,289,305	1,804,079	4,074,858	5,903,104	7,943,607	10,367,020
Net income (less loss)	65,901,614	142,636,826	285,300,630	239,006,542	213,648,962	154,334,143
Net income, businesses w/profit	83,710,924	169,483,336	322,517,550	296,787,201	301,440,778	274,352,942
Net loss, businesses w/o profit	17,809,310	26,846,510	37,216,920	57,780,659	87,791,816	120,018,799
Income subject to tax	72,374,437	146,589,287	280,155,155	246,598,486	240,422,626	205,175,407
Income tax before credits [3]	32,949,937	65,769,822	119,157,964	103,831,172	100,644,417	85,077,493
Tax credits, total	5,414,940	26,452,791	54,229,274	42,167,741	43,813,131	39,694,245
Foreign tax credit	4,548,986	19,987,724	36,828,057	24,861,315	21,828,686	19,137,201
Possessions tax credit	N/A	N/A	1,376,124	1,565,681	1,945,637	2,026,980
Investment credit	865,954	6,459,746	14,678,306	15,102,812	18,887,286	17,312,702
Jobs credit	N/A	N/A	1,318,837	601,444	472,895	327,285
Research credit	N/A	N/A	N/A	N/A	639,302	839,220
Income tax after credits [3]	27,534,997	39,317,031	64,928,690	61,663,431	56,831,286	45,383,248
Additional tax for tax preferences	265,249	156,740	433,649	438,820	524,851	478,457
Total income tax	27,878,078	39,691,517	66,120,672	62,974,695	58,444,720	47,071,909
Distributions to stockholders, except in own stock	32,012,677	45,224,392	86,833,911	97,378,617	120,295,338	132,478,411

See notes following Table 13.

Table 9.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1981-1985
[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return: Total	Individual income taxes	Corporation income taxes	Excise taxes	Employment taxes	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1981 TOTAL	606,799	332,850	73,733	40,420	152,886	6,910
October 1980 - December 1980	118,804	67,081	14,527	7,305	28,193	1,698
January 1981 - March 1981	143,899	77,467	14,844	10,082	39,878	1,628
April 1981 - June 1981	196,970	108,600	29,204	11,963	45,510	1,692
July 1981 - September 1981	147,126	79,702	15,158	11,069	39,304	1,893
FISCAL YEAR 1982 TOTAL	632,241	352,609	65,991	36,779	168,718	8,143
October 1981 - December 1981	137,570	71,526	15,898	10,577	37,654	1,915
January 1982 - March 1982	154,128	85,930	14,722	9,426	41,751	2,299
April 1982 - June 1982	196,506	113,852	23,115	8,389	49,165	1,986
July 1982 - September 1982	144,036	81,301	12,256	8,387	40,148	1,943
FISCAL YEAR 1983 TOTAL	627,247	349,628	61,780	35,766	173,848	6,226
October 1982 - December 1982	132,205	70,312	13,404	8,498	38,404	1,588
January 1983 - March 1983	150,019	86,853	11,494	8,222	41,930	1,519
April 1983 - June 1983	194,431	111,721	22,027	8,947	50,219	1,516
July 1983 - September 1983	150,591	80,742	14,855	10,097	43,294	1,602
FISCAL YEAR 1984 TOTAL	680,475	362,892	74,179	38,017	199,210	6,177
October 1983 - December 1983	141,849	73,379	16,208	9,654	41,132	1,476
January 1984 - March 1984	164,681	89,316	14,337	8,862	50,545	1,622
April 1984 - June 1984	208,814	114,525	25,990	9,680	57,061	1,558
July 1984 - September 1984	165,131	85,672	17,644	9,822	50,472	1,521
FISCAL YEAR 1985						
October 1984 - December 1984	155,919	79,775	17,546	9,732	47,286	1,580
January 1985 - March 1985	176,324	89,325	17,350	8,650	59,352	1,647
April 1985 - June 1985	233,946	136,141	24,843	9,013	62,313	1,636

See notes following Table 13.

Table 10.—Internal Revenue Refunds: Amounts Refunded by Quarter and Fiscal Year, 1981-1985
[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return: Total	Individual income taxes	Corporation income taxes	Excise taxes	Employment taxes	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1981 TOTAL	63,303	48,409	13,294	343	1,114	143
October 1980 - December 1980	4,215	971	3,047	49	116	32
January 1981 - March 1981	21,988	18,285	3,687	76	-99	39
April 1981 - June 1981	30,352	26,027	3,160	163	967	34
July 1981 - September 1981	6,749	3,125	3,400	55	128	40
FISCAL YEAR 1982 TOTAL	75,202	55,102	17,974	367	1,578	181
October 1981 - December 1981	5,530	1,347	3,920	42	185	37
January 1982 - March 1982	24,024	19,338	4,197	76	377	36
April 1982 - June 1982	35,793	30,481	4,298	163	796	54
July 1982 - September 1982	9,855	3,936	5,559	86	220	53
FISCAL YEAR 1983 TOTAL	89,761	61,198	26,012	493	1,849	208
October 1982 - December 1982	9,411	1,875	7,030	58	397	52
January 1983 - March 1983	23,928	16,548	6,838	108	372	62
April 1983 - June 1983	46,715	38,341	7,421	194	721	38
July 1983 - September 1983	9,705	4,434	4,723	133	359	56
FISCAL YEAR 1984 TOTAL	85,872	64,629	17,889	657	2,486	211
October 1983 - December 1983	7,201	2,064	4,548	195	325	69
January 1984 - March 1984	25,285	19,613	4,850	129	646	47
April 1984 - June 1984	44,859	38,161	5,452	230	968	47
July 1984 - September 1984	8,527	4,790	3,039	103	547	48
FISCAL YEAR 1985						
October 1984 - December 1984	6,729	2,246	4,177	122	138	46
January 1985 - March 1985	17,664	12,808	4,286	91	439	40
April 1985 - June 1985	52,376	46,370	4,701	556	702	47

See notes following Table 13.

Table 11.—Classes of Excise Taxes by Selected Fiscal Year, 1970-1985
[Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
ALCOHOL TAXES, TOTAL	4,746,382	5,350,858	5,704,768	5,459,810	5,634,853	5,402,467
Distilled spirits	3,501,538	3,865,162	3,945,377	3,634,519	3,798,148	3,566,482
Wine	163,337	177,113	211,538	218,987	239,329	319,920
Beer	1,081,507	1,308,583	1,547,853	1,606,303	1,597,375	1,516,064
TOBACCO TAXES, TOTAL	2,094,212	2,315,090	2,446,416	2,539,495	4,139,810	4,663,610
Cigarettes	2,036,101	2,261,116	2,402,857	2,499,046	4,099,226	4,623,288
Cigars	56,834	51,226	39,500	35,666	33,716	30,372
MANUFACTURERS EXCISE TAXES, TOTAL	6,683,061	5,516,611	6,487,421	6,382,900	6,776,023	10,097,242
Gasoline and lubricating oil[1]	3,517,586	4,071,465	4,326,549	4,320,856	4,953,267	9,020,413
Tires, tubes and tread rubber[2]	614,795	697,660	682,624	668,902	677,966	423,315
Motor vehicles, bodies, parts[3]	1,753,327	662,556	1,088,696	914,524	516,872	-14,777
Recreational products	53,427	84,946	136,521	158,054	132,672	132,448
Black Lung taxes	N/A	N/A	251,288	237,097	490,731	525,422
SPECIAL FUELS, AND RETAILERS TAXES, TOTAL[4]	257,820	404,187	560,144	587,486	831,196	2,619,570
Diesel and special motor fuels	257,712	370,489	512,718	553,107	742,380	1,571,437
Trucks and buses	N/A	N/A	N/A	N/A	N/A	932,645
MISCELLANEOUS EXCISE TAXES, TOTAL	2,084,730	3,306,077	6,359,198	19,773,803	19,228,685	13,290,186
Telephone and teletype[5]	1,469,562	2,023,744	1,117,834	998,503	1,048,317	2,034,965
Air transportation	250,802	850,567	1,748,837	1,326,829	1,898,786	2,456,712
Highway use tax	135,086	207,663	263,272	266,225	287,457	175,054
Foreign insurance[6]	8,614	19,458	74,630	74,882	-44,440	56,037
Exempt organization net investment income	N/A	63,828	65,280	84,045	112,380	146,806
Crude oil windfall profit	N/A	N/A	3,051,719	16,930,548	15,660,081	8,120,274
Environmental taxes (Superfund)	N/A	N/A	N/A	61,264	235,954	275,389

Selected class of tax	Fiscal year quarter ending					
	Mar. 1984	June 1984	Sept. 1984	Dec. 1984	Mar. 1985	June 1985 (Preliminary)
	(7)	(8)	(9)	(10)	(11)	(12)
ALCOHOL TAXES, TOTAL	1,360,213	1,349,855	1,441,480	1,298,724	1,239,795	1,238,983
Distilled spirits	925,751	880,320	867,837	888,691	859,709	752,229
Wine	88,292	60,189	107,108	109,603	60,328	58,927
Beer	346,170	409,346	466,535	300,430	319,758	427,826
TOBACCO TAXES, TOTAL	1,155,892	1,126,564	1,233,254	727,357	1,601,544	914,703
Cigarettes	1,144,380	1,116,732	1,222,152	719,345	1,593,363	907,627
Cigars	9,196	7,682	8,069	5,384	5,683	4,261
MANUFACTURERS EXCISE TAXES, TOTAL	[r]2,477,397	[r]2,327,656	2,477,293	2,551,347	2,547,693	2,651,955
Gasoline and lubricating oil[1]	2,181,613	2,107,117	2,242,842	2,300,865	2,321,565	2,389,406
Tires, tubes and tread rubber[2]	133,924	50,255	51,343	51,738	51,885	64,634
Motor vehicles, bodies, parts[3]	7,739[7]	-3,496[7]	-218[7]	-2,325[7]	-236[7]	3,744[7]
Recreational products	24,512	34,887	38,007	44,031	23,944	56,960
Black Lung taxes	128,541	136,044	139,651	152,577	138,546	125,087
SPECIAL FUELS AND RETAILERS TAXES, TOTAL[4]	638,989	632,227	759,680	895,374	925,877	1,001,597
Diesel and special motor fuels	376,065	379,273	404,819	548,487	583,945	631,603
Trucks and buses, chassis, bodies, etc.	234,213	224,099	325,269	318,282	312,982	340,502
MISCELLANEOUS EXCISE TAXES, TOTAL	2,889,908	3,349,216	2,765,785	2,671,019	1,816,894	2,751,198
Telephone and teletype[5]	399,012	333,386	625,417	521,220	530,468	649,170
Air transportation	598,922	592,508	677,897	647,672	640,055	683,413
Highway use tax	51,845	37,495	60,048	103,260	49,293	78,167
Foreign insurance[6]	15,822	15,241	16,964	18,876	14,958	20,462
Exempt organization net investment income	24,279	58,289	54,794	14,655	11,537	58,396
Crude oil windfall profit	1,727,718	2,236,882	1,245,871	1,289,421	498,450	1,189,069
Environmental taxes (Superfund)	65,475	69,530	76,658	70,415	65,902	65,458

See notes following Table 13.

Table 12.—Selected Returns and Forms Filed During Selected Calendar Years, 1970-1985

Type of return or form	Calendar Year — Number Filed 1970	1975	1980	1983	1984	1985 (Preliminary)	1986 Projected
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income[1]	77,281,384	84,026,785	93,194,916	95,701,801	96,651,754	101,093,500	104,134,600
Form 1040	77,143,251	61,450,279	55,360,030	59,580,123	61,185,893	65,280,000	66,931,000
Nonbusiness	68,129,351	51,377,153	43,957,141	46,631,876	47,411,432	51,445,000	52,261,000
Business	9,013,900	10,073,126	11,402,889	12,948,247	13,774,461	13,836,000	14,670,000
Schedule C	6,351,304	7,438,968	8,944,298	10,507,205	11,326,739	11,457,283	12,147,000
Schedule F	2,662,596	2,634,158	2,458,591	2,441,042	2,447,722	2,378,717	2,522,100
Form 1040A	N/A	22,462,776	37,692,282	21,045,266	19,590,110	18,950,000	19,837,000
Form 1040EZ	N/A	N/A	N/A	14,915,949	15,720,860	16,700,000	17,208,000
Corporation income:							
Form 1120	1,487,244	1,705,789	2,030,092	2,461,461	2,453,162	2,174,600	2,666,600
Form 1120A	N/A	N/A	N/A	N/A	N/A	383,800	400,000
Form 1120S	248,936	367,219	528,070	616,719	653,640	753,700	789,800
Partnership, Form 1065	991,904	1,132,839	1,401,567	1,613,493	1,675,605	1,782,200	1,854,800
Fiduciary, Form 1041[2]	1,149,445	1,558,570	1,876,392	2,019,483	2,021,954	2,061,800	2,088,900
Estate Tax, Forms 706 and 706NA	141,156	225,827	147,303	106,409	81,334	67,200	48,300
Gift Tax, Form 709	146,338	273,184	214,389	93,260	88,991	95,200	109,400
Exempt Organization:							
Form 990[3]	377,030	346,627	362,632	344,216	319,859	333,500	340,100
Form 990-PF	N/A	29,637	33,137	33,232	29,107	29,300	29,600
Form 990-T	5,041	19,683	23,455	25,598	25,115	26,900	27,700

See notes on following Table 13.

Table 13.—Taxpayers Receiving Assistance, Paid and Unpaid, by Tax Year of Return, 1982-1984
[Some estimates are based on samples—all data are in thousands]

Type of assistance	Tax Year — 1982	1983	1984 (Projection)
	(1)	(2)	(3)
Returns with paid preparer signature:			
All returns	42,116	43,258	48,343
1040EZ	428	694	886
1040A	5,701	5,144	4,773
1040, total	35,987	37,421	42,684
1040 Business, total	9,191	9,563	12,203
Nonfarm	7,363	7,764	9,640
Farm	1,828	1,800	2,563
1040 Nonbusiness, total	26,796	27,858	30,481
With itemized deductions	15,334	16,475	20,197
Without itemized deductions	11,462	11,383	10,284
Assistance provided by IRS:			
Telephone inquiries	39,863	42,212	41,904
Recorded telephone information	1,855	3,406	8,307
Office walk-ins, information	7,166	7,699	8,128
Preparation/review of returns	1,420	1,264	16
Written inquiries	148	163	64
Special programs:			
Community classes and seminars (taxpayers assisted)	40	313	n.a.
Volunteer Income Tax Assistance (VITA) (returns prepared)	266	285	n.a.
Tax Counseling for the Elderly (returns prepared)	145	185	n.a.

See notes on following page.

General notations

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

Table 1

[1] The 1981 data for interest and dividends are before exclusion. The combined amount in adjusted gross income (after the exclusion) was $178,097,705,000, reported on 34,144,410 returns.

[2] Includes total itemized deductions, charitable contributions for nonitemizers, and zero bracket amounts on nonitemized returns.

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

[4] For 1981 only, this was the 1.25 percent rate reduction credit applicable to all returns with income tax before credits.

[5] For Tax Year 1983, the alternative minimum tax was revised and the minimum tax was abolished. The revised alternative minimum tax covered many of the tax preference items that had previously been subject to the tax. Also, the alternative minimum tax rate was increased. (For 1983, data on the former minimum tax could be reported on prior-year returns processed during the current-year filing period.)

SOURCE: Statistics of Income--Individual Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of law changes.

Table 2

[1] Includes exemptions for age and blindness.

[2] Totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. For purposes of Table 2:

a. Number of returns by state include, in addition to Forms 1040, 1040A and 1040EZ filed by U.S. citizens and residents, Forms 1040NR filed by nonresident aliens, as well as self-employment tax returns used in Puerto Rico and certain U.S. territories and possessions.

b. "Total tax" liability includes total income tax plus tax from recomputing prior-year investment credit, tax applicable to Individual Retirement Arrangements (IRA's), self-employment tax, social security tax on tip income, and certain other income-related taxes. Total tax is before reduction by earned income credit (see also footnote (c), below).

c. Earned income credit, available to certain low-income workers, could result in a refund (1) if there was no "total tax" (as defined in footnote (b), above), in which case the full amount was refundable, or (2) if the credit exceeded "total tax," in which case the excess was refundable. The difference between columns 19 and 21 is the refundable portion.

Total tax (column 16) minus earned income credit (column 21) is the amount most comparable to total tax in Tables 1 and 3. The total tax which results from this subtraction differs from Tables 1 and 3 because it includes additional taxes (see footnote (b), above) and because earned income credit used to offset tax (column 21) also includes amounts offset against these additional taxes.

[3] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by servicemen and women stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1984. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Software Division, IMF Returns Systems Branch.

Table 3

[1] Includes income tax after credits and the additional tax for tax preferences, i.e., minimum tax and alternative minimum tax.

[2] For many taxpayers in this size class includes additional tax for tax preferences not included in "taxable income."

SOURCE: Statistics of Income--Individual Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of law changes.

Table 4

[1] Includes breakeven businesses.

SOURCE: Statistics of Income--Sole Proprietorship Returns, appropriate years, and SOI Bulletin, Summer issues. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of law changes.

Table 5

[1] Total assets, total liabilities and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.

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

[3] Long-term debt is the abbreviated title given to mortgages, notes and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.

[4] See footnote 2 Table 6, for changes in the comparability of the statistics for receipts and deductions starting with 1981. Also, statistics for interest received are combined with dividends beginning with 1982.

[5] Beginning with 1981, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (plus depreciation identified in cost of sales and operations schedules).

SOURCE: Statistics of Income--Partnership Returns, appropriate years, and SOI Bulletin, Summer issues. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of law changes.

Table 6

[1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, see also footnote 3, below.

[2] Includes returns with no receipts as defined in footnote 1.

[3] Includes corporations with zero assets and liabilities.

[4] Beginning with 1981, "total receipts" in Table 5 includes, in part, only the net income or loss from farming and rentals. Previously, "total receipts" included the gross receipts from farming and rentals and, if rental receipts were the principal source of total receipts, they were treated as "business receipts" for the statistics. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made for 1981-82 to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 6.

In Table 5, by including only the net income or loss from farming and rentals starting with 1981, the deductions reported in computing these net incomes are excluded from the deduction statistics. For previous years, these deductions are reflected in the deduction statistics.

[5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under $25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: Statistics of Income--Corporation Income Tax Returns, appropriate years, Statistics of Income--Partnership Returns, appropriate years, Statistics of Income--Sole Proprietorship Returns, appropriate years, and SOI Bulletin, Summer issues. Tax law changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of law changes.

Table 7

[1] Includes additional tax for tax preferences (minimum tax), tax from recomputing prior year investment credit and Personal Holding Company tax.

SOURCE: Statistics of Income--Corporation Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of law changes.

Table 8

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

[2] 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.

[3] Consists of regular and alternative tax. Tax Year 1970 includes surcharge of $784,437,000.

SOURCE: Statistics of Income--Corporation Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of law changes.

Tables 9 and 10

[1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fidiciary income tax collected (from estates and trusts). Fidiciary income tax collected was $2.9 billion in 1984, $2.7 billion in 1983, $2.6 billion in 1982 and $2.2 billion in 1981. Presidential election campaign designations amounted to $34.8 million in 1984, $35.5 million in 1983, $39.0 million in 1982, and $41.0 million in 1981.

[2] Corporation income tax collected includes the tax on "unrelated business income" of tax-exempt organizations. Unrelated business income tax collected was $50.0 million (1984), $45.1 million (1983), $64.7 million (1982), and $41.0 million (1981).

[3] Excise taxes are 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.

[4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement and unemployment taxes; plus the self-employment tax imposed on "self-employment income".

NOTES: Collections (or refunds) are those made during the time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties.

Refunds result chiefly from tax overpayments determined at time of filing a return. Included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of examination and other activities. Individual income tax refunds are net of offsets under a law which requires IRS to act as collection agent for state welfare agencies so that these agencies can be reimbursed for the support they furnished through Aid to Families with Dependent Children (AFDC) programs. All refund data include interest paid by IRS.

Detail may not add to totals because of rounding.

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

Table 11

[1] Includes a one-time tax of 5 cents per gallon on gasoline and 4 cents per gallon on gasohol imposed on inventories of dealers as of April 1, 1983. Taxes on lubricating oil were repealed effective January 5, 1983.

[2] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.

[3] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, motor vehicles are excluded.

[4] Special fuels, total includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970.

Beginning with the quarter ending December 1983, motor vehicles are included.

[5] Effective January 1, 1983, the excise tax increased from 1 percent to 3 percent.

[6] The negative amounts are due to refunds of this tax under the United States - United Kingdom Income Tax Treaty, which provides for an exemption from the tax retroactive to January 1, 1975. Also, a similar United States - France treaty provides for an exemption retroactive to January 1, 1979.

[7] This amount reflects adjustments made for prior quarters.

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. For 1980-84, the fiscal year was defined as October of the previous calendar year through September of the year noted.

Additional detail is published in the Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service.

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

Table 12

[1] Includes Forms 1040C, PR and SS.

[2] Includes Form 1041A in 1970 and 1975.

[3] Includes Form 990A in 1970.

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

Table 13

[1] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during the fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 13, which are presented on a tax year basis are actually for a fiscal year, e.g., data shown as for Tax Year 1983 are actually for Fiscal Year 1984.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

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

Appendix

General Description of Statistics of Income Sample Procedures and Data Limitations

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

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI 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 an 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 in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

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

150,000	(sample estimate)
x 0.02	(coefficient of variation)
= 3,000	(standard error of estimate)
150,000	(sample estimate)
+ or - 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% 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, DC 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 inputed 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--1982, Individual Income Tax Returns (see especially pages 15-18).

[2] Statistics of Income--1981, Corporation Income Tax Returns (see especially pages 9-15).

[3] Statistics of Income--1980, Partnership Returns (see especially pages 5-7).

[4] Statistics of Income--1981, Sole Proprietorship Returns (see especially pages 5-9).

[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 17-20).

[7] Statistics of Income--1976 Estate Tax Returns (see especially pages 11-12).

[8] Statistics of Income--1974-1978, Private Foundations (see especially pages 9-16).

Form **6839** (Rev. 10-85)
Department of the Treasury
Internal Revenue Service

USER SURVEY
SOI BULLETIN Fall 1985

Please take a few moments to answer the following questions concerning this *Statistics of Income* publication. Your responses will enable us to direct our efforts to meeting the needs of our users. After indicating your responses, please cut, tape, and mail. No postage or envelope is required. Thank you for your cooperation.

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2. Have you ever used any other *Statistics of Income* publication?
   - ☐ Yes *(Specify)* ____________
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3. What subject matter in the report interests you particularly?
   - ☐ Private Foundations, 1982
   - ☐ Age and Tax Filing, 1981
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   - ☐ High-Income Taxpayers and the Growth of Partnerships, 1983
   - ☐ Projections of Tax Return Filings, 1986-1993
   - ☐ Crude Oil Windfall Profit Tax, 1984
   - ☐ Selected Statistical Series, 1970-85

4. Which table(s) in the Selected Statistical Series did you find helpful to your needs?
   - ☐ Individual income tax returns
   - ☐ Income and tax data by state
   - ☐ Individual average tax rates
   - ☐ Sole proprietorship returns
   - ☐ Partnership returns
   - ☐ Business returns
   - ☐ Corporation industry statistics
   - ☐ Corporation income tax returns
   - ☐ Gross Internal Revenue collections
   - ☐ Internal Revenue refunds
   - ☐ Classes of excise taxes
   - ☐ Number of returns filed
   - ☐ Taxpayers receiving assistance

5. If microdata files on computer tape were available in these subject matter areas, would you be interested in purchasing them?
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6. How would you describe the useability of the text?
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9. Other comments

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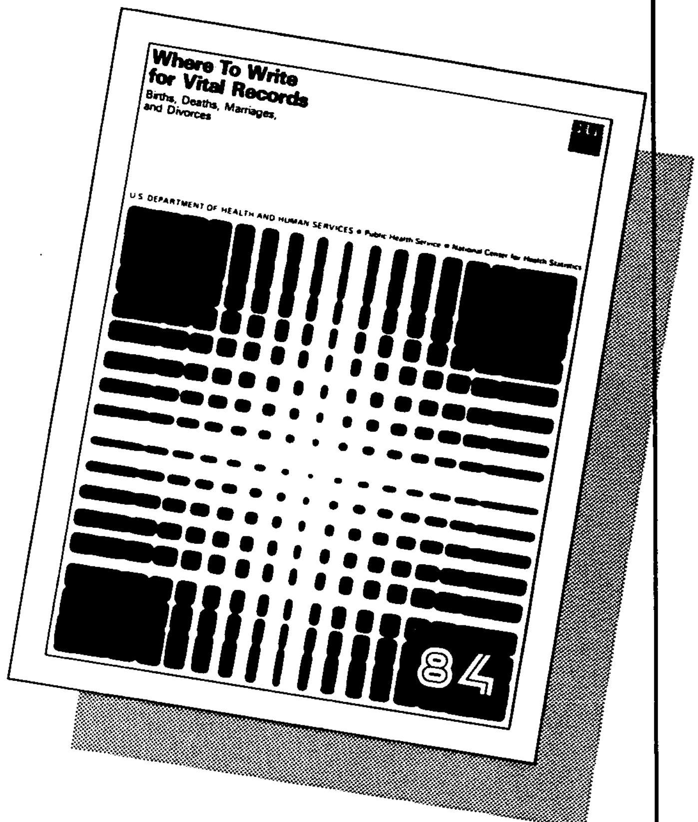

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Other

SOI PUBLICATIONS

And Information Available

Department of the Treasury
Internal Revenue Service

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Annual Statistics of Income Reports

Individual Income Tax Returns Publication 79

Presents information on—
Sources of income
Adjusted gross income
Adjustments to income
Itemized deductions
Exemptions
Taxable income
Income tax
Tax credits
Income tax withheld and estimated tax payments
Tax due and overpayment refunded

Data classified by—
Size of adjusted gross income
States
Taxpayer's marital status

Corporation Income Tax Returns Publication 16

Presents information on—
Receipts
Deductions
Net income
Taxable income
Income tax
Tax credits
Distributions to stockholders
Assets and liabilities

Data classfied by—
Industry; Accounting period
Size of total assets
Size of business receipts

Other Publications

Foreign Income and Taxes Reported on Individual Income Tax Returns, 1972-1978

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

Private Foundations Exempt From Income Tax, 1974-1978

Sole Proprietorship Returns, 1981

Estate Tax Returns, 1976

Other Information Available

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

Corporation Source Book

Presents detailed income and balanced sheet data classified by industry and size of total assets. A general description is available upon request.

Statistics of Income — 1978-82, Partnership Returns

Presents income statement and balance sheet data and on limited partnerships. Data are classified by industry size of total assets, state and number of partners.

Small Area Data

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

Public-Use Tape Files

Continuing

Individual Tax Model, 1966-78(A), 1979-82
Corporation Source Book, 1965-76 (A), 1977-82
Estate Tax Returns, 1972, 1976
Private Foundations, 1974 (A), 1979
Sole Proprietorships, 1980
Employee Plans, 1977

New Migration Data

County Migration Data, 1980-82, 1982-83
County Migration Flow Data, 1978-80, 1980-81
County Income Data, 1982

Notes

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